

**TOPCO SCIENTIFIC CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Topco Scientific Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Topco Scientific Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Topco Scientific Co., Ltd.

Chairman: Zhong-Liang Pan

Date: March 15, 2022



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Independent Auditors' Report

To the Board of Directors of Topco Scientific Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Topco Scientific Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements for certain investments accounted for using equity method in the consolidated financial statements of the Group for 2021 and 2020. The investments accounted for using equity method constituted 7.23% and 7.82% of the total consolidated assets as of December 31, 2021 and 2020; and the share of gains of associates and joint ventures accounted for using equity method constituted 13.72% and 14.67% of profit before tax for the years ended December 31, 2021 and 2020, respectively. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of subsidiaries and investments accounted for equity method, is based solely on the reports of the other auditors.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued unmodified opinions with other matter paragraph.

Key Audit Matters

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

1. Recognition of Operating Revenue

Please refer to note 4(p) "Revenue" for accounting policies related to revenue recognition; note 5(b) for revenue recognition of construction and the percentage of completion method for construction contracts; and note 6(y) "Revenue" for details of revenue.

Description of Key Audit Matters:

Due to the wide variety of the Group's products, different transactions were generated according to customers and product portfolio. Identification of revenue recognition has significant influence on the consolidated financial statements of the Group. In addition, the budgets for construction contracts highly depend on the management's judgments. The evaluation of above budgets may result in significant changes in income and losses for the reporting period. Therefore, revenue recognition is considered as one of the key matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing related manual and systematic control over sales cycle to assess if the revenue recognition policies of the Group is in accordance with the related standards. In addition, we examined the sales contracts between the Group and its customers to understand their trading modality and conditions, evaluating and comparing if revenue recognition is consistent with the terms of the contracts; acquiring construction contracts that have significant effects on financial results to verify that there is no diffidence in the percentage of completion calculated by the Group; conducting testing for details of revenue before and after the balance sheet date and verifying if revenue recognition is in accordance with the contract terms.

2. Valuation of Accounts Receivable

Please refer to note 4(g) "Financial instruments" for accounting policies related to valuation of accounts receivable; note 5(a) for uncertainties in valuation of accounts receivable; and note 6(d) "Notes and accounts receivable".

Description of Key Audit Matters:

Allowance for accounts receivable is evaluated based on the lifetime expected credit loss of accounts shown in objective evidences. Therefore, valuation of accounts receivable is considered as one of the key matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: examining allowance for accounts receivable of the Group to determine whether related accounting policies are applied appropriately, analyzing the allowance for uncollectible accounts receivable based on the accounts receivable aging report, examining the collection record of the past and the subsequent period, economic condition of the industry, concentration of credit risk, and the Group's assessment on the ability of the customers with imperfect credit record to repay in order to evaluate the rationality of the recognition of allowance for uncollectible accounts receivable and amounts recognized.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share
which is expressed in New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
Operating Revenues: (notes 6(y) and 7)				
4110 Net sales revenue	\$ 37,485,277	88	31,084,563	86
4520 Construction revenue	3,613,000	8	4,148,506	11
4800 Other operating revenue	<u>1,570,689</u>	<u>4</u>	<u>934,925</u>	<u>3</u>
Operating revenue, net	42,668,966	100	36,167,994	100
Operating costs: (notes 6(f), 6(u), 7 and 12)				
5110 Cost of sales	33,587,840	79	27,846,974	77
5500 Construction cost	3,237,807	8	3,760,379	10
5800 Other operating costs	<u>631,115</u>	<u>1</u>	<u>255,891</u>	<u>1</u>
	37,456,762	88	31,863,244	88
5910 Less: Unrealized profit (loss) from sales	<u>(292)</u>	<u>-</u>	<u>(292)</u>	<u>-</u>
Gross profit	5,212,496	12	4,305,042	12
Operating expenses: (notes 6(v), 6(z), 7 and 12)				
6100 Selling expenses	1,320,250	3	1,135,327	3
6200 Administrative expenses	1,239,157	3	1,007,774	3
6300 Research and development expenses	<u>101,172</u>	<u>-</u>	<u>100,230</u>	<u>-</u>
Total operating expenses	2,660,579	6	2,243,331	6
Net operating income	2,551,917	6	2,061,711	6
Non-operating income and expenses:				
7100 Interest income	23,730	-	20,852	-
7010 Other income (notes 6(b), 6(t) and 6(aa))	104,019	-	81,861	-
7020 Other gains and losses (notes 6(g), 6(j) and 6(aa))	(18,234)	-	48,825	-
7050 Finance costs	(34,229)	-	(27,170)	-
7060 Share of profits of associates and joint ventures accounted for using equity method (note 6(g))	422,675	1	373,347	1
7670 Impairment loss (note 6(k))	<u>(10,029)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	487,932	1	497,715	1
Profit before tax	3,039,849	7	2,559,426	7
7950 Less: Income tax expenses (note 6(v))	<u>738,889</u>	<u>2</u>	<u>494,101</u>	<u>1</u>
Profit	2,300,960	5	2,065,325	6
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(3,683)	-	(14,203)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	208,426	1	181,680	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss	(51)	-	(15)	-
8349 Less: income tax related to items that will not be reclassified to profit or loss (note 6(v))	<u>(734)</u>	<u>-</u>	<u>(2,841)</u>	<u>-</u>
	205,426	1	170,303	-
Items that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(35,275)	-	4,631	-
8399 Less: income tax related to items that will be reclassified to profit or loss (note 6(u))	<u>(7,510)</u>	<u>-</u>	<u>927</u>	<u>-</u>
	(27,765)	-	3,704	-
8300 Other comprehensive income	177,661	1	174,007	-
Comprehensive income	\$ 2,478,621	6	2,239,332	6
Profit, attributable to:				
8610 Profit, attributable to owners of parent	2,294,458	5	2,068,350	6
8620 Profit, attributable to non-controlling interests	<u>6,502</u>	<u>-</u>	<u>(3,025)</u>	<u>-</u>
	\$ 2,300,960	5	2,065,325	6
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	\$ 2,472,119	6	2,242,357	6
Comprehensive income, attributable to non-controlling interests	<u>6,502</u>	<u>-</u>	<u>(3,025)</u>	<u>-</u>
	\$ 2,478,621	6	2,239,332	6
Earnings per share: (note 6(x))				
9750 Basic net income per share	<u>\$ 12.63</u>		<u>11.38</u>	
9850 Diluted net income per share	<u>\$ 12.53</u>		<u>11.29</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Other equity		Total other equity	Total equity to owners of parent	Non-controlling interests	Total equity
				Unappropriated retained earnings	Total		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity				
Balance at January 1, 2020	\$ 1,816,996	2,340,676	1,268,300	3,649,048	4,917,348	(103,736)	540,930	437,194	9,512,214	18,900	9,531,114	
Profit for the year ended December 31, 2020	-	-	-	2,068,350	2,068,350	-	-	-	2,068,350	(3,025)	2,065,325	
Other comprehensive income	-	-	-	(11,377)	(11,377)	3,704	181,680	185,384	174,007	-	174,007	
Total comprehensive income	-	-	-	2,056,973	2,056,973	3,704	181,680	185,384	2,242,357	(3,025)	2,239,332	
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	172,231	(172,231)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	(1,181,047)	(1,181,047)	-	-	-	(1,181,047)	-	(1,181,047)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,188)	(1,188)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(26,458)	(26,458)	-	26,458	26,458	-	-	-	
Gain on attribute right	-	103	-	-	-	-	-	-	103	-	103	
Balance at December 31, 2020	1,816,996	2,340,779	1,440,531	4,326,285	5,766,816	(100,032)	749,068	649,036	10,573,627	14,687	10,588,314	
Profit for the year ended December 31, 2021	-	-	-	2,294,458	2,294,458	-	-	-	2,294,458	6,502	2,300,960	
Other comprehensive income	-	-	-	(3,000)	(3,000)	(27,765)	208,426	180,661	177,661	-	177,661	
Total comprehensive income	-	-	-	2,291,458	2,291,458	(27,765)	208,426	180,661	2,472,119	6,502	2,478,621	
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	203,051	(203,051)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	(1,453,597)	(1,453,597)	-	-	-	(1,453,597)	-	(1,453,597)	
Changes in ownership interests in subsidiaries	-	2,369	-	-	-	-	-	-	2,369	-	2,369	
Share-based payments	-	2,051	-	-	-	-	-	-	2,051	-	2,051	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	260,887	260,887	
Gain on attribute right	-	3	-	-	-	-	-	-	3	-	3	
Balance at December 31, 2021	\$ 1,816,996	2,345,202	1,643,582	4,961,095	6,604,677	(127,797)	957,494	829,697	11,596,572	282,076	11,878,648	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,039,849	2,559,426
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	338,347	295,014
Amortization expense	41,799	12,665
Expected credit loss (reversal gain)	17,606	(895)
Net gain on financial assets at fair value through profit or loss	(31,921)	(7,598)
Interest expense	34,229	27,170
Interest income	(23,730)	(20,852)
Dividends income	(37,249)	(38,527)
Share of profit of associates and joint ventures accounted for using equity method	(422,675)	(373,347)
Loss (gain) on disposal of property, plant and equipment and others	25,922	(94,545)
Gain on disposal of investments accounted for using equity method	(13,352)	-
Impairment loss	10,029	-
Gain on disposal of subsidiaries	(17,397)	-
Others	(559)	(413)
Total adjustments to reconcile profit (loss)	<u>(78,951)</u>	<u>(201,328)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable	(1,010,982)	(486,265)
Decrease (increase) in inventories	(129,299)	106,907
Decrease (increase) in financial assets at fair value through profit or loss	106,205	(236,581)
Decrease (increase) in other current assets	(143,674)	141,915
Decrease in other current financial assets	8,246	16,148
Decrease (increase) in contract assets	(414,997)	93,744
Total changes in operating assets	<u>(1,584,501)</u>	<u>(364,132)</u>
Changes in operating liabilities:		
Increase in notes and accounts payable	1,395,425	228,029
Increase (decrease) in contract liabilities	280,862	(243,902)
Increase in other current financial liabilities	184,092	78,610
Decrease in current provisions	(102,675)	(25,102)
Decrease in current refund liabilities	(11,180)	(30,513)
Increase (decrease) in other current liabilities	(276,078)	341,677
Decrease in other operating liabilities	(26,453)	(12,943)
Total changes in operating liabilities	<u>1,443,993</u>	<u>335,856</u>
Total changes in operating assets and liabilities	<u>(140,508)</u>	<u>(28,276)</u>
Total adjustments	<u>(219,459)</u>	<u>(229,604)</u>
Cash inflow generated from operations	2,820,390	2,329,822
Interest received	25,215	19,786
Dividends received	296,821	228,828
Interest paid	(34,209)	(27,118)
Income taxes paid	(511,351)	(544,673)
Net cash flows from operating activities	<u>2,596,866</u>	<u>2,006,645</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(167,841)	(6,532)
Proceeds from disposal of financial assets at fair value through profit or loss	-	8,771
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	4,621
Proceeds from capital reduction of financial assets at fair value through profit or loss	18,993	4,023
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	2,184
Proceeds from liquidation of financial assets at fair value through profit or loss	777	-
Acquisition of investments accounted for using equity method	(10,000)	(85,520)
Proceeds from disposal of investments accounted for using equity method	1	-
Proceeds from capital reduction of associates accounted for investments accounted for using equity method	-	37,500
Proceeds from disposal of property, plant and equipment	3,528	360,633
Acquisition of property, plant and equipment	(405,530)	(272,967)
Increase in refundable deposits	(141,329)	(1,764)
Acquisition of intangible assets	(10,488)	(9,341)
Net payment for acquisition of subsidiaries	(190,502)	-
Net cash received on disposal of subsidiaries	46,400	-
Increase in restricted assets	(93,002)	(915,064)
Net cash flows used in investing activities	<u>(948,993)</u>	<u>(873,456)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	57,587	356,856
Proceeds from long-term borrowings	350,120	81,000
Repayments of long-term borrowings	(87,688)	(62,950)
Increase in guarantee deposits received	62,944	5,564
Payment of lease liabilities	(116,360)	(100,370)
Cash dividends paid	(1,453,597)	(1,181,047)
Changes in non-controlling interests	(50,414)	(1,188)
Others	3	103
Net cash flows used in financing activities	<u>(1,237,405)</u>	<u>(902,032)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(30,459)</u>	<u>6,768</u>
Net increase in cash and cash equivalents	380,009	237,925
Cash and cash equivalents at the beginning of period	3,371,555	3,133,630
Cash and cash equivalents at the end of period	<u>\$ 3,751,564</u>	<u>3,371,555</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TOPCO SCIENTIFIC CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TOPCO SCIENTIFIC CO., LTD. (the “Company”) was incorporated on February 17, 1990, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 6F., No. 483, Sec. 2, Tiding Blvd., Neihu District, Taipei City. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) engage in the trading of electronics products, high technology products and related materials and components, pollution prevention equipment, the design and installation of water purification and recycling systems, solar energy materials and providing solar energy system integration services, the operation of electricity solar power stations, wholesale of fishery products and cooperate with foreign fishing companies, as well as the operation of tourism factory and restaurant, retail sales of food products, waste disposal industry, and environment-related engineering planning, assessment, supervision and monitoring. Please refer to note 14 for related segment information.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved for issuance by the Board of Directors on March 15, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on the historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (assets) are measured at fair values of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
The Company	Taiwan E&M System Inc. (Taiwan E&M)	Sales of electronic material	100%	100%	
"	Topco Group Ltd. (Topco Group)	Investment	100%	100%	
"	Topco International Investment Co., Ltd. (Topco International Investment)	Investment	100%	100%	
"	Topco Investment Co., Ltd. (Topco Investment)	Investment	100%	100%	
"	ECO Technical Services Co., Ltd. (Chien Yueh)	Water purification and construction of dust-proof room	100%	100%	
"	Anyong Biotechnology, Inc. (Anyong Biotechnology)	Aquaculture and strategic partnership with fish processing	100%	100%	
"	Anyong FreshMart, Inc. (Anyong Fresh Mart.)	Wholesale and retail sales of fishery products and supermarket operation	100%	100%	
The Company	Xiang Yueh Co., Ltd. (Xiang Yueh)	Waste Disposal	83%	100%	The third parties acquired shares of Xiang Yueh Co., LTD by exchange of assets into shares in 2021. Please refer to note 6(h)
"	Jia Yi Energy Co., Ltd. (Jia Yi Energy)	Manufacture of machinery and electronic spare parts	84%	84%	The Company and Topco International Investment jointly held its entire shares.
"	Yilan Anyong Lohas, Co., Ltd. (Anyong Lohas)	Restaurant and retail sales of food products	100%	100%	
"	General Precise Technology Co., Ltd. (General Precise)	Process and sales of quartz products	-%	100%	The Company sold all of General Precise Technology shares to an associate of the Group in 2021. Please refer to note 7
"	Topscience (s) Pte Ltd. (Topscience (s))	Sales of parts of semiconductor and optoelectronic industries	100%	100%	
"	Unitech New Energy Engineering Co., LTD (Unitech New Energy Engineering)	Environment-related engineering planning, assessment, supervision and monitoring	77.60%	-%	The Company acquired 77.6% shares of Unitech New Energy Engineering Co., LTD in 2021. The Company and Chien Yueh held its 78.6% shares jointly.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
The Company	Topco Scientific USA	Wholesale of semiconductor material	100.00%	-%	Topco Scientific USA was established in December 2021.
Topco Group	Asia Topco Investment Ltd.(Asia Topco)	Investment	100%	100%	
"	Hong Kong Topco Trading Limited (Topco Trading)	Wholesale of semiconductor material and electronic material	100%	100%	
Asia Topco	Topco Scientific (Shanghai) Co., Ltd. (Topco shanghai)	Wholesale of semiconductor material and electronic material	100%	100%	
"	Suzhou Topco Construction Ltd. (Topco Suzhou)	Water purification and cleanroom construction	100%	100%	
"	Topco Chemical (Z.F.T.Z.) Co., Ltd. (Topco Chemical)	Wholesale and sales of chemical products	100%	100%	
Topco Shanghai	Shanghai Chongyao Trading Co., Ltd. (Shanghai Chongyao)	Wholesale of semiconductor material and electronic material	98%	98%	Topco Shanghai and Topco Suzhou held its 100% shares jointly.
Topco Suzhou	Shanghai Chongyao	Wholesale of semiconductor material and electronic material	2%	2%	
"	Topco Engineering (Suzhou) LTD. (Topco Engineering)	Water purification and cleanroom construction	100%	100%	
Topscience (s)	Topscience Vietnam Co., Ltd. (Topscience Vietnam)	Sales of parts of semiconductor and optoelectronic industries	100%	100%	
"	Anyong (s) Pte. LTD. (Anyong (s))	Wholesale and retail sales of fishery products	100%	100%	
Topco International Investment	Cityspace International Co., Ltd. (Cityspace)	Wholesale and sales of cosmetic	67%	67%	
"	Topco Scientific (Japan) Co., Ltd. (Topco Japan)	Sales of facilities of semiconductor and clean room	100%	100%	
"	Kuan Yueh Technology	Development of renewable energy projects	100%	100%	
"	Jia Yi Energy	Configure pipeline construction and device installation			
"		Manufacture of machinery and electronic spare parts	16%	16%	
"	Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	Sales of health food products	100%	100%	
"	DIO Energy GmbH	Development of renewable energy project	-%	100%	DIO had completed its liquidation procedures in December 2021.
"	Topchem Materials Corp. (Topchem Materials)	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	100%	100%	

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
Topco International Investment	Tai Ying Resource Industrial Corp.(Tai Ying Resource)	Waste Disposal Industry	48.80%	40.80%	Topco International Investment acquired 8.32% shares of Tai Ying Resource Industrial Corp in the third quarter of 2021. Topco International Investment and Chien Yueh held its 51.85% shares jointly. Since the third quarter of 2021, Tai Ying Resource was transferred from investments accounted for using the equity method to a subsidiary included in the consolidated financial statements.
Topco Investment	Multi Rich Technology Co., Ltd. (Multi Rich Technology)	Wholesale of fishery products	98%	98%	
"	Ding Yue Solar Co., Ltd. (Ding Yue Solar)	Development of renewable energy projects	100%	100%	
"	Xports Sports Co., Ltd. (Xports Sports)	Sport training	100%	100%	Advanced Fishery Co., Ltd. was renamed as Xports Sports Co., Ltd. in December 2020.
"	Min Jen Restaurant Business Co., Ltd. (Min Jen Restaurant)	Restaurant	69%	69%	
"	Yun Yueh Technology Co., Ltd (Yun Yueh Technology)	Aquaculture and wholesale and sales of fishery products	75%	-%	Yun Yueh Technology was established in July 2021.
Jia Yi Energy	Jing Chen Energy Co., Ltd. (Jing Chen Energy)	Development of renewable energy projects.	100%	100%	
"	Jing Yang Energy Co., Ltd. (Jing Yang Energy)	"	100%	100%	
"	Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)	"	100%	100%	
Taiwan E&M	Top Vacuum Co., Ltd. (Top Vacuum)	Vacuum pump equipment maintenance	60%	-%	Taiwan E&M acquired 60% shares of Top Vacuum in January 2021.
Chien Yueh	Tai Ying Resource Industrial Corp.(Tai Ying Resource)	Waste Disposal Industry	3.1%	-%	
"	Unitech New Energy Engineering Co., LTD	Environment-related engineering planning, assessment, supervision and monitoring	1%	-%	

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Classification of current and non-current assets and liabilities

The business cycle of the construction contracts is usually longer than a year, therefore, the balance sheet accounts related to the construction contracts are classified as current.

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, leases receivable, guarantee deposit paid and other financial assets), and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 3~51 years
- 2) Building improvement: 3~10 years
- 3) Machine and others: 1~30 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, and adjusted if appropriated.

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value-asset, including machinery and IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- 1) Computer software: 1~5 years
- 2) Right of using: the contract period
- 3) Customer relationship: 10~11 years
- 4) Unrealized order: 4~5 years
- 5) Rights of operating: 2~3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Sale of goods

The Group sells of semiconductor material and electronic material. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides volume rebates to customers that based on accumulated sales for each month or each quarter. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Construction contracts

The Group enters into contracts to construction of dust-proof room and ammonium wastewater. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of completion of a physical proportion of the contract work. The consideration promised in the contract includes fixed amounts. The customer pays the fixed amount based on a payment schedule. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For constructions, the Group offers a standard warranty to provide assurance that they comply with agreed-upon specifications and has recognized warranty provisions for this obligation; please refer to note 6(q).

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(iii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is net amount of commission made by the Group.

(iv) Electricity generating income

Revenue from the sale of electricity is recognized after the electricity transmission is completed through the grid, and the revenue is calculated according to the fee agreed with Taiwan Power Company.

(v) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

The 5% surtax on the Company and the domestic subsidiaries' unappropriated earnings is recorded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

The Group's income tax returns are calculated and filed based on the Company's and each subsidiary's local tax law. The Group's income tax expenses are the aggregation of all consolidated entities' income tax expenses.

(t) **Business combination**

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Dilutive potential ordinary shares comprise employee compensation not yet approved by the Board of Directors.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of stand-alone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Information about judgments made in applying accounting policies that do not have the significant effects on the amounts recognized in the consolidated financial statements. Additionally, the uncertainty of the following assumptions and estimates has a significant risk that the amount of assets and liabilities will be adjusted significantly in the next financial year, and the impact of COVID-19 pandemic has been reflected as follows:

(a) The loss allowance of Accounts receivable

The Group has estimated the loss allowance of Accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(d).

(b) Revenue recognition

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs or actually completion of the contracts. Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts. Refer to note 6(x) for further description of construction revenue.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 31,273	9,406
Checking accounts and demand deposits	3,147,766	2,236,133
Time deposits	<u>572,525</u>	<u>1,126,016</u>
	<u>\$ 3,751,564</u>	<u>3,371,555</u>

Please refer to note 6(ab) for the disclosure of the exchange rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(b) Financial assets at fair value through profit or loss

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Mandatorily measured at fair value through profit or loss:		
Beneficiary certificate-Funds	\$ 329,565	434,918
Listed common shares	155,089	-
Unlisted common shares	53,308	50,382
Foreign unlisted funds	<u>57,020</u>	<u>35,475</u>
	<u>\$ 594,982</u>	<u>520,775</u>
Current	\$ 329,565	434,918
Non-current	<u>265,417</u>	<u>85,857</u>
	<u>\$ 594,982</u>	<u>520,775</u>
Held-for-sale financial liabilities:		
Derivatives not for hedging		
Forward exchange contracts	\$ <u>302</u>	<u>711</u>
	<u>\$ 302</u>	<u>711</u>

(i) Derivative financial instruments

The purpose of trading derivatives not for hedging is to avoid the exposure of currency exchange rate risk arising from operation. The Group does not choose to apply hedge accounting and therefore recognizes the derivatives of held-for-sale financial liability. The details is summarized as follows:

Forward exchange contract:

	<u>December 31, 2021</u>		
	<u>Contract value</u> <u>(thousand)</u>	<u>Currency</u>	<u>Expiring period</u>
Forward exchange sold	SG\$ 3,000	SG dollar to New Taiwan dollar	February 24, 2022
	<u>December 31, 2020</u>		
	<u>Contract value</u> <u>(thousand)</u>	<u>Currency</u>	<u>Expiring period</u>
Forward exchange sold	US\$ 1,800	US dollar to New Taiwan Dollar	February 1~8, 2021

(ii) During the years ended December 31, 2021 and 2020, the dividends of \$2,349 and \$2,527, respectively, related to mandatorily measured at fair value through profit or loss held on the years then ended, were recognized as other income by the Group.

(iii) The Group's information of market risk, please refer to note 6(ab).

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(iv) As of December 31, 2021 and 2020, the Group did not provide financial assets as collateral for its loans.

(c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Domestic unlisted stock	<u>\$ 1,212,851</u>	<u>1,004,425</u>

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long term for strategic purposes.

During the years ended December 31, 2021 and 2020, the dividends of \$34,900 and \$36,000, respectively, related to equity investment at fair value through other comprehensive income held on the years then ended, were recognized as other income by the Group.

Part of companies invested by the Group, which were measured at fair value through other comprehensive income, had completed their liquidation procedures in 2020. Therefore, the Group had disposed the financial assets with a fair value of \$4,621 and an accumulated disposal loss of \$26,458. The loss has been transferred to retained earnings from other comprehensive income.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2021.

The Group's information of market risk, please refer to note 6(ab).

As of December 31, 2021 and 2020, the Group did not provide financial assets as collateral for its loans.

(d) Notes and accounts receivable (including related parties)

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	\$ 98,866	31,284
Accounts receivable from measured as amortized cost	6,990,016	5,661,828
Less: Loss allowance	30,036	13,858
	<u>\$ 7,058,846</u>	<u>5,679,254</u>
Notes and accounts receivable, net	<u>\$ 6,965,296</u>	<u>5,573,659</u>
Notes and accounts receivable due from related parties, net	<u>\$ 93,550</u>	<u>105,595</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The loss allowance provisions were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,503,425	0.10%	6,439
Overdue 0-30 days	433,723	1.00%	4,320
Overdue 31-60 days	21,106	2.93%	633
Overdue 61-90 days	38,836	5.00%	1,942
Overdue over 91 days	91,792	17.68%	16,702
	\$ 7,088,882		30,036
	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 5,263,821	0.09%	4,801
Overdue 0-30 days	363,508	1.00%	3,635
Overdue 31-60 days	13,176	3.00%	395
Overdue 61-90 days	4,682	5.00%	234
Overdue over 91 days	47,925	10.00%	4,793
	\$ 5,693,112		13,858

The movements in the allowance for notes and accounts receivable were as follows:

	2021	2020
Balance at January 1	\$ 13,858	24,856
Acquisition through a business combination	394	-
Impairment losses recognized (reversed)	15,849	(895)
Transfer to the loss allowance of other receivables	-	(10,234)
Foreign exchange gain (losses)	(65)	131
Balance at December 31	\$ 30,036	13,858

(e) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	\$ 49,276	60,594
Less: Loss allowance	16,235	14,513
	\$ 33,041	46,081

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(f) Inventories

	December 31, 2021	December 31, 2020
Merchandise inventories	\$ 3,151,776	3,095,882
Work in progress	41,941	16,336
Raw materials	46,803	19,540
Goods in transit	95,898	64,056
	<u>\$ 3,336,418</u>	<u>3,195,814</u>

The details of the cost of sales were as follows:

	2021	2020
Cost of sales	33,586,225	27,848,558
Provision (reversal) for inventory valuation loss and obsolescence	1,034	(3,094)
Loss on indemnity of inventory and others	581	1,510
	<u>33,587,840</u>	<u>27,846,974</u>

As of December 31, 2021 and 2020, the Group did not provide inventories as collateral for its loans.

(g) Investments accounted for using equity method

- (i) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2021	December 31, 2020
The carrying amount of individually insignificant associates' equity	<u>\$ 1,844,403</u>	<u>1,786,506</u>
	<u>2021</u>	<u>2020</u>
Attributable to the Group		
Profit from continuing operations	\$ 422,675	373,347
Other comprehensive income	(51)	(15)
Total comprehensive income	<u>\$ 422,624</u>	<u>373,332</u>

- (ii) As of December 31, 2021 and 2020, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

- (iii) The Group disposed of 28% of Winaico's equity and lost significant influence on it in the third quarter of 2021. The disposal cost amounting to \$1 (EUR\$28), resulting in a disposal loss of \$3,139 under the loss on disposal of the related party in the consolidated statement of comprehensive income, please refer to note 6(aa). Disposal loss included the exchange difference on translation of foreign financial statements that will be reclassified to profit and loss, which was attributed to associates by the Group.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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- (iv) The Group obtained part of the shares of Tai Ying Resource Industrial from the third parties for \$37,000 on July 12, 2021. The percentage of ownership of Tai Ying Resource Industrial increased from 48.48% to 51.85%, thereby the Group had obtained the control of Tai Ying Resource Industrial. In accordance with IFRSs, the original investments which were recorded as the investments accounted for using the equity method should be treated as disposal at fair value and the net gain or loss on disposal of the investment amounted to \$16,491. Please refer to Note 6(aa).
- (v) The associate of the Group, Fei Da Intelligent, which was accounted for using the equity method, increased capital and issued new shares in 2021. Due to the acquisition of new shares at a non-shareholding ratio, the net equity value of Topco Investment that held by the Group increased \$2,051. For the year ended December 31, 2021, a capital surplus amounting to \$2,051 was recognized due to the aforementioned transaction.

(h) Changes in ownership of subsidiaries

A subsidiary of the Company, Xiang Yueh, increased capital and issued new shares in 2021. Moreover, Xiang Yueh issued the share capital of \$10,000 as the consideration for property, plant and equipment acquired from third parties and for cash not in proportion to percentage of ownership. As a result, the net value of the equity of Xiang Yueh that held by the Company increased \$2,369. For the year ended December 31, 2021, a capital surplus amounting to \$2,369 was recognized due to the aforementioned transaction.

(i) Acquisition of the subsidiary

(i) Acquisition of the subsidiary-Top Vacuum

In order to provide the integrated equipment peripheral services for semiconductor and optoelectronic customers, the Group obtained the control of Top Vacuum by acquiring 60% of Top Vacuum shares from third parties through its 100%-owned subsidiary Taiwan E&M on January 15, 2021, thereby obtaining the control of Top Vacuum. The main business activity of Top Vacuum is the vacuum pump equipment maintenance.

The main types of consideration transferred, assets acquired, and liabilities assumed on the acquisition date, and the amount of recognized goodwill are summarized as follows:

- 1) At the acquisition date, the fair value of each major class of consideration transferred are summarized as below:

Cash	\$ <u>45,035</u>
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As of the reporting date of this consolidated financial statement, the consideration transferred has been fully paid.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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2) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$	27,723
Contract assets		16,012
Notes and accounts receivable, net		20,725
Inventories, net		18,987
Other current assets		453
Property, plant and equipment		4,121
Right-of-use assets		13,633
Other non-current assets		7,198
Notes and accounts payable		(14,176)
Other current financial liabilities and other current liabilities		(16,902)
Lease liabilities (including current and non-current)		(13,739)
Total identifiable net assets acquired	\$	<u>64,035</u>

3) Goodwill

Goodwill arising from the acquisition was as follows.

Consideration transferred	\$	45,035
Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)		25,614
Less: Fair value of identifiable net assets		<u>64,035</u>
Goodwill (note 6(n))	\$	<u>6,614</u>

Goodwill is mainly derived from Top Vacuum profitability in the semiconductor and optoelectronic equipment repair market and its employee value. It is expected that Top Vacuum and the Group's equipment business will be integrated to generate the synergy.

4) Related costs of acquisition

As of the reporting date, the transaction cost amounted to \$120, including appraisal fees which were recorded as the administrative expenses in 2021.

(ii) Acquisition of the subsidiary-Unitech New Energy Engineering

In order to expand the related business of circular economy as well as environmental engineering consultancy and integrate with the clean energy environmental engineering business, the Company and its 100%- owned subsidiary ECO Technical Services acquired 776 thousand shares and 10 thousand shares of Unitech New Energy Engineering at New Taiwan Dollars \$560 per share from third parties, totaling \$440,160. The transaction was approved by the temporary Board of Directors on July 13, 2021. The acquisition price was based on the appraised report which was issued by Duff & Phelps Limited, Taiwan Branch (BVI). The main business activities of Unitech New Energy Engineering are environmental engineering assessment and monitoring services.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The transaction was completed on July 30, 2021. The Group acquired 78.6% of Unitech New Energy Engineering shares on that date, thereby the Group had obtained the control of Unitech New Energy Engineering.

The main types of consideration transferred, assets acquired, and liabilities assumed on the acquisition date, and the amount of recognized goodwill as well as identifiable Intangible assets are summarized as follows:

- 1) At the acquisition date, the fair value of each major class of consideration transferred are summarized as below:

Cash	\$ <u><u>440,160</u></u>
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As of the reporting date, the investment payment amounting to \$398,384 had been paid by the Group, and the remaining amount was separately recognized under "Other current financial liabilities" and "Deferred tax liabilities and others" in the Consolidated balance sheet, both for \$20,888. According to the share purchase agreements, if Unitech New Energy Engineering's net profit meets the certain criteria in 2021 and 2022, the Group will pay \$20,888 at the expiration of one year and two years to Unitech New Energy Engineering, respectively, totaling \$41,776.

- 2) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$ 102,266
Notes and accounts receivable, net	370,045
Financial assets at fair value through profit or loss	829
Other current assets	2,133
Property, plant and equipment	23,843
Right-of-use assets	3,319
Other non-current assets	14,890
Identifiable Intangible assets, Note 6(n)	216,900
Notes and accounts payable	(279,200)
Other current financial liabilities and other current liabilities	(102,559)
Lease liabilities (including current and non-current)	<u>(3,352)</u>
Total identifiable net assets acquired	<u><u>\$ 349,114</u></u>

The fair value of identifiable net assets was based on the appraisal report that issued by Duff & Phelps Limited, Taiwan Branch (BVI).

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Goodwill

Goodwill arising from the acquisition was as follows.

Consideration transferred	\$	440,160
Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)		88,770
Less: Fair value of identifiable net assets		<u>349,114</u>
Goodwill (Note 6(n))	\$	<u>179,816</u>

Goodwill is mainly derived from Unitech New Energy Engineering's profitability in the environmental assessment consulting market and its employee value. It is expected that Unitech New Energy Engineering and the Group's environmental engineering business will be integrated to generate the synergy.

4) Related costs of acquisition

As of financial report date, the cost amounted to \$2,254, including appraisal fees, auditing fees, and legal fees in the acquisition transaction which were recorded as the administrative expenses in 2021.

(iii) Acquisition of the subsidiary-Tai Ying Resource Industrial

In consideration with the sludge reuse business conforms to the concept of corporate social responsibility and growth potential, the Company used its 100%-owned subsidiaries Topco International Investment and ECO Technical Services to acquire 1,830 thousand shares and 670 thousand shares of Tai Ying Resource Industrial at New Taiwan Dollars \$14.8 per share from third parties, totaling of \$37,000. The transaction was approved by the temporary Board of Directors on June 21, 2021. The main business activities of Tai Ying Resource Industrial are clean up of waste and artificial quartz manufacturing.

The transaction was completed on July 12, 2021. The Group acquired 11.36% of the Tai Ying Resource Industrial shares on that date, and its equity in Tai Ying increased from 40.48% to 51.84%, thereby the Group had obtained the control of Tai Ying. The investment accounted by using the equity method was changed to be enclosed as subsidiaries in the consolidated financial statements.

In accordance with IFRSs, the fair value of the net assets acquired on the acquisition date should be remeasured. Therefore, the fair value and benefit period of the intangible assets were evaluated based on the acquisition situation. As of the reporting date of the consolidated financial statements, the acquisition is still in the period of measurement of fair value and acquisition price allocation. The following information is only a preliminary estimate:

- 1) The following table summarizes the acquisition-date fair value of each major class of consideration transferred.

Cash	\$	<u>37,000</u>
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(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$	159,928
Notes and accounts receivable, net		20,782
Other current assets		15,702
Inventories		3,476
Property, plant and equipment		54,175
Right-of-use assets		9,366
Other non-current assets		2,599
Identifiable Intangible assets, Note 6(n)		32,622
Notes and accounts payable		(126)
Other current financial liabilities and other current liabilities		(31,590)
Lease liabilities (including current and non-current)		(9,536)
Total identifiable net assets acquired	\$	<u>257,398</u>

The fair value of identifiable net assets was based on the appraisal report that issued by ACEVA Consulting Co.

3) Goodwill

Goodwill arising from the acquisition was as follows.

Consideration transferred	\$	37,000
Add: Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)		139,899
Add: The fair value of the original equity of the acquiree		120,320
Less: Fair value of identifiable net assets		(257,398)
Goodwill (Note 6(n))	\$	<u>39,821</u>

Goodwill is mainly derived from Tai Ying Resource Industrial's profitability in cleaning up of waste and artificial quartz manufacturing. It is expected that Tai Ying Resource Industrial and the Group's recycling business will be integrated to generate the synergy.

4) Related costs of acquisition

As of financial report date, the transaction cost amounted to \$189, including appraisal fees which were recorded as the administrative expenses in 2021.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Pro forma information on business results

The operating results of Top Vacuum, Unitech New Energy Engineering and Tai Ying Resource Industrial have been merged into the consolidated income statements of the Group which contributing operating revenue of \$109,953, \$310,510, and \$86,639, respectively, since the acquisition date. Besides, the profit after tax was \$14,466, \$31,656, and \$8,296, respectively. Assuming that the acquisition date of Top Vacuum, Unitech New Energy Engineering and Tai Ying Resource Industrial took place on January 1, 2021, the Pro forma operating revenue and profit after tax of the Group will be \$43,290,467 and \$2,430,482 for the year ended December 31, 2021, respectively.

(j) Loss of control of subsidiaries

- (i) On July 30, 2021, the Group sold its 100%- owned subsidiary General Precise Technology to an associate and had lost control of it. The disposal cost and disposal gain were \$64,578 and \$33,445, respectively. The unrealized gains which were deducted from selling to associates were \$13,378. The realized gain of disposal amounting to \$20,067 was recorded as other gains and losses – gains on sale of subsidiary in consolidated statement of comprehensive income, please refer to note 6(aa).

The book value of General Precise Technology on July 30, 2021 were as follows:

Cash and cash equivalents	\$	18,178
Inventories		11,158
Notes and accounts receivable, net		27,158
Property, plant and equipment		7,874
Other current financial assets and and other current assets		827
Right-of-use assets		7,382
Other non-current assets		426
Notes and accounts payable		(25,776)
Other current financial liabilities and other current liabilities		(8,405)
Lease liabilities (including current and non-current)		(7,689)
Book value of previous subsidiary's net assets	<u>\$</u>	<u>31,133</u>

- (ii) The subsidiary of DIO had completed its liquidation procedures in December 2021. The realized loss of disposal amounting to \$2,670 was recorded as other gains and losses – gains on sale of subsidiary in consolidated statement of comprehensive income, please refer to note 6(aa).

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020 were as follows:

	Land	Buildings and building improvement	Machinery and others	Total
Cost:				
Balance at January 1, 2021	\$ 656,466	1,588,234	1,897,980	4,142,680
Additions	-	17,907	396,388	414,295
Disposals	-	-	(139,799)	(139,799)
Acquisition through a business combination	14,872	7,627	123,360	145,859
Loss of control of subsidiary	-	-	(14,686)	(14,686)
Reclassifications	15,307	4,055	(21,278)	(1,916)
Effect of movements in exchange rates	-	(2,700)	(338)	(3,038)
Balance at December 31, 2021	<u>\$ 686,645</u>	<u>1,615,123</u>	<u>2,241,627</u>	<u>4,543,395</u>
Balance at January 1, 2020	\$ 911,046	1,608,376	1,737,980	4,257,402
Additions	-	21,190	250,175	271,365
Disposals	(254,580)	(1,898)	(37,235)	(293,713)
Reclassifications to non-current assets held for sale	-	(96,462)	-	(96,462)
Reclassifications	-	57,210	(53,385)	3,825
Effect of movements in exchange rates	-	(182)	445	263
Balance at December 31, 2020	<u>\$ 656,466</u>	<u>1,588,234</u>	<u>1,897,980</u>	<u>4,142,680</u>
Depreciation and impairments loss:				
Balance at January 1, 2021	\$ -	300,849	565,685	866,534
Depreciation	-	53,965	161,209	215,174
Impairment loss	-	-	10,029	10,029
Acquisition through a business combination	-	611	63,109	63,720
Loss of control of subsidiary	-	-	(6,812)	(6,812)
Reclassifications	-	-	(110,349)	(110,349)
Reclassification to investment property	-	-	284	284
Effect of movements in exchange rates	-	(633)	(234)	(867)
Balance at December 31, 2021	<u>\$ -</u>	<u>354,792</u>	<u>682,921</u>	<u>1,037,713</u>
Balance at January 1, 2020	\$ -	265,222	471,018	736,240
Depreciation	-	51,869	138,788	190,657
Disposals	-	(1,898)	(25,727)	(27,625)
Reclassification to investment property	-	(33,228)	-	(33,228)
Reclassifications	-	18,637	(18,637)	-
Effect of movements in exchange rates	-	247	243	490
Balance at December 31, 2020	<u>\$ -</u>	<u>300,849</u>	<u>565,685</u>	<u>866,534</u>
Carrying amounts:				
Balance at December 31, 2021	<u>\$ 686,645</u>	<u>1,260,331</u>	<u>1,558,706</u>	<u>3,505,682</u>
Balance at January 1, 2020	<u>\$ 911,046</u>	<u>1,343,154</u>	<u>1,266,962</u>	<u>3,521,162</u>
Balance at December 31, 2020	<u>\$ 656,466</u>	<u>1,287,385</u>	<u>1,332,295</u>	<u>3,276,146</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) In May, 2021, the business premise cannot continue to operate due to demolishing for reconstruction, an impairment loss \$10,029 was charged to the relevant equipment after evaluating the recoverable amount by using the residual market value, recorded as other gains and losses—impairment loss in consolidated statement of comprehensive income.
- (ii) In order to activate the assets and enrich working capital, the Company's Board of Directors reached a resolution to sell the land in Changhua Binhai Industrial Zone on April 29, 2020, and signed a real estate sales contract with non-related parties on July 28, 2020. The total contract price is \$356,836, and the disposal gain is \$98,493, deducting intermediary commissions and security deposits, etc., The Group has completed the transfer procedures and recovered the full amount before the financial reporting date. The gain from related land sale are accounted for other gains and losses under other gains and losses in the statements of comprehensive income.
- (iii) The Group signed a lease contract with a non-related party on August 10, 2020 to lease out its office. The purpose of use for the property has been changed to earning rentals, and the property has been reclassified as investment property with the carrying value at the time of changing its purpose of use.
- (iv) As of December 31, 2021 and 2020, the Group did not provide any property, plant and equipment as collateral for its loans.
- (l) Right-of-use assets

The Group leases many assets including land and buildings and vehicles. Information about leases for which the Group as a lessee is presented below:

Cost:	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Balance at January 1, 2021	\$ 4,915	510,726	75,681	591,322
Additions	-	90,108	29,384	119,492
Acquisition through a business combination	212	36,693	1,144	38,049
Loss of control of subsidiary	-	(11,543)	-	(11,543)
Disposals	-	(56,028)	(19,451)	(75,479)
Effect of movements in exchange rates	-	(79)	-	(79)
Balance at December 31, 2021	<u>\$ 5,127</u>	<u>569,877</u>	<u>86,758</u>	<u>661,762</u>
Balance at January 1, 2020	\$ 3,333	385,009	57,141	445,483
Additions	1,582	163,418	27,802	192,802
Disposals	-	(38,005)	(9,262)	(47,267)
Effect of movements in exchange rates	-	304	-	304
Balance at December 31, 2020	<u>\$ 4,915</u>	<u>510,726</u>	<u>75,681</u>	<u>591,322</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2021	\$ 1,483	102,680	32,316	136,479
Depreciation	1,116	90,822	24,312	116,250
Acquisition through a business combination	46	11,225	461	11,732
Loss of control of subsidiary	-	(4,161)	-	(4,161)
Disposals	-	(45,272)	(17,766)	(63,038)
Effect of movements in exchange rates	-	(43)	-	(43)
Balance at December 31, 2021	<u>\$ 2,645</u>	<u>155,251</u>	<u>39,323</u>	<u>197,219</u>
Balance at January 1, 2020	\$ 413	49,551	19,411	69,375
Depreciation	1,070	76,752	22,135	99,957
Disposals	-	(23,830)	(9,230)	(33,060)
Effect of movements in exchange rates	-	207	-	207
Balance at December 31, 2020	<u>\$ 1,483</u>	<u>102,680</u>	<u>32,316</u>	<u>136,479</u>
Carrying amount:				
Balance at December 31, 2021	<u>\$ 2,482</u>	<u>414,626</u>	<u>47,435</u>	<u>464,543</u>
Balance at January 1, 2020	<u>\$ 2,920</u>	<u>335,458</u>	<u>37,730</u>	<u>376,108</u>
Balance at December 31, 2020	<u>\$ 3,432</u>	<u>408,046</u>	<u>43,365</u>	<u>454,843</u>

(m) Investment property

Investment property comprises properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 2 to 3 years. Some leases provide the lessees with options to extend at the end of the terms.

For all investment property for leasing, the rental income is fixed under the contracts.

The investment properties of the Group were as follows:

	<u>Buildings</u>
Cost:	
Balance at January 1, 2021	\$ 228,945
Effect of changes in foreign exchange rates	(7,393)
Balance at December 31, 2021	<u>\$ 221,552</u>
Balance at January 1, 2020	\$ 134,679
Reclassification from property, plant and equipment	96,462
Effect of changes in foreign exchange rates	(2,196)
Balance at December 31, 2020	<u>\$ 228,945</u>
Accumulated depreciation and impairment losses:	
Balance at January 1, 2021	\$ 46,752
Depreciation	6,923
Effect of changes in foreign exchange rates	(873)
Balance at December 31, 2021	<u>\$ 52,802</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Buildings
Balance at January 1, 2020	\$ 8,604
Depreciation	4,400
Reclassification from property, plant and equipment	33,228
Effect of changes in foreign exchange rates	520
Balance at December 31, 2020	\$ 46,752
Carrying amount:	
Balance at December 31, 2021	\$ 168,750
Balance at January 1, 2020	\$ 126,075
Balance at December 31, 2020	\$ 182,193
Fair value:	
Balance at December 31, 2021	\$ 230,355
Balance at December 31, 2020	\$ 224,325

- (i) Parts of the Group's offices were leased to third parties. The fair value of the investment properties is measured at the market price
- (ii) As of December 31, 2020, parts of investment properties of the Group had been pledged as collateral for long-term borrowings, please refer to note 8. As of December 31, 2021, the Group did not provide any investment properties as collateral for its loan.
- (iii) As of December 31, 2021 and 2020, the fair value parts of investment properties of the Group were not valued by qualified independent appraiser. Instead, they were assessed based on the market value of transaction price of the real estate in the adjacent area, and the inputs of levels of fair value hierarchy were classified to level 3.
- (n) Intangible assets

For the years ended December 31, 2021 and 2020, the cost, amortization, and impairment of intangible assets of the Group were as follows:

	Goodwill	Unrealized orders	Customer relationship	Others	Total
Cost:					
Balance at January 1, 2021	\$ -	-	-	52,223	52,223
Acquired by the Company	-	-	-	10,740	10,740
Acquired through the Group	226,251	95,300	130,478	25,061	477,090
Reclassification	-	-	-	17,757	17,757
Amortization	-	(9,025)	(5,295)	(27,479)	(41,799)
Balance at December 31, 2021	\$ 226,251	86,275	125,183	78,302	516,011
Balance at January 1, 2020	\$ -	-	-	59,532	59,532
Acquired by the Company	-	-	-	9,341	9,341
Reclassification	-	-	-	(3,985)	(3,985)
Amortization	-	-	-	(12,665)	(12,665)
Balance at December 31, 2020	\$ -	-	-	52,223	52,223

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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According to the results of the impairment test performed by the Group, there is no impairment loss for goodwill as of the reporting date.

(o) Other financial assets and other non-current assets

(i) The other current financial assets of the Group were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted assets	\$ 1,060,176	954,464
Other receivables	33,041	46,081
	<u>\$ 1,093,217</u>	<u>1,000,545</u>

As of December 31, 2021 and 2020, \$942,939 and \$628,838 of the restricted assets are in the account of repatriated offshore funds owing to applying "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" for the Group in 2020; \$363 and \$250,000 of the restricted assets are coming from bank deposits of restricted purpose due to the construction contract conditions. The remains of the restricted time deposits are guarantees for construction contracts, etc. Please refer to note 8.

(ii) The other non-current assets of the Group were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted assets	\$ 19,691	33,994
Refundable deposits	165,350	20,983
Others	19,095	3,124
	<u>\$ 204,136</u>	<u>58,101</u>

(p) Short-term borrowings

The short-term borrowings of the Group were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	\$ 1,452,782	1,387,962
Loans for purchase of materials	-	7,233
	<u>\$ 1,452,782</u>	<u>1,395,195</u>
Unused short-term credit lines	<u>\$ 8,626,786</u>	<u>7,928,354</u>
Range of interest rates	<u>0.59%~3.90%</u>	<u>0.62%~4.35%</u>

The Group did not provide assets as collateral for its loans.

For information on the Group's foreign currency risk and liquidity risk, please see note 6(ac).

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Long-term borrowings

The details were as follows:

December 31, 2021			
Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.55%~1.97%	2022.12~2036.9 \$ 850,665
Less: current portion			(102,351)
Total			<u>\$ 748,314</u>
Unused long-term credit lines			<u>\$ 44,880</u>

December 31, 2020			
Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.55%~2.16%	2022.12~2035.12 \$ 568,424
Secured bank loans	SGD	0.90%~2.27%	2024.02 20,482
Less: current portion			(65,747)
Total			<u>\$ 523,159</u>
Unused long-term credit lines			<u>\$ -</u>

(i) Issuance and repayments of long-term borrowings

The Group issued new long-term loans amounted to \$350,120 and \$81,000 in 2021 and 2020, respectively. The repayments amounted to \$87,688 and \$62,950 in 2021 and 2020, respectively.

(ii) As of December 31, 2021, the repayment schedule for the long-term borrowings was as follows:

Period	Amount
2022.1.1~2022.12.31	\$ 102,351
2023.1.1~2023.12.31	75,001
2024.1.1~2024.12.31	73,307
2025.1.1~2025.12.31	71,613
After 2026.1.1	528,393
	<u>\$ 850,665</u>

(iii) Considering the significant increase in interest rates and sufficient working capital, the Group prepaid the secured long term borrowings of SGD 825 in May 2021.

(iv) For the collateral for long-term borrowings, please refer to note 8.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Lease liabilities

The lease liabilities of the Group were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	\$ <u>93,229</u>	<u>93,532</u>
Non-current	\$ <u>373,814</u>	<u>364,270</u>

For the maturity analysis, please refer to note 6(ac).

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>8,760</u>	<u>6,165</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>15,948</u>	<u>10,047</u>
Expenses relating to short-term leases	\$ <u>15,642</u>	<u>23,484</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>16,142</u>	<u>16,592</u>
Covid-19-related rent concessions (recognized as other income)	\$ <u>(1,714)</u>	<u>(755)</u>

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>171,138</u>	<u>155,903</u>

(i) Real estate leases

As of December 31, 2021 and 2020, the Group leases land and buildings for its office space, erecting solar power generation equipment and retail stores. The leases of office space typically run for a period of 1 to 20 years, of erecting solar power generation equipment for 20 years, and of retail stores for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(ii) Other leases

The Group leases vehicles, with lease terms of 1 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group also leases IT equipment with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Provisions

	<u>Warranties</u>	<u>Onerous contracts</u>	<u>Total</u>
Balance at January 1, 2021	\$ 156,642	12,383	169,025
Provisions made during the period	5,686	30,704	36,390
Acquisition through a business combination	2,907	-	2,907
Provisions used during the period	(99,310)	-	(99,310)
Provisions reversed during the period	(27,434)	(14,030)	(41,464)
Effect of changes in foreign exchange rates	(1,198)	-	(1,198)
Balance at December 31, 2021	<u>\$ 37,293</u>	<u>29,057</u>	<u>66,350</u>
Balance at January 1, 2020	\$ 194,127	-	194,127
Provisions made during the period	79,781	12,383	92,164
Provisions used during the period	(100,766)	-	(100,766)
Provisions reversed during the period	(18,735)	-	(18,735)
Effect of changes in foreign exchange rates	2,235	-	2,235
Balance at December 31, 2020	<u>\$ 156,642</u>	<u>12,383</u>	<u>169,025</u>

Provisions related to construction revenue are assessed based on historical experience. The aforementioned provisions are expected to settle the majority of the liability over the next year.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract. Because the cost of performing a construction contract had exceeded the economic benefits expected, the Group recognized the provisions to response the cost of the construction contract.

(t) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(m) sets out information about the operating leases of investment property.

A maturity analysis of lease payments for the undiscounted lease payments to be received after the reporting date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Less than one year	\$ 8,119	7,539
Between one and five years	3,438	7,493
Between two and three years	1,368	3,877
	<u>\$ 12,925</u>	<u>18,909</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Rental income from investment properties were \$8,215 and \$3,822 in 2021 and 2020, respectively, and recognized as other income in the consolidated statements of comprehensive income.

(u) Employee benefits

(i) Defined benefit plans

Reconciliations of the defined benefit obligations at present value and plan assets at present value were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ (275,432)	(268,201)
Fair value of plan assets	98,478	62,245
Net defined benefit liabilities	<u>\$ (176,954)</u>	<u>(205,956)</u>

The Group makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$98,478 as of December 31, 2020. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	2021	2020
Defined benefit obligation at January 1	\$ (268,201)	(252,604)
Current service costs and interest costs	(2,666)	(3,469)
Benefits paid	-	3,687
Remeasurements of net defined benefit liabilities	(4,565)	(15,815)
Defined benefit obligations at December 31	<u>\$ (275,432)</u>	<u>(268,201)</u>

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 62,245	47,908
Contributions paid by the employer	35,035	16,046
Expected return on plan assets	303	366
Benefits paid	-	(3,687)
Remeasurements of net defined benefit liabilities	895	1,612
Fair value of plan assets at December 31	<u>\$ 98,478</u>	<u>62,245</u>
Actual return on plan assets	<u>\$ 1,198</u>	<u>1,978</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Service cost	\$ 1,082	1,068
Net interest of net liabilities for defined benefit obligations	1,281	2,035
	<u>\$ 2,363</u>	<u>3,103</u>
Selling expenses	\$ -	-
Administrative expenses	2,363	3,103
	<u>\$ 2,363</u>	<u>3,103</u>

5) Remeasurement of net defined benefit liability recognized in other comprehensive income:

The Group's re-measurements of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Accumulated amount at January 1	\$ 67,718	53,515
Recognized during the period	(3,683)	14,203
Accumulated amount at December 31	<u>\$ 64,035</u>	<u>67,718</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions at the reporting date:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.625%~0.75%	0.625 %
Future salary increases rate	2.00%~3.00%	3.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one year period after the reporting date is \$2,400.

The weighted-average lifetime of the defined benefit plan is 13.41 years.

7) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate	\$ (5,519)	5,706
Future salary increasing rate	(5,447)	(5,299)
December 31, 2020		
Discount rate	(5,792)	5,996
Future salary increasing rate	5,727	(5,564)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for this period and previous period.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(ii) Defined contribution plans

The domestic Group entities allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the domestic Group entities allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The domestic Group entities recognized the pension costs under the defined contribution method amounting to \$41,733 and \$40,478 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to \$17,002 and \$6,626 for the years ended December 31, 2021 and 2020, respectively.

(v) Income taxes

(i) Income tax expenses

1) The components of income tax were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 621,571	517,173
Surtax on unappropriated earnings	<u>18,775</u>	<u>18,146</u>
	640,346	535,319
Deferred tax expense		
Origination and reversal of temporary differences	<u>98,543</u>	<u>(41,218)</u>
	<u>98,543</u>	<u>(41,218)</u>
Current tax expense	<u>\$ 738,889</u>	<u>494,101</u>

2) The amounts of income tax recognized in other comprehensive income were as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements from defined benefit plans	\$ (734)	(2,841)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>(7,510)</u>	<u>927</u>
	<u>\$ (8,244)</u>	<u>(1,914)</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) Reconciliation of income tax and profit before tax for 2021 and 2020 were as follows:

	2021	2020
Profit before tax	<u>\$ 3,039,849</u>	<u>2,559,426</u>
Income tax calculated based on local tax rate	881,111	677,698
Tax exemption on investment income, and domestic investment income, net	(121,952)	(126,285)
Effects of the difference applicable tax rate of foreign dividend income	(41,006)	(87,498)
Changes in unrecognized deferred tax assets	32,873	30,466
Estimated difference adjustment and others	(30,912)	(18,426)
Surtax on unappropriated earnings	<u>18,775</u>	<u>18,146</u>
	<u>\$ 738,889</u>	<u>494,101</u>

- (ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

The Group's deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	<u>\$ 31,253</u>	<u>26,464</u>
Tax carryforward of unused tax losses	<u>296,089</u>	<u>268,005</u>
	<u>\$ 327,342</u>	<u>294,469</u>

Deferred tax assets were not recognized because the deductible temporary differences may not be realized in the future.

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Expiry year</u>	<u>Unused tax loss</u>
2012 (Assessed)	2022	\$ 22,970
2013 (Assessed)	2023	49,108
2014 (Assessed)	2024	94,536
2015 (Assessed)	2025	171,667
2016 (Assessed)	2026	95,958
2017 (Assessed)	2027	288,466
2018 (Assessed)	2028	249,122
2019 (Assessed)	2029	225,884
2020 (Filed/Assessed)	2030	154,455
2021 (Estimated)	2031	<u>128,280</u>
		<u>\$ 1,480,446</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	<u>Defined benefit plan</u>	<u>Foreign investment loss under equity method</u>	<u>Loss on inventory valuation</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance at January 1, 2021	\$ 42,060	35,332	1,058	38,501	116,951
Recognized in profit or loss	(6,535)	(35,180)	(400)	12,203	(29,912)
Recognized in other comprehensive income	<u>734</u>	<u>-</u>	<u>-</u>	<u>7,510</u>	<u>8,244</u>
Balance at December 31, 2021	<u>\$ 36,259</u>	<u>152</u>	<u>658</u>	<u>58,214</u>	<u>95,283</u>
Balance at January 1, 2020	\$ 41,807	34,705	1,441	37,830	115,783
Recognized in profit or loss	(2,588)	627	(383)	1,598	(746)
Recognized in other comprehensive income	<u>2,841</u>	<u>-</u>	<u>-</u>	<u>(927)</u>	<u>1,914</u>
Balance at December 31, 2020	<u>\$ 42,060</u>	<u>35,332</u>	<u>1,058</u>	<u>38,501</u>	<u>116,951</u>

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Foreign investment income under equity method	Others	Total
Deferred tax liabilities:			
Balance at January 1, 2021	\$ 313,236	3,717	316,953
Recognized in profit or loss	<u>67,104</u>	<u>1,527</u>	<u>68,631</u>
Balance at December 31, 2021	<u>\$ 380,340</u>	<u>5,244</u>	<u>385,584</u>
Balance at January 1, 2020	\$ 358,129	788	358,917
Recognized in profit or loss	<u>(44,893)</u>	<u>2,929</u>	<u>(41,964)</u>
Balance at December 31, 2020	<u>\$ 313,236</u>	<u>3,717</u>	<u>316,953</u>

(iii) The ROC tax authorities have examined the income tax returns of the Company, as well as Xiang Yueh, Cityspace, Topco Investment, Xports Sports, Multi Rich Technology, Kanbo Biomedical, Jing Chen Energy, Jing Yueh Energy, Jing Yang Energy through 2020, and also those of Jia Yi Energy, Kuan Yueh Technology, Anyong Biotechnology, Topco International Investment, Anyong Lohas, Taiwan E&M, Anyong FreshMart, Min Jen Restaurant, Chien Yueh, Topchem Materials, Ding Yue Solar, Top Vacuum, Unitech New Energy Engineering and Tai Ying through 2019.

(w) Capital and other equities

(i) Common stock

According to the Company's articles of incorporation, which was amended on June 22, 2020, the registered capital has increased to \$2,200,000, with all related procedures having been completed in July 2020.

As of December 31, 2021 and 2020, the total values of authorized ordinary shares were both amounted to \$\$2,200,000 (both including \$100,000 for the issuance of employee stock options). The number of authorized ordinary shares were both 220,000 thousand shares, respectively, with par value of New Taiwan Dollars \$10 per share. As of that date, 181,700 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Capital premium	\$ 2,339,175	2,339,175
Stock option-fair value differences of associates and joint ventures accounted under equity method	3,236	1,185
Changes in the equity ownership of the subsidiaries	2,369	-
Others	<u>422</u>	<u>419</u>
	<u>\$ 2,345,202</u>	<u>2,340,779</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of incomes taxes), after deducting accumulated deficits, must be set aside as legal reserve. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining profit, together with the beginning balance of undistributed retained earnings, can be distributed according to the distribution plan proposed by the Board of directors and submitted during the stockholders' meeting for approval. The distribution of earnings or legal reserve and capital surplus, by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be reported in the shareholders' meeting of the Company.

According to the Company's dividend policy, the type of dividends should be determined after considering the remaining portion of retained earnings, the business environment, etc. The dividends could be paid whether by cash or stock. No less than 10% of total stockholders' dividends may be distributed in the form of cash dividends. Any remaining profit did not be distributed in the form of cash dividends could be distributed in the form of stock dividends according to the Company's articles proposed by the Board of directors and submitted to the stockholders' meeting for approval.

1) Legal reverse

When a company incurs no loss, it may pursuant to a resolution by the shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash. Only the portion of the legal reserve which exceeds 25% of capital may be distributed.

2) Special reverse

In accordance with the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, while distributing the surplus of 2019 to 2020, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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3) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2020 and 2019 had been approved in the Board meeting held on March 16, 2021 and March 27, 2020, respectively. The amount of other appropriation items of earnings for 2020 and 2019 had been approved in the regular shareholders' meeting held on August 18, 2021 and June 22, 2020, respectively. These earnings were appropriated as follows:

	2020		2019	
	Amount per share NT (Dollars)	Total amount	Amount per share NT (Dollars)	Total amount
Dividends distributed to common shareholders:				
Cash dividends	\$ 8.0	<u>1,453,597</u>	6.5	<u>1,181,047</u>

On March 15, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriated as follows:

	2021	
	Amount per share NT (Dollars)	Total amount
Dividends distributed to common shareholder:		
Cash dividends	\$ 8.8	<u>1,598,956</u>

The information earning distribution can be accessed from the Market Observation Post System.

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2021	\$ (100,032)	749,068	649,036
Exchange differences on foreign operations:			
The Group	(27,765)	-	(27,765)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	208,426	208,426
Balance at December 31, 2021	<u>\$ (127,797)</u>	<u>957,494</u>	<u>829,697</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2020	\$ (103,736)	540,930	437,194
Exchange differences on foreign operations:			
The Group	3,704	-	3,704
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	181,680	181,680
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	26,458	26,458
Balance at December 31, 2020	<u>\$ (100,032)</u>	<u>749,068</u>	<u>649,036</u>

(x) Earnings per share

The calculation of basic and diluted earnings per share were as follows:

	<u>2021</u>	<u>2020</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>2,294,458</u>	<u>2,068,350</u>
Weighted-average number of outstanding ordinary shares (thousands)	<u>181,700</u>	<u>181,700</u>
Basic earnings per share (dollars)	\$ <u>12.63</u>	<u>11.38</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>2,294,458</u>	<u>2,068,350</u>
Weighted-average number of outstanding ordinary shares (thousands)	181,700	181,700
Effect of dilutive potential ordinary shares (thousands)		
Effect of employee share bonuses	<u>1,354</u>	<u>1,524</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>183,054</u>	<u>183,224</u>
Diluted earnings per share (dollars)	\$ <u>12.53</u>	<u>11.29</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(y) Revenue from contracts with customers

(i) Details of revenue

	2021			
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 20,197,500	1,540,033	975,955	22,713,488
China	16,164,841	2,389,119	21	18,553,981
Others	<u>1,374,627</u>	<u>-</u>	<u>26,870</u>	<u>1,401,497</u>
	<u>\$ 37,736,968</u>	<u>3,929,152</u>	<u>1,002,846</u>	<u>42,668,966</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 37,736,968	-	-	37,736,968
Water purification and construction of dust-proof room	-	3,929,152	-	3,929,152
Others	<u>-</u>	<u>-</u>	<u>1,002,846</u>	<u>1,002,846</u>
	<u>\$ 37,736,968</u>	<u>3,929,152</u>	<u>1,002,846</u>	<u>42,668,966</u>
Timing of revenue recognition				
Products transferred at a point in time	\$ 36,623,725	197,248	664,304	37,485,277
Services transferred over time	1,113,243	118,904	338,542	1,570,689
Constructions transferred over time	<u>-</u>	<u>3,613,000</u>	<u>-</u>	<u>3,613,000</u>
	<u>\$ 37,736,968</u>	<u>3,929,152</u>	<u>1,002,846</u>	<u>42,668,966</u>
	2020			
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 17,589,461	1,721,897	580,887	19,892,245
China	12,480,278	2,651,613	-	15,131,891
Others	<u>1,140,957</u>	<u>-</u>	<u>2,901</u>	<u>1,143,858</u>
	<u>\$ 31,210,696</u>	<u>4,373,510</u>	<u>583,788</u>	<u>36,167,994</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 31,210,696	-	-	31,210,696
Water purification and construction of dust-proof room	-	4,373,510	-	4,373,510
Others	<u>-</u>	<u>-</u>	<u>583,788</u>	<u>583,788</u>
	<u>\$ 31,210,696</u>	<u>4,373,510</u>	<u>583,788</u>	<u>36,167,994</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	2020			Total
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	
Timing of revenue recognition				
Products transferred at a point in time	\$ 30,359,403	158,261	566,899	31,084,563
Services transferred over time	851,293	72,880	10,752	934,925
Constructions transferred over time	-	4,142,369	6,137	4,148,506
	<u>\$ 31,210,696</u>	<u>4,373,510</u>	<u>583,788</u>	<u>36,167,994</u>

(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable (including related parties)	\$ 7,088,882	5,693,112	5,217,254
Less: allowance for impairment	30,036	13,858	24,856
Total	<u>\$ 7,058,846</u>	<u>5,679,254</u>	<u>5,192,398</u>
Contract assets – construction	<u>\$ 918,686</u>	<u>487,677</u>	<u>581,421</u>
Contract liabilities – construction	\$ 467,217	312,178	534,797
Contract liabilities – unearned revenue	311,868	185,721	207,004
Total	<u>\$ 779,085</u>	<u>497,899</u>	<u>741,801</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that were included in contract liability balance at the beginning of the period were \$445,985 and \$633,111, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes during the years ended December 31, 2021 and 2020.

(z) Remuneration to employees, directors and supervisors

According to the Company's articles of incorporation, earning shall first be offset against any deficit, then, a minimum of 4% net profit before tax will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include those of the subsidiaries of the Company who meet certain specific requirements.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2021 and 2020, the Company estimated its employees' remuneration amounting to \$173,950 and \$151,770, respectively, and the directors' and supervisors' remuneration amounting to \$57,983 and \$50,590, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during the years ended December 31, 2021 and 2020. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration are calculated based on the closing price of the Company's ordinary shares on the day before the approval by the Board of Directors. Related information would be available at the Market Observation Post System website.

(aa) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<u>2021</u>	<u>2020</u>
Dividends income	\$ 37,249	38,527
Government grants	35,844	27,906
Others	<u>30,926</u>	<u>15,428</u>
	<u>\$ 104,019</u>	<u>81,861</u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Foreign currency exchange gains (losses), net	\$ (38,393)	(44,913)
Gains (losses) on financial assets at fair value through profit or loss, net	31,921	7,598
Gains (losses) on disposal of property, plant and equipment	(25,922)	94,545
Gains on disposal of subsidiary	17,397	-
Gains on disposal of associates	13,352	-
Others	<u>(16,589)</u>	<u>(8,405)</u>
	<u>\$ (18,234)</u>	<u>48,825</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(ab) Financial instruments

(i) Credit risk

1) Credit risk – exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration to credit risk

The customers of the Group are diverse instead of concentrating on specific customers; therefore, the Group has not suffered any significant credit loss. The Group periodically evaluates the financial positions of these customers to reduce the credit risk of accounts receivables.

3) Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(d). Other financial assets at amortized cost includes other receivables, please refer to note 6(e).

These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. For the years ended December 31, 2021 and 2020, the loss allowance provisions were determined as follows:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 14,513	4,279
Impairment loss recognized	1,757	-
Reclassified from accounts receivable	-	10,234
Amounts written off	<u>(35)</u>	<u>-</u>
Balance at December 31	<u>\$ 16,235</u>	<u>14,513</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2021					
Non-derivative financial liabilities					
Short-term and long-term					
borrowings	\$ 2,303,447	(2,464,282)	(1,572,369)	(88,594)	(803,319)
Notes and accounts					
payable (including related parties)	7,609,319	(7,609,319)	(7,609,319)	-	-
Accrued expenses and					
other payables	940,209	(940,209)	(940,209)	-	-
Lease liabilities					
(including current and non-current)	467,043	(505,056)	(100,319)	(85,494)	(319,243)
Derivative financial					
liabilities					
Forward exchange					
contract:	302				
Outflow		(61,322)	(61,322)	-	-
Inflow		61,020	61,020	-	-
	<u>\$ 11,320,320</u>	<u>(11,519,168)</u>	<u>(10,222,518)</u>	<u>(174,088)</u>	<u>(1,122,562)</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2020					
Non-derivative financial liabilities					
Short-term and long-term					
borrowings	\$ 1,984,101	(1,984,101)	(1,460,942)	(88,247)	(434,912)
Notes and accounts					
payable (including					
related parties)	5,946,168	(5,946,168)	(5,946,168)	-	-
Accrued expenses and					
other payables	684,851	(684,851)	(684,851)	-	-
Lease liabilities					
(including current and					
non-current)	457,802	(495,101)	(99,820)	(71,420)	(323,861)
Derivative financial					
liabilities					
Forward exchange					
contract:	711				
Outflow		(50,598)	(50,598)	-	-
Inflow		49,887	49,887	-	-
	<u>\$ 9,073,633</u>	<u>(9,110,932)</u>	<u>(8,192,492)</u>	<u>(159,667)</u>	<u>(758,773)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposures to foreign currency risk were as follows:

(in thousands)

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
USD	\$	119,519 USD/TWD= 27.68	3,308,286	121,251 USD/TWD= 28.48		3,453,238
USD		83,452 USD/CNY= 6.372	2,309,949	52,177 USD/CNY= 6.5067		1,485,992
JPY		4,253,655 JPY/TWD= 0.2405	1,023,004	3,527,839 JPY/TWD= 0.2763		974,742
JPY		1,255,388 JPY/CNY= 0.0554	302,119	717,910 JPY/CNY= 0.0631		198,279
Financial liabilities						
USD	\$	63,893 USD/TWD= 27.68	1,768,558	85,176 USD/TWD= 28.48		2,425,812
USD		93,571 USD/CNY= 6.372	2,590,042	56,099 USD/CNY= 6.5067		1,597,693
JPY		4,297,818 JPY/TWD= 0.2405	1,033,625	3,186,385 JPY/TWD= 0.2763		880,398
JPY		840,943 JPY/CNY= 0.0554	202,379	417,079 JPY/CNY= 0.0631		115,193

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account and other receivables, current restricted assets, loans and borrowings, and account and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of each major foreign currency against Group entities' functional currency as of December 31, 2021 and 2020 would have influenced the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	December 31, 2021	December 31, 2020
USD (against the TWD)		
Appreciation 5%	\$ 76,987	51,371
Depreciation 5%	(76,987)	(51,371)
JPY (against the TWD)		
Appreciation 5%	(531)	4,717
Depreciation 5%	531	(4,717)
USD (against the CNY)		
Appreciation 5%	(14,006)	(5,585)
Depreciation 5%	14,006	5,585

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	<u>December 31, 2021</u>	<u>December 31, 2020</u>
JPY (against the CNY)		
Appreciation 5%	4,984	4,156
Depreciation 5%	(4,984)	(4,156)

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. Foreign exchange gains (losses) (including realized and unrealized portions) were as follows:

	<u>2021</u>	<u>2020</u>
Foreign exchange gains (losses) (including realized and unrealized portions)	<u>\$ (38,393)</u>	<u>(44,913)</u>

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	<u>Carrying amount</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Variable rate instruments:		
Financial assets	\$ 3,753,450	2,685,898
Financial liabilities	2,017,032	1,926,868

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by the amounts listed below for the years ended December 31, 2021 and 2020, respectively, which would be mainly resulted from the bank savings, time deposits with variable interest rates and short-term and long-term borrowings with variable interest rates.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest rate increased by 0.25%	\$ 4,341	1,898
Interest rate decreased by 0.25%	(4,341)	(1,898)

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	December 31, 2021				Total
	Book value	Fair value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate Funds	\$ 329,565	329,565	-	-	329,565
Non derivative financial assets mandatorily measured at fair value through profit or loss-list common shares	155,089	155,089	-	-	155,089
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted common shares	53,308	-	-	53,308	53,308
Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>57,020</u>	-	-	57,020	57,020
Subtotal	<u>594,982</u>				
Financial assets at fair value through other comprehensive income	<u>1,212,851</u>	-	-	1,212,851	1,212,851
Financial assets measured at amortized cost					
Cash and cash equivalents	3,751,564	-	-	-	-
Notes and accounts receivable (including related parties)	7,058,846	-	-	-	-
Other current financial assets	1,093,217	-	-	-	-
Other non-current assets (refundable deposits and pledged asset-time deposits)	<u>185,041</u>	-	-	-	-
Subtotal	<u>12,088,668</u>				
Total	<u>\$ 13,896,501</u>				

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	3,371,555	-	-	-	-
Notes and accounts receivable (including related parties)	5,679,254	-	-	-	-
Other current financial assets	1,000,545	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>54,977</u>	-	-	-	-
Subtotal	<u>10,106,331</u>				
Total	<u>\$ 11,631,531</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>711</u>	-	711	-	711
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	1,984,101	-	-	-	-
Notes and accounts payable (including related parties)	5,946,168	-	-	-	-
Accrued expenses and other payables	684,851	-	-	-	-
Lease liabilities (including current and non-current)	<u>457,802</u>	-	-	-	-
Subtotal	<u>9,072,922</u>	-	-	-	-
Total	<u>\$ 9,073,633</u>				

2) Valuation techniques for financial instruments not measured at fair value

The Group valuation techniques and assumptions used for financial instrument not measured at fair value are as follows:

a) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and the government bond with high trading volume can be used as a basis to determine the fair value of the listed companies' equity instrument and the debt instrument of the quoted price in an active market.

b) Derivative financial instruments

Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

4) Transfer from one level to another

There were no transfers from one level to another in the years ended December 31, 2021 and 2020.

5) Reconciliation of Level 3 fair value

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Equity investment without quoted price	Debt investment without quoted price	Equity investment without quoted price	
Balance at January 1, 2021	\$ -	85,857	1,004,425	1,090,282
Total gains and losses recognized:				
In profit (loss)	-	19,756	-	19,756
In other comprehensive income	-	-	208,426	208,426
Purchased	-	24,485	-	24,485
Proceeds from liquidation	-	(777)	-	(777)
Proceeds of capital reduction of investment	-	(18,993)	-	(18,993)
Balance at December 31, 2021	<u>\$ -</u>	<u>110,328</u>	<u>1,212,851</u>	<u>1,323,179</u>
Balance at January 1, 2020	\$ 17,956	85,298	829,550	932,804
Total gains and losses recognized:				
In profit (loss)	8,094	(1,950)	-	6,144
In other comprehensive income	-	-	181,680	181,680
Purchased	-	6,532	-	6,532
Disposal	(26,050)	-	(4,621)	(30,671)
Proceeds of capital reduction of investment	-	(4,023)	(2,184)	(6,207)
Balance at December 31, 2020	<u>\$ -</u>	<u>85,857</u>	<u>1,004,425</u>	<u>1,090,282</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 6) The quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that use level 3 input to measure fair values include financial assets at fair value through other comprehensive income— equity instruments and financial assets at fair value through profit or loss— equity securities investment.

Most of fair value measurements of the Group which are categorized as equity investment into level 3 have single significant unobservable inputs, and equity investments without quoted price have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

The quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter relationships between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income— equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (8.50~84.21 and 9.13~73.63 respectively, on December 31, 2021 and 2020)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% both on December 31, 2021 and 2020)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.
	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss— debt investment without quoted price	Net asset value method	Net asset value method	Inapplicable

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7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input	Move up or down	Impacts of fair value change on net income or loss		Impacts of fair value change on other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	60,623	60,619
	Lack of marketability discount	5%	\$ -	-	75,803	75,803
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	50,187	50,187
	Lack of marketability discount	5%	\$ -	-	62,750	62,750

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(ac) Financial risk management

(i) Briefings

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's finance department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The Group minimizes the risk exposure through derivative financial instruments. The Board of directors regulated the use of derivative and non-derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Trade and other receivables mainly relate to a wide range of customers from different industries and geographic regions. The Group continued to assess the financial condition and credit risk of its customers, by grouping account and other receivables based on their characteristics.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries, companies that the Group has business with, and the investees, based on the percentage of ownership by each shareholder. As of December 31, 2021 and 2020, no the guarantees provided to non-subsidiaries were outstanding. The guarantees provided to subsidiaries please refer to note 13(a).

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The loans and borrowings from the bank is an important source of liquidity for the Group. The Group's unused credit line were amounted to \$8,626,786 and \$7,928,354 as of December 31, 2021 and 2020, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group, primarily USD and JPY.

2) Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow.

3) Other price risk

The Group is exposed to equity price risk arising from mutual funds, listed companies' equity investments and emerging stock investments.

(ad) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to note 6(ab) of the consolidated financial statements for the year ended December 31, 2020 for further details.

The policy of board of directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests. The Board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The Group monitors the capital structure by way of periodical review on the liability ratio. The management decides to optimize its capital by using appropriate debt-to-equity ratio. The capital of the Group represents the total equity stated in the consolidated balance sheets that is equal to the total assets, minus, total liabilities.

As of December 31, 2021 and 2020, the liability ratio was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 13,295,795	10,863,401
Total assets	25,174,443	21,451,715
Liability ratio	53 %	51 %

As of December 31, 2021, there were no changes in the Group's approach to capital management.

(ae) Investing and financial activities not affecting the current cash flow

The Group's investing and financial activities, which did not affect its current cash flow in the years ended December 31, 2021 and 2020, included the acquisition of right-of-use assets through lease. Please refer to note 6(m) for details.

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes				December 31, 2021
			Acquisition through businesses combination	Additions of leases	Cancellation of leases	Foreign exchange movement	
Short term borrowings	\$ 1,395,195	57,587	-	-	-	-	1,452,782
Long term borrowings	588,906	262,432	-	-	-	(673)	850,665
Lease liabilities	457,802	(116,360)	18,938	119,492	(12,797)	(32)	467,043
Guarantee deposits received	7,788	69,618	-	-	-	-	77,406
Total liabilities from financing activities	<u>\$ 2,449,691</u>	<u>273,277</u>	<u>18,938</u>	<u>119,492</u>	<u>(12,797)</u>	<u>(705)</u>	<u>2,847,896</u>

	January 1, 2020	Cash flows	Non-cash changes			December 31, 2020
			Additions of leases	Cancellation of leases	Foreign exchange movement	
Short term borrowings	\$ 1,038,339	356,856	-	-	-	1,395,195
Long term borrowings	571,794	18,050	-	-	(938)	588,906
Lease liabilities	379,933	(100,370)	192,802	(14,661)	98	457,802
Guarantee deposits received	2,224	5,564	-	-	-	7,788
Total liabilities from financing activities	<u>\$ 1,992,290</u>	<u>280,100</u>	<u>192,802</u>	<u>(14,661)</u>	<u>(840)</u>	<u>2,449,691</u>

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(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Topco Quartz Products Co., Ltd. (Topco Quartz)	An associate
Fortune Energy Corporation (Fortune)	An associate
Eastwind Tsusho Inc. (Eastwind Tsusho)	An associate
Geneal Precise Technology Co., Ltd. (Geneal Precise)	Its parent Company is an associate
Shin-Etsu Handotai Taiwan Co., Ltd. (Shin-Etsu Handotai Taiwan)	The Company is the corporate director of the related party
Shin-Etsu Opto Electronic Co., Ltd. (Shin-Etsu Opto Electronic)	The Company is the corporate director of the related party

(b) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 267,320	214,707
Post-employment benefits	<u>2,934</u>	<u>3,284</u>
	<u>\$ 270,254</u>	<u>217,991</u>

(c) Significant transactions with related party

(i) Sales

1) The amounts of significant sales by the Group to related parties were as follows:

	<u>2021</u>	<u>2020</u>
Associates	\$ 89,004	128,977
Other related parties	<u>40,405</u>	<u>32,653</u>
	<u>\$ 129,409</u>	<u>161,630</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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- 2) The amounts of significant construction revenue and rendering of services by the Group to related parties were as follows:

	<u>2021</u>	<u>2020</u>
Associates:		
Topco Quartz	\$ 219,362	183,876
Other related parties:		
Shin-Etsu Handotai Taiwan	273,209	242,918
Other related parties	<u>816</u>	<u>434</u>
	<u>\$ 493,387</u>	<u>427,228</u>

Sales prices for related parties were similar to those of the third-party customers. The collection period was within 30 to 90 days after monthly closing, and within 30 to 90 days after monthly closing for third-party customers. The terms of services provided to relate parties is based on the contracts signed between both parties, and there is no significant difference between the related parties and the third-parties. Accounts receivable from related parties were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management.

- (ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<u>2021</u>	<u>2020</u>
Associates	\$ 702,240	727,386
Other related parties:		
Shin-Etsu Handotai Taiwan	7,837,466	6,221,784
Other related parties	<u>13,429</u>	<u>10,933</u>
	<u>\$ 8,553,135</u>	<u>6,960,103</u>

Purchase prices from related parties were similar to those from third-party suppliers. The payment period was within 30 to 90 days after monthly closing for related parties, and within 30 to 90 days after monthly closing for third-party suppliers.

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(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Associates:		
Accounts receivable	Topco Quartz	\$ 44,989	55,069
	Other related parties:		
Accounts receivable	Shin-Etsu Handotai Taiwan	48,329	50,403
Accounts receivable	Other related parties	<u>232</u>	<u>123</u>
		<u>\$ 93,550</u>	<u>105,595</u>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Accounts</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Associates :		
Accounts payable	Topco Quartz	\$ 211,289	234,731
Accounts payable	Others	2,657	-
	Other related parties:		
Accounts payable	Shin-Etsu Handotai Taiwan	2,391,084	1,477,148
Accounts payable	Other related parties	<u>6,460</u>	<u>1,794</u>
		<u>\$ 2,611,490</u>	<u>1,713,673</u>

(v) Equity transaction

On July 30, 2021, in order to coordinate the adjustment of the group organization, the Group sold all of General Precise Technology shares to Topco Quartz Products Co., Ltd, an associate of the Group, please refer note 6(j). As of December 31, 2021, the transfer price has been fully received, and the transfer of equity process has been completed.

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current financial assets	Guarantees for construction contracts, coupons, credit card readers and courses	\$ 116,874	75,626
Other non-current assets – time deposits	Lease for plant, and guarantees for long term borrowings	19,691	33,994
Investment properties	Guarantees for long term borrowings	-	60,975
		<u>\$ 136,565</u>	<u>170,595</u>

(9) Commitments and contingencies:

(a) The Group's unrecognized contractual commitments were as follow:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commitments for construction contracts	<u>\$ 2,895,687</u>	<u>783,764</u>
Bank guarantees to construction contracts	<u>\$ 678,674</u>	<u>807,232</u>

(b) The Group's unused and outstanding letters for purchasing were as follow:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unused and outstanding letters of credit	<u>\$ 1,679,821</u>	<u>1,234,474</u>

(c) Refer to note 13(a) for the disclosure of guarantees provided to associates by the Group.

(10) Losses Due to Major Disasters: None**(11) Subsequent Events: None**

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

- (a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By item	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	180,764	1,502,231	1,682,995	191,594	1,256,122	1,447,716
Labor and health insurance	17,653	87,694	105,347	15,057	66,207	81,264
Pension	3,392	57,706	61,098	6,014	44,193	50,207
Remuneration of directors	-	58,997	58,997	-	46,687	46,687
Others	5,943	68,130	74,073	6,530	62,611	69,141
Depreciation	112,688	225,659	338,347	89,034	205,980	295,014
Amortization	77	41,722	41,799	-	12,665	12,665

(13) Other disclosures:

- (a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

- (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 1)	Maximum limit of fund financing (note 1)
													Item	Value		
0	The Company	TOPSCIEN CE(S) PTE LTD.	Other current financial assets - related parties	Yes	81,840	81,840	61,380	100%	Short-term financing	-	Operating demand	-	NA	-	2,319,314	4,638,629

Note 1: Foreign currency amounts are translated to New Taiwan Dollars at the exchange rate at the end of the financial reporting date.

Note 2: According to the Company's "Operational Procedures for Lending of Capital to Others", the total amount of loans to a single enterprise shall not exceed 20%, respectively, of the net monetary amount of the financial reports of the latest month when transaction occurs, and the amount is \$2,319,314.

Note 3: According to the Company's "Operational Procedures for Lending of Capital to Others", the total amount of loans to others shall not exceed 40%, respectively, of the net monetary amount of the financial reports of the latest month when transaction occurs, and the amount is \$4,638,629.

Note 4: The aforementioned transactions had been written-off upon the preparation of the consolidated financial statements.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Topco Chemical	(Note 2)	(Note 3)	197,280	130,320	14,882	-	1.12 %	(Note 4)	Y	N	Y
"	"	Topco Shanghai	(Note 2)	(Note 3)	414,643	203,290	120,250	-	1.75 %	(Note 4)	Y	N	Y
"	"	Topco Suzhou	(Note 2)	(Note 3)	699,727	-	-	-	- %	(Note 4)	Y	N	Y
"	"	Shanghai Chongyao	(Note 2)	(Note 3)	1,224,994	43,440	-	-	0.37 %	(Note 4)	Y	N	Y
"	"	Chien Yueh	(Note 2)	(Note 3)	3,014,864	2,300,000	482,286	-	19.83 %	(Note 4)	Y	N	N
"	"	JiaYi Energy	(Note 2)	(Note 3)	282,177	182,177	40,752	-	1.57 %	(Note 4)	Y	N	N
"	"	Jing Chen	(Note 2)	(Note 3)	120,980	120,980	64,680	-	1.04 %	(Note 4)	Y	N	N
"	"	Jing Yang Energy	(Note 2)	(Note 3)	102,000	92,640	77,170	-	0.80 %	(Note 4)	Y	N	N
"	"	Jing Yueh Energy	(Note 2)	(Note 3)	158,257	144,534	143,380	-	1.25 %	(Note 4)	Y	N	N
"	"	Kuan Yueh Technology	(Note 2)	(Note 3)	840,383	623,772	570,435	-	5.38 %	(Note 4)	Y	N	N
"	"	Anyong Fresh Mart.	(Note 2)	(Note 3)	12,000	12,000	608	-	0.10 %	(Note 4)	Y	N	N
"	"	Topscience(s) Pte Ltd.	(Note 2)	(Note 3)	1,349,544	1,349,544	768,386	-	11.64 %	(Note 4)	Y	N	N
"	"	Topchem Materials	(Note 2)	(Note 3)	200,000	200,000	45,000	-	1.72 %	(Note 4)	Y	N	N
"	"	Topco Engineering	(Note 2)	(Note 3)	353,550	296,400	27,367	-	2.56 %	(Note 4)	Y	N	Y
"	"	Unitech New Energy Engineering	(Note 2)	(Note 3)	150,582	150,582	-	-	1.30 %	(Note 4)	Y	N	N

Note 1: The Company is coded as "0", and its subsidiaries are coded consecutively in a numerical order starting from "1"

Note 2: Investee companies which have 50% of ordinary shares, directly or indirectly, owned by the Company.

Note 3: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the total amount of endorsements/guarantees for a single enterprise shall not exceed \$11,596,572, which is the net value of the Company's latest financial reports.

Note 4: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the total amount of endorsements/guarantees for others shall not exceed \$18,554,515, which is 160% of the net value of the Company's latest financial reports.

Note 5: The maximum amount of sharing guarantees and endorsements is CNY 70,000, the maximum amount for guarantees and endorsements are for Shanghai Chongyao CNY 10,000, Topco Chemical CNY 30,000, and Topco Engineering CNY 30,000, respectively.

Note 6: The balances of guarantees and endorsements as of reporting date which duplicate calculation because the Board meeting convening in advance and extending contracts are for Chien Yueh \$850,000, Jing Chen \$25,000, Anyong Fresh Mart. \$3,000, and Topchem Materials \$100,000, respectively.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
The Company	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	507	6,425	-	6,425	586	-	
The Company	Stock: Eversol Corporation	None	Non-current financial assets at fair value through other comprehensive income	230	-	8.21	-	230	8.21	
"	Shin-Etsu Opto Electronic	The Company is the institutional directors of the related party	"	2,000	132,120	10	132,120	2,000	10.00	
"	Shin-Etsu Handotai Taiwan	"	"	12,000	1,010,520	8	1,010,520	12,000	8	
"	Everglory Resource Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,000	44,140	8.18	44,140	2,000	8.18	
"	ProMOS Technologies Inc.	"	"	71	3,153	0.16	3,153	71	0.16	
"	Grand Fortune	"	Non-current financial assets at fair value through profit or loss	2,400	37,128	4.12	37,128	3,000	4.12	
"	Shih Her Technologies Inc.	"	"	2,092	154,181	3.68	154,181	2,092	3.68	
The Company	Other: LEAP FUND L.P.	None	Non-current financial assets at fair value through profit or loss	-	57,020	12.22	57,020	-	12.22	
Topco International Investment	Stock: Win Win Precision Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	734	17,226	1.61	17,226	734	1.61	
"	Mylight Technology Co., Ltd. (Mylight)	"	"	250	-	0.76	-	250	0.76	
"	Archers Inc.	"	"	625	-	1.93	-	625	1.93	
"	Ultramed Technology Co., Ltd.	"	"	100	2,292	5.26	2,292	100	5.26	
"	Sunergy development corporation	Topco International Investment is the institutional directors of the related party	"	285	-	19.00	-	285	19.00	
"	Mycropore Corporation Ltd.	None	"	400	3,400	2.29	3,400	400	2.39	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	30	10.00	
Topco Investment	Fund: Jih Sun Money Market	None	Current financial assets at fair value through profit or loss	146	2,195	-	2,195	146	-	
"	Taishin 1699 Money Market Fund	"	"	1,618	22,126	-	22,126	2,714	-	
Topco Investment	Stock: Mylight	None	Non-current financial assets at fair value through other comprehensive income	250	-	0.76	-	250	0.76	
"	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	1,888	16,180	5.75	16,180	2,098	5.75	
Taiwan E&M	Fund: Taishin Ta-Chong Money Market	None	Current financial assets at fair value through profit or loss	3,679	52,788	-	52,788	3,679	-	
"	Mega Diamond Money Market Fund	"	"	4,176	52,947	-	52,947	4,176	-	
"	Franklin U.S. Government Money Fund	"	"	4,187	43,774	-	43,774	4,187	-	
"	FSITC Taiwan Money Market Fund:	"	"	3,266	50,524	-	50,524	3,266	-	
Anyong Fresh Mart.	Fund: Jih Sun Money Market	None	Current financial assets at fair value through profit or loss	472	7,076	-	7,076	472	-	
"	KGJ Victory Money Market Fund:	"	"	2,999	35,064	-	35,064	2,999	-	
Ding Yue Solar	Fund: FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,344	-	1,344	7	-	

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
Anyong Lohas	Jih Sun Money Market Fund:	None	Current financial assets at fair value through profit or loss	1,681	25,193	-	25,193	3,017	-	
Anyong Biotechnology	Taishin 1699 Money Market Fund Stock:	None	Current financial assets at fair value through profit or loss	2,201	30,109	-	30,109	3,664	-	
Unitech New Energy Engineering	United Microelectronics Corporation Co., Ltd	None	Non-current financial assets at fair value through profit or loss	10	681	-	681	10	-	
"	United Renewable Energy Co., Ltd	None	Non-current financial assets at fair value through profit or loss	10	227	-	227	10	-	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company (Note)	Unitech New Energy Engineering Co., LTD	Investments accounted for using equity method	Natural person	None	-	-	776,000	434,560	-	-	-	-	776,000	434,560
Chien Yueh	"	"	Natural person	None	-	-	10,000	5,600	-	-	-	-	10,000	5,600

Note: 90% paid at the time of equity delivery, as to the remaining 10%, if one year and two years from the delivery date reach the contractual standard, 5% will be paid respectively.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Topco Quartz	The Company's investment accounted for using equity method	Purchase	655,989	3 %	Net 60 days from the end of the month of delivery	-	-	Accounts Payable (200,142)	(6)%	
"	"	"	Sale	(223,674)	(1)%	Net 60 days from the end of the month of delivery	-	-	Accounts Receivable 44,989	1 %	
"	Shin-Etsu Handotai Taiwan	The Company is the institutional directors of the related party	Sale	(295,262)	(1)%	Net 30 days from the end of the month of delivery	-	-	Accounts Receivable 47,507	1 %	
Topco Shanghai	Shin-Etsu Handotai Taiwan	The Company is the institutional directors of the related party	Purchase	7,785,576	78 %	Net 90 days from the end of the month of delivery	-	-	Accounts Payable (2,378,428)	(85)%	

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: Trading in derivative products, please refer to note 6(b).
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	Topco Shanghai	1	Accounts Receivable	21,936	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.09 %
"	"	"	1	Sales Revenue	97,427	"	0.23 %
"	"	Topco Suzhou	1	Other non- operating Revenue	6,229	Based on the agreement between both parties	0.01 %
"	"	"	1	Other Receivables	6,229	"	0.02 %
"	"	Topco Trading	1	Sales Revenue	11,475	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.03 %
"	"	"	1	Accounts Receivable	3,286	"	0.01 %
"	"	Topscience(s)	1	Other Receivables	61,380	Based on the agreement between both parties	0.24 %
1	Jia Yi Energy	Kuan Yueh Technology	3	Operating Revenue	76,602	Based on the agreement between both parties	0.18 %
"	"	Jing Yueh	3	Operating Revenue	4,393	"	0.01 %
"	"	"	3	Accounts Receivable	2,115	"	0.01 %
"	"	The Company	2	Operating Revenue	6,133	"	0.01 %
"	"	Jing Yang Energy	3	Operating Revenue	27,496	"	0.06 %
2	Anyong Fresh Mart.	The Company	2	Sales Revenue	11,285	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.03 %
3	Taiwan E&M	Topscience(s)	3	Sales Revenue	6,877	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.02 %
4	Topchem Materials	The Company	2	Sales Revenue	33,357	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.08 %
5	Topco Japan	Topscience(s)	3	Sales Revenue	5,707	There is no significant difference of price to general customers. The collection period is based on the agreement between both parties	0.01 %
6	Anyong Biotechnology	Anyong Fresh Mart.	3	Sales Revenue	24,197	There is no significant difference of price to general customers. The collection period is net 30 days from the end of the month of delivery.	0.06 %
"	"	Anyong Lohas	3	Sales Revenue	6,172	"	0.01 %

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
7	Anyong Lohas	Anyong Fresh Mart.	3	Sales Revenue	18,696	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.04 %
"	"	"	3	Accounts Receivable	6,516	"	0.02 %
"	"	The Company	2	Sales Revenue	9,103	"	0.02 %
8	Topscience(s)	Topchem Materials	3	Sales Revenue	3,302	"	0.01 %
9	Chien Yueh	The Company	2	Sales Revenue	5,427	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.01 %
"	"	Kuan Yueh Technology	3	Sales Revenue	11,818	"	0.03 %
10	Tai Ying Resource	Chien Yuch	3	Sales Revenue	29,618	"	0.07 %
"	"	"	3	Accounts Receivable	5,660	"	0.02 %

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions between the subsidiaries and the parent company.
- 3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars and foreign currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Highest balance during the year		Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			Shares/Units (thousands)	Percentage of ownership	
The Company	Topco Quartz	Hsinchu County	Manufacture and repair of quartz equipment, quartz tube e.g.	99,232	99,232	13	40%	1,546,595	964,875	386,333	13	40 %	
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	510,833	62,162	62,162	42,500	100 %	Note 2
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	273,829	123,127	30,799	14,960	25 %	
	Topco Group	Samoa	Investment activities	493,981	493,981	15,518	100%	2,405,708	738,441	736,451	15,518	100 %	Note 2
	Topscience(s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	336,108	279,278	3,153	100%	369,533	38,191	38,191	3,153	100 %	Note 2
	Topco International Investment	Taipei City	Investment activities	460,000	395,000	50,493	100%	480,156	70,717	70,717	50,493	100 %	Note 2
	Topco Investment	Taipei City	Investment activities	260,000	260,000	11,000	100%	87,176	(14,034)	(14,034)	11,000	100 %	Note 2

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Highest balance during the year		Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			Shares/Units (thousands)	Percentage of ownership	
	Chien Yueh	Taipei City	Water purification and construction of dust-proof room	320,000	320,000	37,500	100%	379,488	9,213	6,585	37,500	100 %	Note 2
	Winaico	Germany	Oversea Holding Company	-	184,929	-	-%	-	-	-	5,000	28 %	
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	490,629	490,629	25,000	100%	88,402	(41,537)	(41,537)	25,000	100 %	Note 2
	Winfull Bio-tech Co., Ltd.	Tainan City	Manufacture of organic fertilizer	35,000	35,000	3,500	39%	-	-	-	3,500	39 %	
	Anyong Fresh Mart.	Taipei City	Wholesale and retail sales of fishery products and supermarket operation	554,350	554,350	30,800	100%	91,245	(28,027)	(28,020)	30,800	100 %	Note 2
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	215,000	215,000	23,745	84%	171,466	1,007	(1,112)	23,745	84 %	Note 2
	Xiang Yueh	Taipei City	Waste disposal	73,270	46,370	4,690	83%	26,353	(21,499)	(19,485)	4,690	83 %	Note 2
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	317,000	317,000	21,700	100%	38,114	(19,103)	(19,102)	21,700	100 %	Note 2
	General Precise	Hsinchu County	Process and sales of quartz products	-	14,301	-	-%	-	5,946	5,946	1,000	100 %	Note 2 & Note 3
	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	434,560		776	77.6%	447,497	142,267	12,937			Note 2
	TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	13,878		1	100.00%	13,080	(770)	(770)			Note 2 & Note 5
								6,929,475		1,226,061			
Topco Group	Asia Topco	Mauritius	Investment activities	362,220 (USD13,086)	362,220 (USD13,086)	13,086	100%	2,242,988	708,464	Investment gains (losses) recognized by Topco Group	13,086	100 %	Note 2
	Topco Trading	Hong Kong	Wholesale of semiconductor material and electronic material	41,520 (USD1,500)	41,520 (USD1,500)	1,500	100%	149,605	30,041	"	1,500	100 %	Note 2
Topsience(s)	Topsience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	35,984 (USD1,300)	12,456 (USD450)	-	100%	28,170	(2,833)	Investment gains (losses) recognized by Topsience(s)	-	100 %	Note 2
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	-	-	-	100%	-	-	"	-	100 %	Note 2
Topco International Investment	Cityspace	Taipei City	Wholesale sales of cosmetics	12,000	12,000	1,267	67%	19,100	6,321	Investment gains (losses) recognized by Topco International Investment	1,267	67 %	Note 2
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	15,094	15,094	5	100%	2,914	395	"	5	100 %	Note 2
	Kuan Yueh Technology	Taipei City	Development of renewable energy projects / Configure pipeline construction and device installation	149,640	149,640	16,439	100%	185,430	16,887	"	16,439	100 %	Note 2
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	24,000	24,000	4,585	16%	47,793	1,007	"	4,585	16 %	Note 2
	Kanbo Biomedical	Taipei City	Sales of health food products	6,287	6,287	1,000	100%	1,360	(32)	"	1,000	100 %	Note 2

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Highest balance during the year		Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			Shares/Units (thousands)	Percentage of ownership	
Topco Investment	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	4,197	4,197	142	36%	-	-	"	142	36%	Note 2
	DIO	Germany	Development of renewable energy project	-	23,849	-	-%	-	-	"	592	100%	Note 8
	Topchem Materials	Taipei City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	31,000	31,000	5,500	100%	86,210	24,951	"	5,500	100%	Note 2
	Fortune	Taipei City	Clean up of waste and environmental management service	771	771	40	0.07%	769	123,127	"	40	0.07%	
	Tai Ying Resource	Kaohsiung City	Clean up of waste	141,704	114,620	10,736	48.8%	149,074	26,189	"	10,736	48.8%	Note 2 & Note 4
	EastWind Tsusho	Taipei City	Manufacturing and trading of electronic parts, etc.	5,000	-	500	25%	6,084	7,074	"	500	25%	
	Multi Rich Technology	Taipei City	Wholesale of fishery products	20,500	20,500	2,050	98%	2,159	(756)	Investment gains (losses) recognized by Topco Investment	2,050	98%	Note 2
	Ding Yue Solar	Taipei City	Development of renewable energy project	9,000	9,000	900	100%	4,057	(76)	"	900	100%	Note 2
	Xports Sports	Taipei City	Sport training	29,299	29,299	450	100%	4,387	(86)	"	450	100%	Note 2
	Min Jen Restaurant	Taipei City	Restaurant	110,000	110,000	1,719	69%	866	(18,069)	"	11,000	100%	Note 2
	Fei Da Intelligent Co., Ltd.	Taipei City	Manpower dispatch	5,500	5,500	500	12%	4,431	(12,709)	"	500	20%	Note 7
	STARX INC.	Hsinchu City	Precision instrument manufacturing	8,000	8,000	8,626	26%	7,861	(434)	"	8,626	26%	
	Yun Yueh Technology	Taichung City	Aquaculture and wholesale and sales of fishery products	750	-	75	75%	741	(25)	"	75	75%	Note 2 & Note 6
Great Talent Tech Co., Ltd.	Taipei City	Personnel training	5,000	-	500	31%	4,834	(530)	"	500	31%		
Jia Yi energy	Jing Chen Energy	Taipei City	Development of renewable energy project	71,050	71,050	7,586	100%	64,834	1,197	Investment gains (losses) recognized by Jia Yi energy	7,586	100%	Note 2
	Jing Yang Energy	Taipei City	"	70,497	70,497	7,195	100%	66,808	(8,949)	"	7,195	100%	Note 2
	Jing Yueh Energy	Taipei City	"	82,161	82,161	7,513	100%	85,122	7,342	"	7,513	100%	Note 2
Taiwan E&M	Top Vacuum	Hsinchu City	Vacuum pump equipment maintenance	45,035	-	6,000	60%	53,701	15,483	Investment gains (losses) recognized by Taiwan E&M	6,000	60%	Note 2
Chien Yueh	Tai Ying Resource	Kaohsiung City	Clean up of waste	9,916	-	670	3.1%	10,020	26,189	Investment gains (losses) recognized by Chien Yueh	670	3.1%	Note 2 & Note 4
"	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	5,600	-	10	1%	5,767	142,267	"	10	1%	Note 2

Note 1: The amounts in foreign currencies were translated into New Taiwan Dollars at the exchange rates at the ending date of the reporting period.

Note 2: The aforementioned transactions had been written-off upon the preparation of the consolidated financial statements.

Note 3: The Group sold all of General Precise Technology shares in July 2021, and lost control of the Company, the aforementioned transactions had been written off upon the preparation of the consolidated financial statements.

Note 4: The Group acquired the control of Tai Ying Resource Industrial Corp (Tai Ying Resource) in July 2021, and since July 2021, Tai Ying was included in the subsidiaries in the consolidated financial statements, the aforementioned transactions had been written off upon the preparation of the consolidated financial statements.

Note 5: Topco Scientific USA was established in December 2021.

Note 6: Yun Yueh Technology was established in August 2021.

Note 7: The Group holds a director of Fei Da Intelligent and has significant influence. As a result, the Group accounted it for using the equity method.

Note 8: DIO had completed its liquidation procedures in December 2021.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of US Dollars and CNY)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment gains (losses) (Note 2)	Book value (Note 3)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Topco Shanghai	Wholesale of electronic material and equipment	243,307 (USD8,790) (Note 4)	Note 1	-	-	-	-	551,668 (USD19,695)	100 %	100 %	551,668 (USD19,695)	1,405,909 (USD50,792)	553,791 (USD19,335)
Shanghai Chongyao		56,472 (RMB13,000)	Note 5	Note 5	-	-	-	8,960 (RMB2,064)	100 %	100 %	8,960 (RMB2,064)	247,595 (RMB56,997)	-
Topco Suzhou	Water purification and construction of dust-proof room	74,736 (USD2,700)	Note 1	74,736 (USD2,700)	-	-	74,736 (USD2,700)	129,333 (USD4,617)	100 %	100 %	129,333 (USD4,617)	665,603 (USD24,046)	-
Topco Chemical	wholesale and sales of chemical products	12,262 (USD443)	Note 1	12,262 (USD443)	-	-	12,262 (USD443)	59,542 (USD2,216)	100 %	100 %	59,542 (USD2,216)	151,666 (USD5,479)	-
Topco Engineering	Water purification and construction of dust-proof room	86,880 (RMB20,000)	Note 6	Note 6	-	-	-	9,331 (RMB2,149)	100 %	100 %	9,331 (RMB2,149)	94,011 (RMB21,642)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
171,422 (USD6,193) (Note 7)	456,249 (USD16,483)	(Note 8)

Note 1 : Investment in Mainland China companies through an investee established in a third region.

Note 2 : The investment gains and losses of the current period are recognized based on the financial statements which have been audited by CPA.

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rate of USD 1:27.68 and CNY 1:4.344, respectively, as of September 30, 2021.

Note 4 : Including the capital increase transferred from retained earnings amounting to USD1,990.

Note 5 : Shanghai Chongyao is jointly invested by Topco Shanghai and is Topco Suzhou, both of which are the sub-subsidiary of the Company.

Note 6 : Topco Engineering is invested by Topco Suzhou, which is the sub-subsidiary of the Company.

Note 7 : Including the written-off investment funds of USD3,050.

Note 8 : The Company has acquired proof of compliance regarding the operational scope of the corporate headquarters issued by the Ministry of Economic Affairs. Therefore, there is no restriction to the Company's investing amount in Mainland China.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders holding more than 5% of ownership as of December 31, 2021: None

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(14) Segment information:

(a) General information

The basis of segmentation of the Group are different products and services. The reportable segments include advanced material division, semiconductor and electronics division and environmental engineering group. Other segments engage mainly in sales of used machine equipment business and retail sales. Segments revenue means revenue from external customers (includes sell products and other revenue, exclude investment revenue accounted for using equity method). There was no transfer of revenue between segments.

(b) Reportable segments and operating segment information

The Group did not allocate tax expense to the reportable segments. The amounts of the Group's reportable segments are the same as those in the reports used by the chief operating decision maker. The accounting policies for the operating segments are the same as those in Note 2. The profit or loss of the Group's operating segments is measured by profit or loss before tax, and is considered as the basis for performance assessment.

The Group's operating segment information and reconciliation were as follows:

	Semiconductor and electronics division	Environmental engineering group	Other divisions	Adjustment and elimination	Total
2021					
Revenue					
Revenue from external customers	\$ 37,736,968	3,929,152	1,002,846	-	42,668,966
Revenue from segments	157,177	7,334	226,584	(391,095)	-
Interest expense	-	-	-	-	-
Total revenue	<u>\$ 37,894,145</u>	<u>3,936,486</u>	<u>1,229,430</u>	<u>(391,095)</u>	<u>42,668,966</u>
Interest expense	-	-	-	-	-
Depreciation and amortization	194,992	12,431	172,723	-	380,146
Share of profit of equity-accounted investees (associates and jointly controlled entities)	-	-	422,675	-	422,675
Reportable segment profit or loss	<u>\$ 2,448,617</u>	<u>211,308</u>	<u>379,924</u>	<u>-</u>	<u>3,039,849</u>
2020					
Revenue					
Revenue from external customers	\$ 31,210,696	4,373,510	583,788	-	36,167,994
Revenue from segments	-	-	-	-	-
Interest expense	-	-	-	-	-
Total revenue	<u>\$ 31,210,696</u>	<u>4,373,510</u>	<u>583,788</u>	<u>-</u>	<u>36,167,994</u>
Interest expense	-	-	-	-	-
Depreciation and amortization	157,748	10,912	139,019	-	307,679
Share of profit of equity-accounted investees (associates and jointly controlled entities)	-	-	373,347	-	373,347
Reportable segment profit	<u>\$ 2,060,597</u>	<u>238,843</u>	<u>259,986</u>	<u>-</u>	<u>2,559,426</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Industry information

(i) Product and service information

The Group's segment information is based on different products and services. Product and service information does not have to be disclosed.

(ii) Geographical information

Stated below are the geographic information on the Group's sales presented by destination of sales and non-current assets presented by location.

1) Revenue from external customers:

Location	2021	2020
Taiwan	\$ 22,713,488	19,892,244
China	18,553,981	15,131,891
Other countries	<u>1,401,497</u>	<u>1,143,859</u>
	<u>\$ 42,668,966</u>	<u>36,167,994</u>

2) Non-current assets:

	2021	2020
Taiwan	\$ 4,454,666	3,688,636
Other countries	<u>369,750</u>	<u>300,876</u>
	<u>\$ 4,824,416</u>	<u>3,989,512</u>

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including deferred tax assets and restricted assets (non-current).

(iii) Information about major customers

Sales to individual customer constituting over 10% of the total revenue in the consolidated statements of comprehensive income of 2021 and 2020 are summarized as follows:

	2021	2020
A Company	<u>\$ 9,725,942</u>	<u>8,401,074</u>

The sales revenue of A Company was from semiconductor and electronics division.