



## **2021 ANNUAL REPORT**

Printed on May 3, 2022

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-Notice to readers-

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

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Title: Chief Finance Officer

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**Common Share Transfer Agent**

Company: Grand Fortune Securities Corporation Registrar Transfer Department.

Address: 6F., No.6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan

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

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CPA: Yiu-Kwan Au & Szu-Chuan Chien

Company: KPMG Certificated Public Accountants

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Offshore secondary exchange and disclosure information available at: None

**Company website : <http://www.topco-global.com>**

## Table of Contents

Chapter 1 Letter to Shareholders.....	1
Chapter 2 Company profile .....	3
Chapter 3 Corporate Governance Report.....	6
Chapter 4 Capital Overview .....	61
Chapter 5 Operational Highlights .....	68
Chapter 6 Financial Information .....	88
Chapter 7 Review of Financial Conditions, Operating Results, and Risk Management ..	97
Chapter 8 Special Disclosure .....	102
Appendix 1 Financial statements for the most recent year (AP1-1~AP1-92) .....	114
Appendix 2 Financial statements of the parent company for the most recent year audited by the CPA (AP2-1~AP2-81) .....	114

## Chapter 1 Letter to Shareholders

Dear Shareholders,

We would like to thank all shareholders for your continued support over the past year. In 2021, as a result of the joint efforts of the management team and all staff members, coupled with the demand for advanced process materials by the semiconductor industry and growth of the Mainland market, we once again hit a historical high in revenue and profit while continuing to scale up our product mix and operations. The Group reported the consolidated revenue of NT\$42.67 billion representing an 18% year-over-year growth, the profit after tax of NT\$2.294 billion, and an EPS of NT\$12.63. Meanwhile, TOPCO Scientific Co. LTD is committed to ESG compliance and was honored with the Excellent in Corporate Social Responsibility – New Star Awards, the Taiwan Corporate Sustainability Award (TCSA), the Taiwan Corporate Sustainability Reporting Silver Award, People Development Award, and Growth through Innovation Award. We were also a long-term sponsor of sports events, and, in 2021, we again received the Sports Activist Award from the Sports Administration of the Ministry of Education.

According to statistics released by the Industrial, Science, and Technology International Strategy Center, Industrial Technology Research Institute (ITRI ISTI), the output value of Taiwan IC industry reached NT\$ 4.08 trillion in 2021, which marks a growth of 26.7% compared to 2020. Revenues from semiconductor materials accounted for around 80% of the consolidated revenue of the Group. Driven by constant innovation of advanced processes, and expansion of production capacities, the demand for advanced process materials such as photoresist, silicon wafers and chemicals kept its growth momentum. Our Foundry Service Platform that matches foundry capacities for IC design houses to accelerate product market entry has experienced a continuous growth in revenue and will keep strengthening the partnership with foundry supply chains to provide a full-range of tape-out service.

In the field of environmental engineering, we have obtained numerous large-scale wastewater treatment, air-conditioning and electromechanical projects in Taiwan and China. We also achieved good results in the development of industrial waste disposal services and chemical sales, as well as in the improvement of waste system flow and the expansion of overseas markets. Through investments, we were able to integrate and develop renewable energy and circular economy achieving environmental sustainability and fueling growth.

As for the livelihood-related business, the Company upholds its founding principles of safeguarding the health of consumers. Our signature products, e.g. the Anyo Santé Premium Silver Perch Essence, garnered the National Biotechnology and Medical Care Quality Award and the Monde Selection Gold Award, and generated consistent growth.

Looking ahead to 2022, the semiconductor industry is still expected to benefit from demand for new applications of AIoT, 5G, automotive and high-speed computing. It is anticipated that the momentum will persist in 2022. Driven by the expansion of advanced process foundry, the demand for related materials such as photoresist hikes will likely lead to a rise in revenue. Topco Group will continue to assess and introduce new products, and build value-added technology and services, including 5G key materials, third-generation semiconductor materials, and electric vehicle market related products; meanwhile, we will pursue suitable strategic alliances and partnerships to expand our agency rights and boost presence in the local market. The deployment of the semiconductor industry is highly influenced by geopolitics, so in addition to establishing service points in the U.S. and expanding the service network in Japan to serve customers in adjacent areas, we will continue to explore opportunities in Singapore, Vietnam, Malaysia and Japan.

As far as environmental engineering is concerned, we maintain our deep commitment to the

circular economy. Relevant initiatives include waste disposal, calcium fluoride sludge resource and reuse, and smart green eco-friendly pig farm. These initiatives are expected to expand our business scale in the field of environmental engineering. In the field related to livelihood, we have integrated the innovative foundry technology, expanded to overseas markets through diverse marketing strategy, built the high-quality and healthy supermarket, Anyo Fresh, and created the professional sports training brand “XSPORTS” with the ultimate goal of an all-inclusive linkage and integration of the Group’s resources to develop the healthcare business.

Topco Group has steadfastly fulfilled its role as an industry integrator and technology provider, and joined hands with suppliers and customers in the creation of win-win values. In the future, we will maintain our deep commitment to hi-tech industries, expansion of our overseas service network, and intensification of market deployment to gain the ability to satisfy customer expectations in the field of products and services promptly. We also embrace the diversified development of circular economy concepts and our health business. Finally, we aim to strengthen our efforts in the field of talent recruitment and training, employee care, shareholder rewards, implementation of corporate governance, fulfillment of CSR, and pursuit of corporate sustainability.

Topco Scientific Co., Ltd.



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Jeffery Pan  
Chairman



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Simon Tseng / Charles Lee  
President



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Nicole Lee  
Chief Accounting Officer

## Chapter 2 Company profile

I. Date of Incorporation: February 17, 1990

II. History :

- 1990 •Topco Scientific Co., Ltd was established on February 17, 1990 with a paid-up capital of NT\$5 million.
- 1993 •Increased capital by cash totaling NT\$ 11 million. Paid-up capital after the capital increase was NT\$ 16 million.  
•Invested in Topco Quartz Products Co., Ltd.
- 1995 •Invested in Shin-Etsu Opto Electronic Co., Ltd. and Shin-Etsu Handotai Taiwan Co., Ltd.  
•Increased capital by cash totaling NT\$ 20 million. Paid-up capital after the capital increase was NT\$ 36 million.
- 1996 •Increased capital by cash totaling NT\$ 24 million. Paid-up capital after the capital increase was NT\$ 60 million.
- 1997 •Increased capital by cash totaling NT\$ 60 million, and by capitalizing earnings totaling NT\$ 12 million. Paid-up capital after the capital increase was NT\$ 132 million.  
•Obtained the ISO-9002 International Quality Certificate.
- 1998 •Awarded the “Customer Satisfaction Gold Award” by the Chung-Hua International Trade Association.  
•Increased capital by cash totaling NT\$56.4 million, and by capitalizing earnings totaling NT\$39.6 million. Paid-up capital after the capital increase was NT\$228 million.
- 1999 •Increased capital by capitalizing earnings totaling NT\$17.1 million. Paid-up capital after the capital increase was NT\$245.1 million.
- 2000 •The Company became listed on the OTC exchange.  
•Increased capital by capitalizing earnings totaling NT\$56.02 million. Paid-up capital after the capital increase was NT\$ 301.12 million.
- 2001 •Increased capital by cash totaling NT\$75 million, and by capitalizing earnings totaling NT\$ 141.95 million. Paid-up capital after the capital increase as NT\$ 518.07 million.  
•Invested in Taiwan E & M Systems Co., Ltd.
- 2002 •Awarded the 2nd R.O.C. Golden Torch Award  
•Increased capital by capitalizing earnings totaling NT\$ 161.38 million. Paid-up capital after the capital increase was NT\$ 679.45 million.
- 2003 •Invested in Topco Scientific (Shanghai) Co., Ltd.  
•Increased capital by capitalizing earnings totaling NT\$ 96.53 million. Paid-up capital after the capital increase was NT\$ 775.98 million.  
•The Company became a TWSE listed company from OTC listed company.  
•Awarded the 11<sup>th</sup> Industrial Technology Advancement Award by the Ministry of

Economic Affairs.

- 2004
- Invested in Topscience (s) Pte Ltd.
  - First issue of domestic unsecured convertible bonds. Total funds raised were NT\$720 million.
  - Increased capital by capitalizing earnings totaling NT\$136.4 million. Paid-up capital after the capital increase was NT\$ 912.38.
- 2005
- Invested in Suzhou Topco Construction Co., Ltd., Chongzhi International Investment Co., Ltd. and Chongsheng International Investment Co., Ltd.
  - Increased capital by capitalizing earnings totaling NT\$ 111.24 million. Unsecured convertible bonds were converted to 12,989 thousand shares of common stock. After registration, the total paid-up capital was NT\$1,153.51 million.
- 2006
- The Neihu Corporate HQ Building was inaugurated.
  - Unsecured convertible bonds were converted to 96 thousand shares of common stock. After registration, the total paid-up capital was NT\$1,154.46 million. The first issue of domestic unsecured convertible bonds was called back in accordance with the criteria for issuance and conversion.
  - Increased capital by capitalizing earnings totaling NT\$ 75.72 million. Paid-up capital after the capital increase was NT\$ 1,230.18 million.
- 2007
- Increased capital by capitalizing earnings and capital reserve totaling NT\$ 106.11 million. Paid-in capital after capital increased was NT\$ 1,336.29 million.
  - The Environmental Engineering Business Unit obtained the certification of OHSAS 18001, the Occupational Health and Safety Management System.
- 2008
- Increased capital by capitalizing earnings totaling NT\$ 65.08 million. Paid-in capital after the capital increase totaled NT\$ 1,401.38 million.
  - Invested in Chien Yueh Technology Engineering Co., Ltd., Kuan Yueh Technology Engineering Co., Ltd. and Jia Yi Energy Co., Ltd.
- 2009
- Increased capital by capitalizing earnings totaling NT\$ 28.03 million. Paid-up capital after capital increased was NT\$1,429.41 million.
- 2010
- Awarded the “Outstanding Contribution Award” by Dupont USA and received the 8<sup>th</sup> Annual Taiwan Golden Root Award.
  - Constructed the Taipei City “Northern Taiwan Opto Playcity” and received the “FIABCI World Prix d'Excellence Awards”.
  - Increased capital by capitalizing earnings totaling NT\$ 28.59 million. Paid-up capital after the capital increased totaled NT\$ 1,458 million.
- 2011
- Launched the Topco Scientific Co. Division A Social Baseball Team.
  - Increased capital by capitalizing earnings totaling NT\$ 29.16 million. Paid-up capital after capital increased totaled NT\$ 1,487.16 million.
  - Invested in Jing Chen Energy Co., Ltd.
- 2012
- Invested in Anyong Biotechnology Co., Ltd, Ching Yang Energy Co., Ltd., Topchem Materials Co., Ltd. and Anyong Freshmart Co., Ltd.
  - Employee stock options were converted to 419 thousand shares of common stock. After registration total paid-up capital was NT\$ 1,491.35 million.

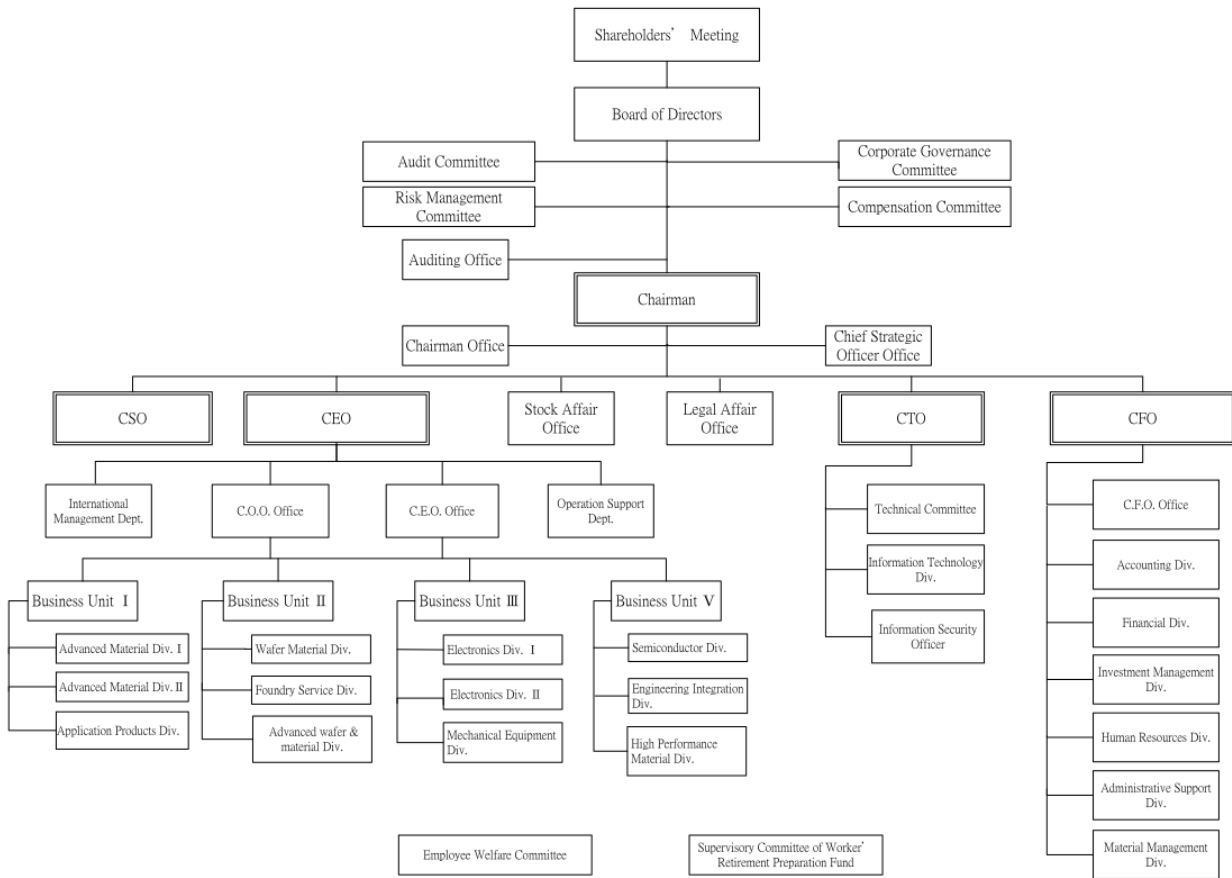
- 2013 •Increased capital by capitalizing earnings totaling NT\$ 29.83 million and employee stock options were converted to 1,561 thousand shares of common stock. Paid-up capital after capital increase was NT\$ 1,536.79 million.
- 2014 •Increased capital by capitalizing earnings totaling NT\$ 30.96 million and employee stock options were converted to 1,134 thousand shares of common stock. Paid-up capital after capital increase was NT\$ 1,579.09 million.
- 2015 •Increased capital by capitalizing earnings totaling NT\$ 47.37 million. Paid-up capital after capital increase was NT\$ 1,626.47 million.
- 2016 •Invested in Yilan Anyong Lohas Co., Ltd.  
•Increased capital by capitalizing earnings totaling NT\$ 32.52 million. Paid-up capital after capital increase was NT\$ 1,658.99 million.
- 2017 •The grand opening of the “Anyo Museum” in Yilan.  
•Increased capital by cash totaling NT\$ 158 million. Paid-up capital after the capital increase was NT\$ 1,816.99 million.
- 2018 •Obtained the “Taiwan I Sports” certification by the Sports Administration, Ministry of Education and awarded the “TCSA Corporate Sustainability Report Gold Award” and the “Social Inclusion Award”.
- 2019 •ISO 9001: 2015 Quality Management System: Topco Scientific Co., Ltd. increased the scope of certification to include all the Company’s products and the subsidiary company, Topco Scientific (Shanghai) was certified to meet the ISO 9001:2015 standards for the first time.  
•Received the “Sports Activist Award- Gold Award and Long-term Sponsorship Award” by the Sports Administration ,Ministry of Education.  
•Received the TCSA “Corporate Sustainability Award”, “Corporate Sustainability Report Silver Award”, “People Development Award” and “Social Inclusion Award”.
- 2020 •Received the TCSA “Corporate Sustainability Award”, “Corporate Sustainability Report Gold Award”.  
•Received the “Sports Activist Award- Gold Award and Long-term Sponsorship Award”, and “Taiwan i Sports” by the Sports Administration ,Ministry of Education.  
•Received the “Corporate Health Responsibility Bronze Award” by the Common Health Magazine.
- 2021 •Invested in Top Vacuum Co., Ltd., Tai Ying Industrial Corporation, Unitech Engineering Corporation, Topco Scientific USA Corp.  
•Received the “Excellence in Corporate Social Responsibility” from Common Wealth Magazine.  
•Received the TCSA “Corporate Sustainability Awards”, and the “Sports Activist Award” by the Sports Administration of Taiwan.



# Chapter 3 Corporate Governance Report

## I. Organization

### (I) Organization Structure ( Apr. 30, 2022 )



## (II) Operations of major departments

Department	Functions
Auditing Office	Conduct, examine and assess deficiencies in the internal control system, evaluate the efficiency of operations, and offer timely recommendations for improvements as well as assist the Board of Directors and managerial officers to fulfill their responsibilities; conduct special audits on the basis of the Company's policy and demand by the managerial staff.
Chairman Office	Responsible for the formulation, management, and supervision of the direction of business operations and business targets.
Chief Strategic Officer Office	Formulate medium to long-term directions and strategies; build and maintain media relations; safeguard the corporate image and prepare internal and external public relation contents/releases; Compile the annual plans of all departments and conduct analysis of the operating performance of all units; plan and propel the Company's regular corporate events and internal improvement projects; performance appraisal and strategic development planning.
Office of the Chief Sustainability Officer	Promote practices of corporate social responsibility policies, integrate environmental, social and governance (ESG) principles into operations, management flows and corporate culture.
Cyber security officer	Plan and execute cyber security policy and goal, including: plan and implement maintenance schedule, supervise, review and monitor actual practice, examine responsibility levels, plan and implement audit schedule, manage and review audit result, and plan and promote of other cyber security matters.
Legal Affair Office	Draft, review and prepare contents of contractual agreements and manage the contract files; provide legal opinions and handle litigated and non-litigated events.
Stock Affair Office	Handle media release related to shareholders' meetings and dividends, manage shareholder services and corporate governance practices.
C.E.O Office	Assist all business units and departments in improving operating performance and process efficiency.
C.O.O Office	Responsible for the strategic analysis, and planning and management of the operations of the Group's companies and business units.
International Management Dept.	Operation and management of offshore business units.
Operation Support Dept.	Assist the Group's companies in collecting and analyzing operational data.
Technical Committee	Build the platform for new product development and technology information exchange to strengthen the integration of the Company's internal resources and research capabilities; as well as stimulate the drive of the Company's employees to proactively develop new markets.

Department	Functions
Digital Application Development Dept.	In line with the Company's strategic business development plans, provide AI smart technology solutions; consolidate internal resources and set up executive teams to execute the various digital application projects.
Information Technology Div.	Build, introduce and maintain the Company's software and hardware information system; smart technology application development and information security risk management.
C.F.O Office	Assist the various departments and units in conducting management different types of risks to improve operational efficiency; provide project-based risk evaluation report.
Accounting Div.	Carry out accounting operations; control the preparation of the annual budget reports; evaluate and executive tax planning; execute payroll, bonus adjustments and distribution.
Financial Div.	Plan the long-term and short-term funding requirements and utilization; manage loans to others and endorsements/guarantees; monitor and project cash flows and manage treasury operations.
Investment Management Div.	Conduct investment evaluation and project-based analysis; conduct investment management and quality operation events.
Human Resources Div.	Responsible for people management and organizational development. Formulate human resources strategy and policy, execute, and control the human resources system. Plan and execute the human resources development strategy and employee training.
Administrative Support Div.	Manage office equipment, fixed assets, and miscellaneous equipment; manage land, buildings, renting (loaning) and leasing (loaning) of dormitory; formulate and execute administrative policies and procedures.
Material Management Div.	Execute procurement, import/export operations, logistics control and ensure normal warehouse operations; responsible for supplier management.
Business Unit	Plan and execute the annual operation policy and business strategies of the business unit; manage targets of the business unit to be met and business activities; manage accounts receivable and inventory. Under the blueprint of the Company's business goals and business strategies, lead all employees of the business unit divisions to achieve the set business targets.

## II. Documents of directors, supervisors, president, vice presidents, associate vice presidents, and managers of each departments and Div.s :

### (I) Directors and Supervisors information :

May 3, 2022

Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected (Date First Elected)	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
						Shares	%	Shares	%	Shares	%		
Chairman	R.O.C.	Jeffery Pan	Male 61-70 years old	2020.6.22 (1990.2.17)	3	1,500,817	0.83	1,500,817	0.83	0	0	Master of Business Administration, National Chengchi University	Chairman, Topco Scientific Co.,Ltd. Chairman, Suzhou Topco Construction Ltd. & Shanghai Chong Yao Trading Co., Ltd.
Director	R.O.C.	J. W. Kuo	Male 61-70 years old	2020.6.22 (1990.2.17)	3	8,133,759	4.48	7,333,759	4.04	69,030	0.04	Ph.D., Department of Business Administration, National Taipei University · Master of Business Administration, National Taipei University	Chairman, Topco Group Chairman, Anyong Biotechnology Inc. and Great Talent Tech Co.,Ltd.
Director	R.O.C.	Jia Pin Investment Development Company Limited representative: Robert Lai	Male 61-70 years old	2020.6.22 (2014.6.24)	3	6,179,382 0	3.40 0	6,979,382 0	3.84 0	0 20,000	0 0.01	Ph.D., Department of Business Administration, National Taipei University Master of Business Administration, Indiana University of Pennsylvania, U.S.A. Chairman, Topco Scientific Co., Ltd.,and CSBC Corporation, Taiwan Director General, Small & Medium Enterprise Administration, Ministry of Economic Affairs Deputy Director General, Department of Commerce, Ministry of Economic Affairs	Vice Chairman, Topco Group Chairman, Eco Technical Services Co., Ltd.,Unitech Engineering Corp., Xiang Yueh Co., Ltd., Yun Yueh Technical Co.,Ltd. Independent Director, Yi Jinn Industrial Co.,Ltd. Independent Director, LEATEC Fine Ceramics Co.,Ltd. Independent Director, PhytoHealth Co.,Ltd. Independent Director, SYSAGE Technology Co., Ltd.
Director	R.O.C.	Simon Tseng	Male 61-70 years old	2020.6.22 (1997.9.5)	3	1,029,950	0.57	1,029,950	0.57	0	0	Master of Business Administration, National Taipei University	C.E.O, Topco Scientific Co.,Ltd. Chairman, Topco Scientific (Shanghai) Co.,Ltd.,Hong Kong Topco Trading Ltd., Anyong Freshmart, Inc.,Kanbo Biomedical Co.,Ltd.,Taiwan E&M Systems Inc.
Director	R.O.C.	Charles Lee	Male 61-70 years old	2020.6.22 (1997.9.5)	3	1,129,948	0.62	593,948	0.33	0	0	Master of Business Administration, China Europe International Business School	C.E.O, Topco Scientific Co.,Ltd. Chairman, Topco International Investment Co.,Ltd., Topchem Materials Co.,Ltd. & Topscience(S) Pte Ltd.

Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected (Date First Elected)	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
						Shares	%	Shares	%	Shares	%		
Director	R.O.C.	Pei-fen, Chang	Female 51-60 years old	2020.6.22 (2020.6.22)	3	1,198,963	0.66	1,198,963	0.66	3,209,681	1.77	Chungyu Institute	Chairman of Zhi Jia Investment Co.,Ltd.
Independent director	R.O.C.	Chen, Linsen	Male 71-80 years old	2020.6.22 (2014.6.24)	3	0	0	0	0	23,751	0.01	Master of Business Administration , National Taipei University President of Joint Credit Information Center Chief Secretary , Ministry of Finance	Attorney-in-charge of Linsen Law Firm
Independent director	R.O.C.	Sun,Pi-Chuan	Female 61-70 years old	2020.6.22 (2015.6.9)	3	0	0	0	0	0	0	Ph.D., Department of Business Administration, National Taipei University Dean, College of Management, Tatung University	Professor, Department of Business Management, Tatung University
Independent director	R.O.C.	Cheng, Jen-Wei	Male 61-70 years old	2020.6.22 (2020.6.22)	3	0	0	0	0	0	0	Ph.D., National Taiwan University, Professor in National Taiwan University of Science & Technology, Secretary-general in Association of Taiwan Electronic Commerce, Executive Vice President in Taiwan Tobacco & Liquor Corporation (state-owned), Lecturer/Associate Professor and Chair in Ming Chuan University	Professor in National Taiwan University of Science & Technology, Independent Director, Sunnic Technology & Merchandise Inc.
Company shares held by directors in the names of other persons : None Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None													

Note : Major Shareholder of Topco's Director that is an Institutional Shareholder

Director that is an Institutional Shareholder of Topco	Major Shareholder
Jia Pin Investment Development Company Limited	Kuo,Kuan-Hung(31.2%)、Kuo,Yu-Chun(30.8%)、Kuo,I-Hsuan(30.8%)

(II) Disclosure of information as professional qualifications and independent status of directors and independent directors

Qualification Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Jeffery Pan	Graduated from National Chengchi University with a master's degree in Business Administration, He is the chairman of the company, the Chairman of Suzhou Topco Construction Ltd. & Shanghai Chong Yao Trading Co., Ltd. He dedicated to the semiconductor industry for over 30 years, with professional capabilities in marketing and operation management, leading the company to become a pioneer in the industry.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Director J.W.Kuo	Graduated from a PhD in Department of Business Administration, National Taipei University, He is the chairman and chief strategy officer of Topco Group, the Chairman of Anyong Biotechnology Inc. and Great Talent Tech Co.,Ltd. He has expertise in leadership and strategic development planning, master market trends, invest in forward-looking fields, plan overseas layouts, and promote Topco to become an all-round international group.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Director Jia Pin Investment Development Company Limited representative: Robert Lai	Graduated from a PhD in Department of Business Administration, National Taipei University, He is the vice chairman and CSO of Topco Group, the Chairman of Eco Technical Services Co., Ltd., Unitech Engineering Corp., Xiang Yueh Co., Ltd., Yun Yueh Technical Co.,Ltd. He leads the company to implement corporate social responsibility and sustainable development.	Not been a person of any conditions defined in Article 30 of the Company Law.	4
Director Simon Tseng	Graduated from National Taipei University with a master's degree in Business Administration, He is the CEO of the company, the Chairman of Topco Scientific (Shanghai) Co.,Ltd.,Hong Kong Topco Trading Ltd., Anyong Freshmart, Inc.,Kanbo Biomedical Co.,Ltd.,Taiwan E&M Systems Inc. He has professional capabilities in operational decisions and management to deepen the Chinese market.	Not been a person of any conditions defined in Article 30 of the Company Law.	0

Qualification Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Charles Lee	Graduated from China Europe International Business School with a master's degree in Business Administration, He is the CEO of the company, the Chairman of Topco International Investment Co.,Ltd., Topchem Materials Co.,Ltd. & Topscience(S) Pte Ltd. He has professional capabilities in market strategy and business promotion for overseas business such as Southeast Asia.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Director Pei-fen, Chang	Graduated from Chungyu Institute, She is the Chairman of Zhi Jia Investment Co.,Ltd. She has more than five years of work experience in business, finance and corporate business.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Independent director Chen, Linsen	Graduated from National Taipei University with a master's degree in Business Administration, He is the Attorney-in-charge of Linsen Law Firm, and has more than five years of work experience in business, finance and corporate business.	<p>The directors have been met the following independence criteria during the two years prior to being elected or during the term of the office.</p> <ol style="list-style-type: none"> <li>1. Not an employee of the company or any of its affiliates.</li> <li>2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</li> <li>3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.</li> <li>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the</li> </ol>	0

Qualification Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent director Sun,Pi-Chuan	Graduated from a PhD in Department of Business Administration, National Taipei University, She is a Professor of Tatung University in Business Management dept., She has more than five years of professional qualifications for professors in colleges and universities, and has more than five years of work experience required for business.	<p>top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>6.If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>7.If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another</p>	0



Qualification Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent director Cheng, Jen-Wei	Graduated from a PhD in National Taiwan University, He is a Professor in National Taiwan University of Science & Technology, He has more than five years of professional qualifications for professors in colleges and universities, and has more than five years of work experience required for business.	<p>company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.</p> <p>9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>11. Not been a person of any conditions defined in Article 30 of the Company Law.</p> <p>12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	1

(III) Diversified board of directors

The Company's board comprises of nine directors including three independent directors. The Company has established "Corporate Governance Best Practice Principles", the member diversity shall be taken into account for the composition of the board of directors, and appropriate diversification policy shall be formulated.

The members of the board of directors shall possess the necessary knowledge and skills, including finance, business, law, business management, etc., the professionalism of each member has been disclosed on the company's website.

The specific management objectives of the board diversity policy are as follows :

The Board of Directors must have at least one female director and one accounting or finance specialist. It is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats.

The independent directors shall not hold office for more than 3 terms.

The achievement status are 33.3% of the directors were employees, independent directors accounting for 33.3% of the composition, the proportion of female directors is 22.2%. The seniority of the three independent directors are 8 years, 7 years and 2 years respectively.

Diversification item			Ability to make sound business judgments	Accounting and financial analysis capability	Ability to manage a business	Ability to respond to a crisis	Industry knowledge	An understanding of international markets	Leadership capability	Decision-making capability
Title	Name	Gender								
Chairman	Jeffery Pan	Male	✓		✓	✓	✓	✓	✓	✓
Director	J. W. Kuo	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Jia Pin Investment Development Company Limited representative: Robert Lai	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Simon Tseng	Male	✓		✓	✓	✓	✓	✓	✓
Director	Charles Lee	Male	✓		✓	✓	✓	✓	✓	✓
Director	Pei-fen, Chang	Female	✓	✓	✓	✓		✓	✓	✓
Independent director	Chen, Linsen	Male	✓	✓	✓	✓		✓	✓	✓
Independent director	Sun,Pi-Chuan	Female	✓	✓	✓	✓		✓	✓	✓
Independent director	Cheng, Jen-Wei	Male	✓	✓	✓	✓		✓	✓	✓

## (II) Documents of president, vice president, associate vice president, and managers of each department and Div. :

May 3, 2022

Title	Nationality	Name (Gender)	Date Effective	Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
				Shares	%	Shares	%		
Group Chairman	R.O.C.	J. W. Kuo (Male)	2014.10.3	8,133,759	4.48	69,030	0.04	Ph.D., Department of Business Administration, National Taipei University 、 Master of Business Administration, National Taipei University	Chairman, Anyong Biotechnology Inc. and Great Talent Tech Co.,Ltd.
Group Vice Chairman	R.O.C.	Robert Lai (Male)	2020.6.22	0	0	20,000	0.01	Ph.D., Department of Business Administration, National Taipei University Master of Business Administration, Indiana University of Pennsylvania. U.S.A. Chairman, Topco Scientific Co., Ltd.,and CSBC Corporation, Taiwan Director General, Small & Medium Enterprise Administration, Ministry of Economic Affairs Deputy Director General, Department of Commerce, Ministry of Economic Affairs	Chairman, Eco Technical Services Co., Ltd.,Unitech Engineering Corp., Xiang Yueh Co., Ltd., Yun Yueh Technical Co.,Ltd. Independent Director, Yi Jinn Industrial Co.,Ltd. Independent Director, LEATEC Fine Ceramics Co.,Ltd. Independent Director, PhytoHealth Co.,Ltd. Independent Director, SYSAGE Technology Co., Ltd.
President /CEO	R.O.C.	Simon Tseng (Male)	2016.8.1	1,029,950	0.57	0	0	Master of Business Administration, National Taipei University	Chairman, Topco Scientific (Shanghai) Co.,Ltd.,Hong Kong Topco Trading Ltd., Anyong Freshmart, Inc.,Kanbo Biomedical Co.,Ltd.,Taiwan E&M Systems Inc.
President /CEO	R.O.C.	Charles Lee (Male)	2016.8.1	593,948	0.33	0	0	Master of Business Administration, China Europe International Business School	Chairman, Topco International Investment Co.,Ltd. 、 Topchem Materials Co.,Ltd. 、 Kuan Yueh Technology Engineering Co.,Ltd.& Topscience(S) Pte Ltd.
CFO	R.O.C.	Joyce Lu (Female)	2008.2.1	78,504	0.04	0	0	Master of Business Administration, National Taipei University Department of Accounting, National Chengchi University	Chairman, Topco Investment Co., Ltd., Topco Group, Asia Topco
COO	R.O.C.	Dennis Chen (Male)	2018.3.1	7,226	0.00	220,077	0.12	Master of Chemistry, National Taiwan University, Department of Chemistry, National Tsing Hua University	Chairman, Japan Topco Scientific Co.,Ltd.
COO	R.O.C.	Daniel Wu (Male)	2018.3.1	138,237	0.08	12,000	0.01	Department of Business Administration, National Central University	Chairman, Top Vacuum Co., Ltd., Topco Scientific USA Corp.
COO	R.O.C.	Eugene Lee (Male)	2020.4.1	76,379	0.04	10,000	0.01	Master of Materials Science and Engineering Dept. University of Michigan	Chairman, Shanghai Perfect Microelectronics Co., Ltd.
COO	R.O.C.	Henry Ho (Male)	2021.2.1	12,519	0.01	195	0.00	Master of Business Administration, National Sun Yat-sen University	In charge of Topco Scientific Co.,Ltd. Tainan Science Park Branch, Chairman of Tai Ying Industrial Corp.
CTO	R.O.C.	Tina Ding (Female)	2016.3.2	2,000	0.00	0	0	Master of Electrical Engineering, National Taiwan University	None
General Manager of BU	R.O.C.	Daniel Yang (Male)	2016.3.2	6,693	0.00	0	0	Master of Chemistry, National Taiwan University	Chairman, Topscience Vietnam Co.,Ltd 、 Anyong (S) Pte. Ltd.

Title	Nationality	Name (Gender)	Date Effective	Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
				Shares	%	Shares	%		
General Manager of BU	R.O.C.	Steve Tan (Male)	2016.2.1	51,978	0.03	0	0	Master of Technology Environmental Engineering, Stevens Institute	Chairman, Topco Chemical (Z.F.T.Z.) Co., Ltd · Topco Engineering (SUZHOU) LTD. ·
General Manager of BU	R.O.C.	Kevin Lin (Male)	2021.4.1	6,904	0.00	0	0	Master of Chemical Engineering, National Taiwan University	None
Vice President	R.O.C.	Monica Chiu (Female)	2011.1.1	10,897	0.01	0	0	Master of Business Management, University of Wisconsin	None
General Manager of BU	R.O.C.	Reggie Liu (Male)	2021.4.1	28,654	0.02	0	0	Department of Electronic Engineering, Chung Yuan Christian University	None
General Manager of BU	R.O.C.	Eva Mai (Female)	2021.4.1	58,161	0.02	0	0	Master of Business Administration, National Taipei University	None
General Manager of C.S.O Office	R.O.C.	Johnny Huang (Male)	2021.2.1	59,312	0.03	0	0	Master of Business Administration, Ming Chuan University	Chairman, Jing Chen Energy Co., Ltd. · Jing Yang Energy Co.,Ltd. · Jing Yueh Energy Co.,Ltd. · Ding Yue Energy Co., Ltd. · Kuan Yueh Technology Engineering Co.,Ltd.
Sr. Deputy General Manager	R.O.C.	Della Huang (Female)	2017.4.1	118,179	0.07	0	0	Department of International Trade, Feng Chia University	Chairman, City Space International Co., Ltd.
Vice President	R.O.C.	Nicole Lee (Female)	2020.4.1	5,000	0.00	0	0	Master degree in Accounting, National Chengchi University	None

The Company's shares held by managers in the name of other persons: None.

Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive : None.

### III 、 Compensation of Directors, Supervisors, President, and Vice Presidents :

#### (I) Compensation to Directors

Unit : NT\$ thousands, Dec. 31, 2021

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 6)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of sum of items A, B, C, D, E, F and G to profit (%) (Note 6)		Remuneration from ventures other than subsidiaries or from the parent company	
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances(E) (Note 4)		Severance Pay (F)		Employee Compensation (G) (Note 5)							
		From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	Cash	Stock	Cash	Stock	From Topco	From All Consolidated Entities		
Director	Jeffery Pan																						
	J. W. Kuo																						
	Jia Pin Investment Development Company Limited representative: Robert Lai	0	0	0	0	47,111	47,111	24	24	2.05%	2.05%	59,132	61,528	815	815	24,520	0	24,520	0	5.74%	5.84%	None	
	Simon Tseng																						
	Charles Lee																						
	Pei-fen, Chang																						
	Independent Director	Chen, Linsen	0	0	0	0	10,872	10,872	720	720	0.51%	0.51%	0	0	0	0	0	0	0	0	0.51%	0.51%	None
	Sun, Pi-Chuan																						
	Cheng, Jen-Wei																						

- Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration paid to independent Directors is in compliance with TOPCO's Articles of Incorporation §20 and "Rule for distribution of Compensation to Director and Independent Director". A maximum of 3% net profit before tax will be allocated as directors' remuneration. The compensation should be based on the Company's overall operating performance with consideration of the contribution of each director to Company, including the level of involvement and actual time after appointment. Related performance and the plausibility of compensations are both approved by Remuneration Committee and the Board meetings.
- In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent consultants: None

Table of Remuneration ranges

Range of Remuneration	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From Topco	From All Consolidated Entities(I)	From Topco	From All Consolidated Entities(J)
Less than NT\$ 1,000,000				
NT\$1,000,000 ~ NT\$1,999,999				
NT\$2,000,000 ~ NT\$3,499,999				
NT\$3,500,000 ~ NT\$4,999,999	Pei-fen Chang , Linsen Chen, Pi-chuan Sun, Jen-wei Cheng	Pei-fen Chang , Linsen Chen, Pi-chuan Sun, Jen-wei Cheng	Pei-fen Chang , Linsen Chen, Pi-chuan Sun, Jen-wei Cheng	Pei-fen Chang , Linsen Chen, Pi-chuan Sun, Jen-wei Cheng
NT\$5,000,000 ~ NT\$9,999,999	J.W. Kuo, Simon Tseng, Charles Lee, Jia Pin Investment	J.W. Kuo, Simon Tseng, Charles Lee, Jia Pin Investment	Jia Pin Investment	Jia Pin Investment
NT\$10,000,000 ~ NT\$14,999,999	Jeffery Pan	Jeffery Pan		
NT\$15,000,000 ~ NT\$29,999,999			J.W. Kuo, Robert Lai, Simon Tseng, Charles Lee	J.W. Kuo, Robert Lai, Simon Tseng, Charles Lee
NT\$30,000,000 ~ NT\$49,999,999			Jeffery Pan	Jeffery Pan
NT\$50,000,000 ~ NT\$99,999,999				
Greater than or equal to NT\$100,000,000				
Total	9 persons	9 persons	10 persons	10 persons

Note 1 : Compensation for directors in the most recent year , including salaries, allowance, severance pay, bonuses, etc.

Note 2 : The amount of director's remuneration approved by the board of directors in the most recent year.

Note 3 : Expenses relating to business execution by directors in the most recent year, including transportation allowances, subsidies, accommodations, and company cars.

Note 4 : Remuneration paid to directors who also served as president, vice president, managerial officers or employees in the most recent year, including salary, allowances, severance pay, bonuses, transportation allowances, accommodations and company car.

Note 5 : Employee's remuneration approved by the Board Meeting , including stock and cash, paid to directors who also served as president, vice President, managerial officers or employees in the most recent year. and estimated base on the amount distributed in previous year proportionally.

Note 6 : Profit refers to the profit for the year in the 2020 parent company only financial statements of Topco under Taiwan IFRS.

(II) Compensation to Supervisors: Not applicable

(III) Compensation for President and Vice Presidents

Unit : NT\$ thousands, Dec. 31, 2021

Title	Name (Note 5)	Salary (A) (Note 1)		Severance Pay (B)		Bonuses and Allowances (C) (Note 2)		Employee Compensation (D) (Note 3)				Ratio of sum of items A, B, C and D to profit (%) (Note 4)		Remuneration from ventures other than subsidiaries or from the parent company
		From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco		From All Consolidated Entities		From Topco	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Group Chairman	J. W. Kuo	61,178	71,670	2,717	2,717	76,871	82,482	52,040	-	52,040	-	8.4%	9.1%	None
Group Vice Chairman	Robert Lai													
President /CEO	Simon Tseng													
President /CEO	Charles Lee													
CFO	Joyce Lu													
COO	James Wang													
COO	Dennis Chen													
COO	Daniel Wu													
COO	Eugene Lee													
COO	Henry Ho													
CTO	Tina Ding													
General Manager of BU	Daniel Yang													
General Manager of BU	Steve Tan													
General Manager of BU	Kevin Lin													
Vice President	Monica Chiu													
General Manager of BU	Reggie Liu													
General Manager of BU	Eva Mai													
General Manager of BU	Johnny Huang													
Sr. Deputy General Manager	Della Huang													
Vice President	Nicole Lee													

Table of Remuneration ranges

Range of Remuneration	Name of President and Vice President	
	From Topco	From All Consolidated Entities E
Less than NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999		
NT\$3,500,000 ~ NT\$4,999,999	Steve Tan, Johnny Huang, Nicole Lee	Johnny Huang, Nicole Lee
NT\$5,000,000 ~ NT\$9,999,999	James Wang, Henry Ho, Eugene Lee, Tina Ding, Della Huang, Kevin Lin, Reggie Liu, Eva Mai, Monica Chiu	James Wang, Henry Ho, Steve Tan, Tina Ding, Della Huang, Kevin Lin, Reggie Liu, Eva Mai, Monica Chiu
NT\$10,000,000 ~ NT\$14,999,999	Simon Tseng, Charles Lee, Joyce Lu, Daniel Wu, Daniel Yang	Simon Tseng, Charles Lee, Joyce Lu, Daniel Wu, Eugene Lee, Daniel Yang
NT\$15,000,000 ~ NT\$29,999,999	J.W. Kuo, Robert Lai, Dennis Chen	J.W. Kuo, Robert Lai, Dennis Chen
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Greater than or equal to NT\$100,000,000		
Total	20 persons	20 persons

Note 1 : Salaries, allowances, and severance paid for President and Vice President in the most recent year.

Note 2 : Bonuses, allowance, subsidies, accommodations, and company cars in the most recent year.

Note 3 : Employee's remuneration approved by the Board Meeting , including stock and cash, paid to president and vice President in the most recent year. and estimated base on the amount distributed in previous year proportionally.

Note 4 : Profit refers to the profit for the year in the 2021 parent company only financial statements of Topco under Taiwan IFRS.

Note 5 : Henry Ho was appointed on Feb. 5, 2021, Johnny Huang was appointed on Feb. 1, 2021.



(IV) If a listed company has the following circumstances, it shall disclose the compensation of the first five top management individually.

1. Parent company only or individual financial statements in the last three years have shown after-tax losses: None.
2. Listed companies whose results of the most recent corporate governance assessment are at lowest level: None.

(V) Employee's remuneration amount paid to Executive Officers

Unit : NT\$ thousands, Dec. 31, 2021

	Title	Name (Note 2)	Stock	Cash	Total	Ratio of total amount to the net income after taxes (%)
Executive Officers	Group Chairman	J. W. Kuo	-	52,040	52,040	2.27%
	Group Vice Chairman	Robert Lai				
	President /CEO	Simon Tseng				
	President /CEO	Charles Lee				
	CFO	Joyce Lu				
	COO	James Wang				
	COO	Dennis Chen				
	COO	Daniel Wu				
	COO	Eugene Lee				
	COO	Henry Ho				
	CTO	Tina Ding				
	General Manager of BU	Daniel Yang				
	General Manager of BU	Steve Tan				
	General Manager of BU	Kevin Lin				
	Vice President	Monica Chiu				
	General Manager of BU	Reggie Liu				
	General Manager of BU	Eva Mai				
	General Manager of BU	Johnny Huang				
	Sr. Deputy General Manager	Della Huang				
Vice President	Nicole Lee					

Note 1 : Employee's remuneration approved by the Board Meeting , including stock and cash, paid to Executive Officers in the most recent year. and estimated base on the amount distributed in previous year proportionally. Profit refers to the profit for the year in the 2020 parent company only financial statements of Topco under Taiwan IFRS.

Note 2 : Henry Ho was appointed on Feb. 5, 2021, Johnny Huang was appointed on Feb. 1, 2021.

(VI) Total remuneration as a percentage of profit as paid by the company, and all consolidated entities, during the past two fiscal years to its Directors, Supervisors, the President, and Vice President. As well as the policies and standards for the payment of compensation, the procedures for determining the compensation, and the linkages to performance and future risk exposure.

1. Total remuneration as a percentage of profit.

	Ratio of 2021 total remuneration to profit (%)		Ratio of 2020 total remuneration to profit (%)	
	TOPCO	All Consolidated Entities	TOPCO	All Consolidated Entities
Directors	6.25	6.35	5.58	5.79
Supervisor	-	-	0.22	0.22
President and Vice Presidents	8.40	9.10	7.91	8.72

Note: The column of ratio of 2021 total remuneration to profit is tentative figure due to the remuneration for Directors and President and Vice Presidents in 2021 approved by the Board Meeting on Mar. 15, 2022 only.

2. Policies, standards, and packages for payment of compensation, as well as the procedures followed for determining the compensation, and their linkages to business performance and future risk exposure.
- (1) Remuneration should be based on the Company's overall operating performance with consideration of the contribution of each Directors, Supervisors and executive officers to the company and the risk the Company will face. The remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations to reach a balance between the company sustainable operation and risk control.
  - (2) The remuneration paid to Directors is in compliance with TOPCO's Articles of Incorporation §20 and "Rule for distribution of Compensation to Director and Independent Director". A maximum of 3% net profit before tax will be allocated as directors' remuneration. The compensation should be based on the Company's overall operating performance with consideration of the contribution of each director to Company, including the level of involvement and actual time after appointment. Related performance and the plausibility of compensations are both approved by Remuneration Committee and the Board meetings.
  - (3) According to the Company's articles of incorporation, a minimum of 4% net profit before tax will be distributed as employee remuneration, and 6% was distributed in 2021 as employee remuneration. The compensation of President and Vice President includes salaries and bonuses. The salaries are decided based on job title, job grade, education and working experience, professional competence, job responsibility and with reference to industry. The bonuses paid to President and Vice President are decided based on the factors of operational management capability, financial performance index, continuing education , participation in sustainable development and other special contribution to the company.
  - (4) The Remuneration Committee was set up at the Board Meeting on Dec. 30, 2011. The compensation are reviewed regularly in Remuneration Committee then submitted to the Board Meeting for approval.

#### IV. Implementation of Corporate Governance

##### (I) Operations of the Board of Directors

1. The Company had convened Eight Board of Directors meetings in 2021 with the following attendance :

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Jeffery Pan	8	0	100	
Director	J. W. Kuo	7	0	87.5	
Director	Jia Pin Investment Development Company Limited representative: Robert Lai	8	0	100	
Director	Simon Tseng	8	0	100	
Director	Charles Lee	8	0	100	
Director	Pei-fen, Chang	8	0	100	
Independent director	Chen, Linsen	8	0	100	
Independent director	Sun, Pi-Chuan	8	0	100	
Independent director	Cheng, Jen-Wei	8	0	100	

Other mentionable items :

- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified.
  - Matters referred to in Article 14-3 of the Securities and Exchange Act. : The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable to the Company. Please refer to Page 26-27 of the Annual Report for related information of the operation status of the Audit Committee.
  - In addition to the aforementioned matters, other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors. : None
- If there are directors' avoidance of motions in conflict of interest, the directors' name, contents of motion, causes for avoidance and voting should be specified :

Board of Directors	Name of director	Content of motion	Causes for avoidance	Voting
The 7th meeting, 11th BOD 2021.7.30	Charles Lee	Discussion the proposal for approval in solar power station of Kuan Yueh Technology Engineering Co.,Ltd.	It involves conflict of interest and avoidance shall be implemented in accordance with the laws. Hence, the concerning director did not participate in discussions and voting.	Charles Lee avoidance when discussing and Resolution the proposal, the other directors attending unanimously resolved to adopt the proposal.

3. TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out “Implementation Status of Board Evaluations.” :

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	Conduct review on the performance of the Board of Directors for the period from Jan.1 to Dec.31,2020	Include the performance review of the Board of Directors, individual members of the Board and functional committees.	(1) Self-assessment conducted by the Board of Directors and members of the Board. (2) Appoint Dalee Finance Consulting Co., Ltd. to conduct performance evaluation.	(1) Performance review of the Board of Directors: include the level of involvement in the Company’s operation, quality of decisions made by the Board of Directors, composition and structure of the Board, election and continuing education of Board members and internal controls. (2) Performance review of individual Board members: include grasping of the Company’s goals and duties, recognition of directors’ duties, the level of involvement in the Company’s operations, management and communication with internal stakeholders, professionalism and continuing education of directors and internal controls. (3) Performance review of functional committees: level of involvement in the Company’s operations, recognition of the duties of the committee, quality of decisions made by the committee, composition and election of committee members and internal controls.

The Company completed self evaluations of Board performance in 2021 and reported the results to the Board of Directors on March 15, 2022. The weighted average score for the overall performance of the board of directors is 4.89 out of 5. The weighted average score for the performance of the individual directors is 4.8 out of 5. The weighted average score for the overall performance of the functional committees is 4.81 out of 5, the overall board’s operation has been effective.

4. Evaluation of targets for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years and measures taken to achieve the targets.
- (1) Besides proving the directors and supervisors with the relevant laws and regulations, the Company requires the Board to present the current business status of the Company at board meetings and prepare the relevant information for the proposals for inquiry by nominated personnel.
  - (2) Provide information on an array of training courses to strengthen the competency of board members. A total of four directors undertake a total of 30 hours of training during 2021.
  - (3) In an effort to carry out corporate governance and improve the operational efficiency of the Board of Directors, the Company has put in place the “Rules for Performance Review of Board of Directors” to take effect from 28 December, 2018. The annual performance review for the previous fiscal year takes place at the start of the current fiscal year. Results of the review are presented to the nearest upcoming Board of Directors’ meeting.
  - (4) The operation of the Board of Directors was in accordance with the “Rules for Board of Directors’ Meeting”.
  - (5) To ensure information transparency, the Company will publicly disclose important resolutions of the Board of Directors’ meeting on the Company’s website (<http://www.topco-global.com>) subsequent to the board meetings in the best interest of shareholders.

## (II) Operations of the Audit Committee

The Company had convened Seven Audit Committee meetings in 2021 with the following attendance :

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Chen, Linsen	7	0	100	
Independent Director	Sun,Pi-Chuan	7	0	100	
Independent Director	Cheng, Jen-Wei	7	0	100	

Other mentionable items :

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

(1)Matters referred to in Article 14-5 of the Securities and Exchange Act. :

Date/Term of the Audit Committee	Content of motion	Independent director's opinions or objections	Audit Committee resolutions	Company's response
The 4th meeting, 1st Term 2021.3.16	1.Approved the Company's 2020 "Review of Internal Control System Effectiveness" and "Statement of Internal Control Systems". 2.Discussed the Company's 2020 Business Reports. 3.Discussed the 2020 standalone financial statements and consolidated financial statements prepared by the Company. 4.Discussed the distribution of the Company's 2020 earnings.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
The 1st extraordinary meeting, 1st Term 2021.7.13	Discussion the proposal to invest in Unitech Engineering Corp.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
The 6th meeting, 1st Term 2021.7.27	Discussion the proposal for approval in solar power station of Kuan Yueh Technology Engineering Co.,Ltd.	None	All committee members attending unanimously resolved to adopt the proposal.	Charles Lee avoidance when discussing and Resolution the proposal, the other directors attending unanimously resolved to adopt the proposal.
The 7th meeting, 1st Term 2021.10.26	1.Discussion of the suspected capital financing for Fujian Jinhua Integrated Circuit Co. Ltd. by Suzhou Topco	None	1.All committee members attending unanimously resolved to adopt	1.All directors attending unanimously resolved to adopt the proposal that

Date/Term of the Audit Committee	Content of motion	Independent director's opinions or objections	Audit Committee resolutions	Company's response
	Construction Ltd. & Shanghai Chong Yao Trading Co., Ltd. due to Oct. 25, 2021 the for the extraordinarily long credit period of receivables. 2. Discussion the proposal to invest in Shih Her Technologies Inc.		the proposal that this is not capital financial. 2. All committee membe attending unanimously resolved to adopt the proposal.	this is not capital financial. 2. All directors attending unanimously resolved to adopt the proposal.
The 2nd extraordinary meeting, 1st Term 2021.11.19	Discussion the proposal to Loan to Topscience(s) Pte Ltd.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors : None

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs.

Date	Summary of Communication	Implementation Status
Mar.16,2021 Audit Committee Meeting	1. Audit plan execution report for 2021 2. Statement of Internal Control System for 2020	Submitted the Board of Directors for resolution and proceed in accordance with the resolution of the Board.
Mar.16,2021 Communicaiton Meeting	1. The 2020 standalone financial statements and consolidated financial statements audited and attested by CPAs. 2. Communication of the scope of audit and key matters as well as major changes to laws and regulations. 3. Communication of questions raised by meeting attendees between the audit manager and CPAs.	Submitted the Board of Directors for resolution and proceed in accordance with the resolution of the Board.

(III)Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1.Does the Company stipulate and disclose best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the “Corporate Governance Best-Practice Principles” based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on Dec.28,2018. The information has been disclosed on the Company’s website.	None
2.Shareholding structure & shareholders' rights (1)Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3)Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4)Does the company establish internal rules against insiders trading with undisclosed information?	✓  ✓  ✓  ✓		(1) The Company has appointed dedicated personnel (spokesperson, acting spokesperson, shareholder service unit and media contact person) as well as a legal department to offer appropriate legal consultation services and handle shareholder recommendations, queries, disputes, and litigated events. (2) The Company maintains a current list of its directors, managerial officers, and major shareholders and has instituted the Stock Affairs Office to handle shareholder affairs. The Company maintains sound interactions and relationship with its major shareholders and monitors matters that may give arise to changes in share ownership. (3) The Company has in place appropriate risk control mechanisms and firewall through instituting the internal control systems in accordance with “Regulations Governing Transactions Between Specific Companies, Related Parties and Group Enterprises”, “Regulations Governing Supervision of Subsidiary Companies”, “Procedures for Loan to Others and Endorsements and Guarantees” and “Procedures for Acquisition or Disposal of Assets”. (4) The Company has established “Procedures for Prevention of Insider Trading” , “Code of Ethical Conduct”, and “Ethical Corporate Management Best Practice Principles” to prohibit employees from engaging in insider-trading using information that is not publicly available or disclosing the said information to others to engage in insider trading. The handling and disclosure of significant information shall be in accordance with the relevant laws and regulations.	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Does the Board established a diversity policy, specific management goals and implemented it accordingly?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>(4) Does the Company regularly assess on the independence of CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company’s “ Corporate Governance Best Practice Principles” consider the diversity policy of board members. please refer to “Diversified board of directors” in page 15 of the annual report for further details.</p> <p>(2) The Company has instituted the “Audit Committee”, “Remuneration Committee”, ”Corporate Governance Committee” and the "Risk Management Committee". The Company may institute other functional committees in future according to operational requirements.</p> <p>(3) The Company has put in place the “Rules for Performance Review of Board of Directors” to take effect from December 28, 2018 to review the efficiency and functioning of the board. The board has executed internal performance evaluation for the 2021. Results of the evaluation were presented at the board of directors’ meeting on March 15, 2022 and published on the Company’s website.</p> <p>(4) The Company appoints KPMG, a reputable CPA firm in Taiwan as our independent accountants. The Company evaluates the independence and competency of the CPAs at least once a year on the basis of the scale of operation and reputation of the CPA firm, years of consecutive audit service, the nature and scope of non-audit services, audit engagement fees, the quality of audit services and interactions of CPAs with the Company’s management and internal audit managers. The Company requests the CPAs and their firm to provide the relevant information and Statement of Independence for evaluation by the Accounting Department. Results of evaluation for the past two fiscal years were presented to the board on March 16, 2021 and March 15, 2022, respectively.</p>	None



Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)	✓		<p>In an effort to implement corporate governance, the Company has appointed designated personnel to handle corporate governance affairs. The board resolved on November 8, 2019 to appoint senior vice-president Della Huang to be solely responsible for overseeing the Company’s corporate governance operations. Ms Huang has over ten years of experience in handling stock affairs or administrative matters of meetings of public companies. Her primary duties include handling matters associated with convening board meeting and shareholders’ meetings in accordance with law, prepare minutes of board and shareholders’ meetings, assist directors in taking office and continuing training, provide directors with information they require to perform their duties, and collect information on the latest regulatory updates relevant to the Company’s business operations to ensure regulatory compliance.</p> <p>Status of implementation for the 2021 fiscal year has been published on the Company’s website, summary of which is provided below:</p> <p>(1) Assist directors in performing their duties and provide the required information and arrange training for directors.</p> <p>(2) Assist with the functioning of the respective functional committees, board of directors and meeting procedures of shareholders’ meeting as well as regulatory compliance matters.</p> <p>(3) Maintain investor relations.</p>	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>The Company holds belief in diligent, honest, and professional management and maintains sound interactions with its stakeholders. Our services are deeply trusted by our suppliers and customers. The Company has instituted a dedicated stakeholder section on the Company’s website to offer product information and appropriate channel for communication. The Company prepares the annual corporate social responsibility report, conducts customer satisfaction surveys, and has instituted a platform on the internal employee portal to promote communications between employees and the Company’s management team.</p>	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		<p>The Company has appointed the stock affairs agency service department of the Grand Fortune Securities to handle all stock affairs and matters pertaining to shareholders’ meetings.</p>	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<p>7.Information disclosure</p> <p>(1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3)Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results of operation ahead of the due dates?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1)The Company publishes the various financial and business information periodically and from time to time on the website of the Market Observation Post System. The Company has established a website in Traditional Chinese, Simplified Chinese and English and a dedicated “Stakeholders Section” to disclose information on corporate governance. Website: <a href="http://www.topco-global.com">http://www.topco-global.com</a>.</p> <p>(2)The Company has appointed dedicated personnel to be responsible for collecting and disclosing the information outlined in the left column, convenes investor conferences at least twice a year, has established a spokesperson system and offers appropriate company information and channel for communications for investors on the Company’s website.</p> <p>(3)The Company has published and filed its annual financial statements within three months of the end of the fiscal year in accordance with regulatory requirements and published and filed its financial statements for Q1, Q2, and Q3 and monthly operating status prior to the due dates.</p>	None
<p>8.Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	✓		<p>(1) Employees’ rights and employee care: please refer to “Labor Relations” in page 84 of the annual report for further details.</p> <p>(2) Investor relations, supplier relations and stakeholder’ rights: The Company places high importance in communications with suppliers and clients. Besides regularly visiting suppliers and clients, the Company hosts workshops and sports events from time to time to promote interactions with suppliers and clients. The Company also has a product manager system in place and a dedicated system and line for handling customer feedbacks to ensure that customers’ issues are resolved with dedicated assistance. On the other hand, the Company has also appointed a spokesperson, acting spokesperson and media release contact person to be solely responsible for handling investors’ queries and communications. The Company convenes the investor conference each year and discloses the relevant information on the Company’s website.</p>	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>(3) Further training of directors and managerial officers: please refer to “Corporate Governance Training” in page 35 for further details.</p> <p>(4) Implementation of the risk management policy and risk assessment standards:  A.Risk management policy:  The company and its subsidiaries continue to propel and implement risk-orientated management approach to foster operational strategies, prevent possible losses within the tolerable risk range with the goal of meeting the business targets to add values for shareholders.</p> <p>B.Organizational structure of risk management:  The organizational structure of the Company’s risk management framework is divided into the following responsible units according to the nature of the businesses:</p> <p>(a) Board of Directors: responsible of establishing the Company’s risk management policy, deliberating, and formulating the risk management policy and guiding principles to be used as the standards for the Company and its subsidiary companies to follow in exercising risk management.</p> <p>(b) Risk Management Committee: The general manager assigns supervisors to take charge of the work of each risk group and implement related work plans, and regularly report the implementation status to the committee to ensure the operation of the management structure and risk control functions. The operation of the committee is in accordance with the company's "Risk Management Committee rules" and should report to the board of directors at least once a year.</p> <p>(c) Auditing Office: Draw up the annual audit plan based on the results of the risk assessment. Conduct audits on the operations of each business unit periodically and from time to time; propel and improve the Company’s internal control system to ensure that</p>	

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>the internal controls continue to be effectively implemented.</p> <p>(d) The company and subsidiaries: They should clearly identify the risks, and comply with the relevant regulations of the company's internal control, perform necessary operations and risk management, and ensure that the risks involved are controlled within an acceptable range.</p> <p>C.Operations of risk management: The risk management committee has instituted emergency response team, operational risk, financial risk, and information security risk etc. The general manager assigns relevant unit supervisors to take charge of the each group and execute the work plans.</p> <p>(5) Implementation of client policy: The Company undertakes customer satisfaction surveys each year to collect customer feedbacks to be used as the reference for future development of products and services.</p> <p>(6) Professional indemnity insurance for directors: The Company renewed the indemnity insurance for directors underwritten by Fubon Insurance Co., Ltd. in October 2021. Total insured value was NT\$ 152,500,000.</p> <p>(7) Certification obtained by personnel responsible for managing the transparency of financial information: R.O.C. CPA: two people qualified including the Chief financial officer Joyce Lu and Chief accountant officer Nicole Lee. CFA of United States: one person qualified, Vice President Chihkai Chang from the Investment Management Division. International qualified CIA: one person qualified, Chief internal auditor Angel Liu. Internationally qualified CISA: two people qualified including the Chief internal auditor Angel Liu and Specialist Ken Yang.</p> <p>(8) Procedures for handling significant internal information: 1.The Company has established the “Procedures for Prevention of Insider Trading” , which are uploaded and published on the internal employee portal. The established mechanism for handling</p>	

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>and disclosing significant internal information ensures the consistency and accuracy of information made publicly available.</p> <p>2.The handling and disclosure of significant internal information or uploading to the Market Observation Post system is subject to approval and documentation. The handling personnel is prohibited from disclosing the Company’s significant internal information without prior consent.</p>	
9.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.	✓		<p>(1) Improvements made:</p> <ol style="list-style-type: none"> <li>1. Convene the Annual Shareholders Meeting before end of May.</li> <li>2. Formulate a policy on diversity of board members.</li> <li>3. Formulate risk management policies and procedures.</li> <li>4. Disclosure the greenhouse gas emissions, water consumption, and total weight of waste in the last two years.</li> </ol> <p>(2) Priority improvements and measures:</p> <ol style="list-style-type: none"> <li>1. Training hours of directors.</li> <li>2. Interim financial report approved by the Audit Committee.</li> <li>3. The financial report shall be approved by the board of directors before 7 days at the announcement deadline, and announced within 1 day from approval.</li> <li>4. Obtained the TCFD report.</li> </ol>	None

Note : Corporate Governance Training in 2021:

Position Name	Date	Organizer	Course Name	Hours
Director Robert Lai	Aug.19,'21	Securities and Futures Institute	Discussion on employee compensation strategy and tools	3
	Oct.15,'21	Securities and Futures Institute	2021 Insider equity transaction compliance press conference	3
	Nov.18,'21	Digital Governance Association	Corporate integrity and governance, and control of insider trading	3
Independent Director Chen, Linsen	Sep.1,'21	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
	Sep.28,'21	Taiwan Corporate Governance Association	Advanced audit committee case study	3
Independent Director Sun, Pi-Chuan	Sep.1,'21	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
Independent Director Cheng, Jen-Wei	Sep.1,'21	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
Chief internal auditor Angel Liu	Mar.31,'21	The institute of Internal Auditors-Chinese	Practical fraud risk audit and management	6
	Jul.14,'21	The institute of Internal Auditors-Chinese	How to use digital technology to explore and improve operation flow and detect fraud	6
Chief Accounting Officer Nicole Lee	Mar.24,'21	Accounting Research and Development Foundation	Accounting estimates and asset impairment	3
	Mar.25,'21		New regulations for directors and supervisors' remuneration and case study on corporate governance	3
	Aug.12,'21		Case study on financial statement fraud and discussion on related legal liabilities	3
	Aug.19,'21		Financial accounting and evaluation for property, plant and equipment	3
chief corporate governance officer Della Huang	Sep.1,'21	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
	Oct.22,'21	Securities and Futures Institute	2021 Insider equity transaction compliance press conference	3
	Nov.9,'21	Securities and Futures Institute	2021 Insider trading prevention conference	3

(IV) Composition, duties, and operations of the Company's Remuneration Committee :

1. Information on the members of the Remuneration Committee

Identity	Criteria Name	Professional qualifications and experience	Number of Other Public Companies in Which the Individual is Concurrently Serving as an members of Remuneration Committee
Independent director	Chen, Linsen	please refer to “Information as professional qualifications and independent status of independent directors” in page 11 for further details.	0
Independent director	Sun, Pi-Chuan		0
Independent director	Cheng, Jen-Wei		1

2. Operations of the Remuneration Committee

(1) There are three members in Remuneration Committee of the Company.

(2) Current term of office : July 31, 2020~Jun 21, 2023

The Company had convened Five Remuneration Committee meetings in 2021 with the following attendance :

Identity	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remart
Independent director	Chen, Linsen	5	0	100	
Independent director	Sun, Pi-Chuan	5	0	100	
Independent director	Cheng, Jen-Wei	5	0	100	

Other mentionable items :

(1) If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion : None.

(2) Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified : None.

(3) Proposals and resolutions of the Remuneration Committee meetings and the Company's handling of the members' opinions in the most recent year.

Meeting Date	Content of the motion	Remuneration Committee resolutions	Company's response
2021.2.1	1. Amendments to the Company's "Rules of bonus distribution rules- annual bonus, staff performance bonus". 2. Amendments to the Articles of Association of Employee Stock Ownership Associations 3. Deliberate the Company's annual bonus allocation proposal for managers in 2021. 4. Deliberate the Company's staff performance bonus allocation proposal	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.

Meeting Date	Content of the motion	Remuneration Committee resolutions	Company's response
	for managers in the second half of 2020. 5.Deliberate the Company's performance bonus allocation proposal for managers in the second half of 2020.		
2021.3.16	1.Deliberate the allocation proposal for the Company's employee compensation as well as director and supervisor remuneration of 2020. 2.Amendments to the Company's "Rules of Employee Retirement". 3.Deliberate the rules of quarter performance bonus for Business Unit of 2021.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
2021.4.28	1.Deliberate the Company's Salary adjustment proposal for managers in 2021.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
2021.9.15	1.Deliberate the payment proposal to the Company's employees, directors and supervisors of 2020. 2.Deliberate the Company's staff performance bonus allocation proposal for managers in the first half of 2020. 3.Deliberate the Company's performance bonus allocation proposal for managers in the first half of 2020.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
2021.9.24	1.Deliberate the payment proposal for the Company's employee compensation for managers of 2020.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.

3.Information on the members of the Nomination Committee and its operating status:  
Not applicable



(V) Fulfillment of sustainable development and deviations from the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" :

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Yes	No	Summary	
1.Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	✓		The Chief Sustainability Officer is the chairperson for the Company’s corporate social responsibility taskforce, which collates stakeholders’ feedbacks and results of implementation of the plan to review the effectiveness of the plan and propose areas for improvement. The taskforce expands downwards into each responsible unit or department, and is segregated into the financial risk team, product sales team, talents development team, marketing, and public relations team to incorporate corporate substantiality developments into daily operations. The Planning Department collates and documents the findings in written report for presentation to the Board of Directors and publication on the Company’s website.	None
2.Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		The Company has established the “Sustainable Development Best Practice Principles” and periodically reports to the Board of Directors for review. The Company places high importance in keeping communications with stakeholders, and divides the management procedures into several major areas including identification, prioritization, verification and examination in accordance with the Global Reporting Initiatives (GRI) sustainability reporting standards to discuss significant issues with senior managerial officers to form the basis for formulating guidelines and responsive measures, and to strengthen communications with stakeholders.	None
3.Environmental issues (1)Does the company establish proper environmental management systems based on the characteristics of their industries? (2)Does the company endeavor to utilize all resources more efficiently and use renewable materials	✓  ✓  ✓		(1) The Company has improved the existing operational procedures by publishing electronic copies of the documents and reports to reduce paper usage in line with our green policy. The Company has also in place a rostering system across all office premise to ensure that staff are onsite on the weekend or during the week to maintain the order of the workplace environment. Develop circular economy business and provide water resources reuse plan (2) The Company takes the initiatives to reduce office wastes and encourages recycling and	None

<p>which have low impact on the environment?</p> <p>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>	<p>✓</p>	<p>improves the energy efficiency level of its office premise by opting for energy-efficient lights and water-efficient dispensers and procure higher percentage of energy-efficient products.</p> <p>(3) The Company has installed an energy-efficient and central control system at its corporate headquarter building and developed an energy-efficiency surveillance system to reduce consumption of power and CO2 emission, engage in circular economy business and provide water reuse plan. The Company also invested in the development of solar energy generation stations to generate clean energy and exploring new business ventures in green energy.</p> <p>(4) In recognition of the global climate change, calls for better use of resources and fulfillment of our corporate social responsibilities, the Company has established a system to measure and maintain a logbook of greenhouse gas emission, ensuring the information is documented internally and verification procedures are in place on the basis of controls on greenhouse gas emission sanctioned by the International Organization of Standardization, to be used as the reference for implementing improvement measures to reduce emission in future. Since 2018, the Company has been gradually propelling the construction and verification of its greenhouse gas management system to effectively manage the risks posed by greenhouse gas emission, while at the same time promoting its corporate image as an advocate for environmental protection. The main sources of the Company's greenhouse emission are power and fuel consumption. In response to the United Nation's goals for sustainable development and to develop the Company's corporate social responsibilities, we take the steps of "Environmental Protection, Energy Conservation and Love the Earth" in our daily operations. Our goal is to reduce the consumption of power and fuel to meet the target of reducing our greenhouse gas emission by 1% over the next three years. The company's water is mainly daily use by employees in office, and no manufacturing wastewater. we install water-saving devices in the office to reduce per capita water</p>	
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			consumption by 5% compared with the previous year and takes the initiatives to reduce office wastes and encourages recycling.	
4.Social issues				
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The Company supports and complies with the spirit of human rights protection as outlined in the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Conventions, and adopts the “TOPCO Scientific Co. LTD Human Rights Policy.” In addition, pursuant to the Labor Standards Act, Act of Gender Equality in Employment, Employment Service Act and relevant laws and regulations, the Company also establishes relevant rules and regulations that can be found on the Company’s intranet for employees’ reference.  (2) The Company has established the Remuneration Committee and the remuneration policy, performance and reward guidelines and employee safety and corporate standards that meet the criteria for corporate social responsibilities to offer employees a reasonable performance appraisal system under which employees are given appropriate recognition or disciplinary actions by way of receiving a promotion or bonus on the basis of their performance. The Company also has in place employee reward/disciplinary and benefits policy, which is published on the employee portal for reference and compliance to ensure that employees have a clear policy to follow.  (3) The Company convenes regular “Investor Relation Meetings” to promote employer and employee negotiation and co-operation, and also organizes regular staff bonding camp and employee seminars to foster staff consensus building and internal communications. The Company has established a public mailbox to provide employees with an avenue to make personal recommendations and complaints, which are handled by the head of the human resources department. The Company runs the annual firefighting rehearsals and training on an annual basis, provides employees with health consultation services and breast feeding rooms, and arranges periodic health check-ups and health seminars from time to	None
(2)Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓			
(3)Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓			
(4)Does the company provide its employees with career development and training sessions?	✓			
(5)Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure	✓			

<p>policies implemented?</p> <p>(6) Does the Company established the supplier management policy, requiring suppliers to comply with the relevant laws and regulations governing environmental protection, occupational health and safety or labors rights and detailed its implementation status?</p>			<p>time encouraging employees to take health seriously and promoting the importance of workplace safety.</p> <p>(4) The Company has a comprehensive employee training plan in place and administers employee training passports, offering employees the various training resources and subsidies for professional training and studies towards a degree. The Company incorporates each employee's training hours as one of the indicators for performance review. In 2013, the Company was awarded the silver medal of the Taiwan TrainQuali System. Commencing from 2014, the Company introduced the "Corporate Learning Hub" under the "SME Learning" program administered by the Ministry of Economic Affairs to offer employee more diverse learning resources.</p> <p>(5) The Company's products and services are delivered in compliance with the industry standards and customer requirements and have been certified to meet the ISO9001 standards. The Company has published the Customer Complaint Procedures Handbook and After-sale Service Manual to provide standard customer service procedures and publish details of the contact person for the respective products on the Company's website.</p> <p>(6) The Company regularly conducts supplier review (including products and services) and select suppliers with a good track record to do business with. The Company invites suppliers to host seminars in line with the Company's quality policy and management philosophy. Besides requesting suppliers to increase their awareness for environmental protection and reduce pollution, the Company also gives preference to new suppliers/products with the awareness for environmental protection in mind so that the Company can partner with suppliers to jointly commit to fulfilling our corporate social responsibilities.</p>	
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<p>5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?</p>	<p>✓</p>	<p>The Company prepares the annual corporate social responsibility report of which the contents were included with reference to AA1000AP:2018, AccountAbility Principles and disclosures made with reference to the core disclosures published by the GRI. The contents reflect the execution of economic, social, and environmental issues and a comparison table is attached at the end of the report referencing the contents of the report to the GRI standards. For the purpose of improving information transparency and reliability, the Company appointed a third-party verification agency, the AFNOR Group to verify the report under Type 1 assurance of A1000:AS (2008) and core disclosures outlined in the GRI standards. The assurance report is attached in the Appendix section of this report. The financial information disclosed in this report are sourced from the audited financial statements.</p>	<p>None</p>
<p>6. If the Company has established sustainable development principles based on "sustainable development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any deviations between the principles and their implementation: Being a corporate citizen, the Company is dedicated to corporate governance, corporate undertaking, environmental protection, and carrying out community engagement with the goal of giving back to the society and ensuring the sustainable operation of the business. The Company's business operations are in line the Corporate Social Responsibility Best Practice Principles.</p>			
<p>7. Other important information to facilitate better understanding of the Company's sustainable development practices:</p> <p>(1) Environmental protection: The Company takes the initiatives to reduce office wastes and encourages recycling and improves the energy efficiency level of its office premise by opting for energy-efficient lights and water-efficient dispensers and procure higher percentage of energy-efficient products.</p> <p>(2) Social contribution: Introduce and distribute world pioneering, environmentally friendly and safe technology, and products to improve the quality of living.</p> <p>(3) Social charitable work:</p> <ol style="list-style-type: none"> <li>1. Since 2008, Topco has sponsored the "TSC Thesis Award" every year, the organizer of the "TSC Marketing Symposium" since 2016 to encourage innovation and research and partners with the various universities for industry and university collaboration to foster talents.</li> <li>2. Active engagement in social charitable events and donated a total of NT\$3.58 million in sponsorship funds.</li> <li>3. Topco set up a community service club "Topco Volunteer Club" and summoned employees to partake in the charitable mooncake making and thanksgiving luncheon events.</li> </ol> <p>(4) Consumer rights: published the Customer Complaint Procedure Handbook and After-sale Service Manual to provide standard customer service procedures and publish details of the contact person for the respective products on the Company's website.</p> <p>(5) Human rights: The Company complies with the Labor Standards Act and the relevant laws and regulations to protect fundamental human rights and rights of employees. The measures are summarized below:</p>			

1. Administer labor insurance, national health insurance and pension fund contributions for employees in accordance with the Labor Standard Act. Institute the employee pension fund and publish the relevant personnel rules and guidelines on the employee portal for inquiry and compliance.
  2. The Company respects basic human rights of all employees, and, in compliance with international standards, adopts the "TOPCO Scientific Co. LTD Human Rights Policy" that are applicable to all employees of the Company.
  3. Demonstrating its emphasis on respecting human rights and putting it into practice, the Company takes into account a candidate's suitability for a job application on the basis of the candidate's qualification, experience and competency and provides equal employment opportunities irrespective of candidates' nationality, political party membership, race, religious belief, gender, age or disabilities. The Company currently employs individuals with intellectual or physical disabilities as well as mature age workers returning to the workforce. The Company strictly complies with the government's labor standard regulations and international laws governing abolishment of child labor and forced labor and does not employ anyone who is under the age of sixteen years old or enforce or threaten any of its employees into forced labor.
  4. Education and training related to "Human Rights Policy" and "Code of Ethical Conduct" including:
    - (a) Educate employees on the relevant regulatory compliance measures including: elimination of forced labor, abolishment of child labor, anti-discrimination, anti-harassment, humanitarian treatment, providing a healthy and safe workplace environment and establishing a mailbox for reporting sexual harassment incidents to prevent such incidents occurring in the workplace and foster a friendly work environment.
    - (b) Provide online courses for anti-sexual harassment with contents such as : understanding the concept of sexual harassment, how to prevent sexual harassment and handling of sexual harassment incidents.
- (6) Safety and hygiene: The Company is committed to mitigating the harmful factors that place its employees' safety and health at risk, offering a safe and health work environment with the management goal of a "zero incident" rate. The Company implements stringent hardware facility standards as well as safe and hygienic operational procedures with a strong focus on the quality of services and occupational health and safety. The Company has appointed fully qualified employee health and safety officer and manager to carry out the various safety and health training and measures in accordance with labor safety and health regulations.
- Measures include:
1. The Company's office premise is installed with surveillance and access control systems to tightly control people entering and exiting the premise. Security guards are on-site round the clock to ensure the safety of employees.
  2. The office premise is maintained on a daily basis by dedicated personnel and subject to regular sanitization. Regular repair and maintenance on the interior office space is carried out with timely updates of equipment. The office premise is a non-smoking zone in line with the government's policy to promote non-smoking workplaces to provide employees with a smoke-free workplace environment.
  3. The building lifts are maintained regularly with emergency maps and exits clearly displayed. A complete set of emergency equipment such as the AED is regularly inspected, updated, and tested to ensure it is in good working order.
  4. Regular fire-fighting maintenance is carried out in the building and periodic fire-fighting seminars and general safety and health training are conducted to foster employees' awareness for emergency response and the ability to manage their own safety.
  5. Control of the quality of drinking water gives employees the assurance for safe drinking water. There is a comprehensive plan for testing the quality of drinking water from the

dispensers, which are maintained periodically in accordance with the regulations for managing drinking water. Results of sample water testing are documented and displayed near the water dispensers clearly visible to all.

6. Regularly arranges doctors to offer employees individual health consultation services; organizes health care workshops from time to time to foster employees' awareness for health. The Company has instituted breastfeeding rooms.
  7. The Company contracted major hospitals to offer employees health check-ups to safeguard the health of employees. Employees are also encouraged to participate in fitness activities such as the weekly badminton, aerobic yoga, and muscle training sessions. To coincide with the 30<sup>th</sup> anniversary of the Company and in response to big health business concepts, the Company hosted a marathon event and gifted all employees with a sport wristband equipped with the Easycard functions. The wristband's recording functions, and the Company's promotion of exercise ensures that we take care of our employees' health.
  8. The corporate headquarter has the Anyong Freshmart to offer employees healthy food and drink options. Anyong Freshmart partners with high-quality, fully certified suppliers and through rigorous food safety control, it offers employees high-quality and healthy breakfast and lunch services.
  9. Building a sports center for youth–elderly sharing: We invested over NT\$10 million in hardware to build a quality, affordable sports environment, promoted industry–academia collaboration, and provided internship and certification guidance. We also organized a range of courses and talks to help elderly people in local communities develop muscular strength and stimulate brain activities.
- (7) Pandemic Prevention: The company proactively implemented pandemic prevention to support the government and integrated organizational advantages to take care of the health employees and customers. our investee Health Supermarket under Anyong Fresh began to introduce a series of pandemic prevention activities, such as “free fish soup,” “free NaClO water,” and “Santé Premium Silver Perch Essence for medical personnel” to protect the health of employees and their family.
- (8) In response to the government's policy to revitalize baseball and to promote the local sporting environment, the Company established the Topco Scientific Co. Division A Social Baseball Team in 2011, and won the grand final of the 2014 “Popcorn Summer Baseball Competition” and the grand final of the 2016 and 2019 “National Adult Baseball Division A Spring Competition”. The Company also organized several baseball exchange competitions between Taiwan and Japan to facilitate international interactions and continues to undertake exchanges with Japanese and US baseball unions in an effort to contribute to the sport of baseball in Taiwan, we won the champion at the “2020 CTBA Cup National Competition” and will ceaselessly promote baseball in the public and develop young players to improve Taiwan's baseball development.

(VI) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" :

Assessment Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policies and programs:</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct" and disclosed the aforesaid principles and policy on the Company's website. The Group's management philosophy is explained in the Company's "Management Policy" and on the website to openly demonstrate its ethical management policy. The Company's corporate governance managerial staff shall report the status of implementation to the Board of Directors and the management team while the Audit Office conducts audits periodically and from time to time and reports the results of the audits. The Company has also prepared the 2020 Corporate Social Responsibility Report to communicate its efforts and contributions on fulfilling corporate social responsibilities to its stakeholders.</p> <p>(2) The Company's management complies with the provisions of the "Ethical Corporate Management Best Practice Principles". The Company has put in place standard operational procedures to govern business transactions and operational and management policy to govern internal management. These policies and procedures have been uploaded to the employee portal to serve as the code of conduct and education/training of employees. The risk assessment and analysis mechanism of unethical behavior includes:</p> <p>(a) In the annual audit program established according to the outcomes of risk assessment, we</p>	None



Assessment Item	Implementation Status		Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	
<p>procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>			<p>have included “legal and regulatory requirements” and “risk of unethical behavior” as factors for risk assessment and have also reported them to the Risk Management Committee on December 21, 2021.</p> <p>(b) Including “Ethical Corporate Management Best Practice Principles” as part of the annual audit: In September 2021, the Audit Office already audited the “Ethical Corporate Management Best-Practice Principles,” including commitment and implementation, ethical management of business activities, avoidance of conflicts of interest, and the whistle-blower system. Audit conclusions: Currently, no severe violation has been found in the actual implementation of the “Ethical Corporate Management Best Practice Principles” and organizational regulations.</p> <p>(c) At the time of compiling the annual report, the Stock Affair Office will conduct a consolidated review of the status of implementation for the first half of the fiscal year and disclose quantitative statistics in the annual report, on the company’s website and in the prospectus. The aforesaid disclosed statistics is used as the basis for revising the direction of policy implementation and actions and recommendations for formulating the policy for preventing unethical conduct.</p> <p>(3) Under the framework of “Ethical Corporate Management Best Practice Principles” and “Codes of Ethical Conduct”, the Company has formulated management guidelines and</p>

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
			<p>specific regulations to for different areas of regulatory compliance including: protection of confidentiality information, preparation of financial statements/internal controls, insider trading, protection of personal information, storage and destroying of documents. Subsidiary companies engaging in environmental protection and food industries have been certified to meet the IOS9001:2015 Quality Management System standards, the occupational health and safety standards and FSSC22000 and ISO22000 Food Safety Management System standards according to the nature of business operations, which are conducted in accordance with regulatory requirements.</p> <p>(a) The Company has established the “Whistleblowing Guidelines” to ensure that the “Code of Ethical Conduct” is implemented in practice and provides an email address on the Company’s website for reporting fraud and conduct that is in violation of the Code of Ethical Conduct. Any emails sent to the aforesaid address will be automatically forwarded to the audit manager.</p> <p>(b) The Company has purchased employee honesty insurance covering finance and procurement staff to reduce management risks.</p> <p>(c) Clearly set out the disciplinary actions for those in violation of the code of conduct and rewards for those that reported the incident in the “Guidelines for Employee Reward and Disciplinary Action”.</p> <p>(d) Internal Audit conducts audits in accordance with the annual audit plan approved by the Audit Committee and Board of Directors, and present the audit</p>	

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
			<p>results and recommendations for improvement to the Audit Committee, Board of Directors and the management team. Revisions to the procedures shall be submitted by the executing unit by in an application form and such revisions may only be made upon approval by the responsible manager and public announcement.</p>	
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the company have effective accounting and internal control systems in place to implement</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) All counterparty to the transactions with the Company are subject to assessment. Each unit is separately responsible for conducting business in accordance with the segregated duties approved by the board. Contracts and the relevant documents shall be submitted to the Legal Department for review and shall be approved by the responsible manager. Specific measures for ethical management include:</p> <p>(a) Commencing from May 2019, new suppliers for the Company’s business operations are required to agree to complying with and sign the Company’s “Statement of Corporate Social Responsibilities” at the time of evaluating the suppliers.</p> <p>(b) When evaluating a new supplier for equipment or the Company’s construction transactions, a signed copy of the “Corporate Social Responsibility Declaration” from the supplier must be obtained.</p> <p>(2) The Audit Committee, Remuneration Committee, Corporate Governance Committee, Risk Management Committee and Audit Office are established under the Board of Directors to supervise and audit the status of compliance of ethical corporate management within the</p>	None

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
<p>ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity ?</p>	✓		<p>scope of their respective responsibilities. The Stock Affair Office is responsible for formulating and supervising the execution of the Ethical Corporate Management Best-Practice Principles and the policy for preventing unethical conduct and shall report to the Board of Directors at least once a year. The implementation status for the 2020 fiscal year was presented at the board meeting held on Oct. 29, 2021.</p> <p>(3) The Legal Affair Office shall consult legal consultants on significant or doubtful cases according to the field of specialty.</p> <p>(4) In an effort to implement ethical corporate management, the Company has established accounting and internal control systems.</p> <p>A.The Accounting Department reviews transaction accounts in accordance with accounting principles and consult with the CPAs for significant or doubtful cases.</p> <p>B.Auditing Office:</p> <p>(a) In the annual audit plan established according to the outcomes of risk assessment, we have included “legal and regulatory requirements” and “risk of unethical behavior” as factors for risk assessment and have also reported them to the Risk Management Committee on December 21, 2021.</p> <p>(b) Internal audit staff conduct audits periodically and from time to time in accordance with the internal control systems.</p> <p>(c) Included the “Ethical Corporate Management Best Practice Principles” as part of the annual audit. The 2020 “Ethical Corporate Management Audit Report” was issued in</p>	

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
			<p>November 2020.</p> <p>(d) The establishment or amendment of the internal control system, such as the Internal Control Performance Standards, were consented by the Audit Committee and approved by the BOD.</p> <p>(5) The company promotes its ethical corporate management philosophy, which forms part of the company culture through meetings and activities. The Company also runs the relevant educational training programs periodically and from time to time:</p> <p>(a) New employee training: new employees attend the orientation program on the date of employment commencement with the Company. In the orientation, contents of the “Integrity Letter and Commitment” and “Employment and Confidentiality Agreement” are clearly explained to reinforce the importance of ethical conduct and disciplines required by the Company. A total of 254 employees completed a total of 508 hours of training during 2021, representing a training completion rate of 100%.</p> <p>(b) Internal training: training courses on compliance with trade secrets and personal information regulations, food labeling regulations, health management, quartz products and strategic commodity law have been conducted during 2021 with a total of 2673 attendees receiving a total of 3,075 hours of training.</p> <p>(c) External training: continuing education of staff includes: practical fraud prevention and detection, case analysis of false financial reports, new regulations</p>	

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
			on compensation for director and supervisor and corporate governance practice analysis, multinational business secret practice in the global market, food safety control system practice, occupational training of safety and health, etc. A total of 449 hours of training were completed.	
<p>3. Status for enforcing the Company’s Whistleblowing system</p> <p>(1) Does the Company established a specific whistleblowing and reward system, and set up convenient whistleblowing channels, designated appropriate personnel to handle the investigations, depending on the identity of the person being reported?</p> <p>(2) Does the Company established standard investigation procedures for whistleblowing matters, subsequent measures to take after the investigation is completed and the relevant mechanisms to ensure confidentiality?</p> <p>(3) Does the Company adopted measures to protect the whistleblower against inappropriate actions for whistleblowing?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Whistleblowing Guidelines and a mailbox (auto-forward to the audit manager) dedicated for reporting fraud and incidents of breaching the code of ethical conduct are published/available on the Company’s website and the process is handled in accordance with the Company’s management policy, “Guidelines for Employee Reward and Disciplinary Actions” and employee code of conduct. The Audit office conducts audits on the respective units periodically and from time to time to exercise its supervisory function and manage the respective risks.</p> <p>(2) The Company has established the “Whistleblowing Guidelines”, signed employee confidentiality agreement and the personnel involved are liable to ensure confidentiality. There was no incident reported during the 2020 fiscal year.</p> <p>(3) The Company’s whistleblowing procedures are confidentially carried out and there shall be no inappropriate actions against the whistleblower for whistleblowing.</p>	None
<p>4. Enhancing information disclosure</p> <p>Does the Company disclosed the contents of its Ethical Management Best Practice Principles and the effectiveness of the relevant</p>	✓		The Company upholds our management philosophy of “Integrity, Professionalism and Sharing” and made available the “Ethical Management Best Practice Principles”, “Code of Ethical Conduct” and “Whistleblowing Guidelines” on the Company’s intranet and corporate website	None

Assessment Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
activities on its official website or Market Observation Post System?			(www.topco-global.com) for stakeholders' reference. The Annual Reports (also available on the corporate website and the Market Observation Post System) and Corporate Social Responsibility Report (http://csr.topco-global.com/) also include the relevant provisions and the results of implementing the Ethical Management Best Practice Principles.	
5.If the Company has established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any deviations between the principles and their implementation: The Company has formulated the "Ethical Corporate Management Best Practice Principles" and disclosed the said principles on the Company's website. There is no deviation of the Company's implementation from the best practice principles.				
6.Other important information that facilitates the understanding of the implementation of ethical corporate management: None.				

(VII)Corporate governance principles, related guidelines, and the means of accessing this information:

The Company has formulated Corporate Governance Best Principles and the related guidelines and have disclosed the said principles and guidelines in the stakeholder section on the Company's website

(<http://www.topco-global.com/webfront/pages/Invertor2.aspx>) and the knowledge management hub on the employee portal

(<https://portal.topco-global.com/TopcoEIP/default-6.aspx#>).

(VIII) Other material information that can enhance the understanding of the state of the Company's corporate governance practices: None.

- (IX) Implementation of internal control system  
1. Statement of Internal Control System

**TOPCO SCIENTIFIC CO., LTD**  
**Statement of Internal Control System**

March 15, 2022

Based on the findings of a self-evaluation, TOPCO SCIENTIFIC CO., LTD (TOPCO) states the following with regard to its internal control system during year 2021 :

1. TOPCO's Board of Directors and management are responsible for establishing, operating, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and TOPCO takes immediate remedial actions in response to any identified deficiencies.
3. TOPCO evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. TOPCO has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, TOPCO believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of TOPCO's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on March 15, 2022, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirmed the content of this Statement.

TOPCO SCIENTIFIC CO., LTD

Chairman : Jeffery Pan



President : Simon Tseng



Charles Lee



2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: None.



(X) The Company and its personnel have been punished by law, the Company has undertaken disincentive measures for its personnel for breaching the internal control system, and any material deficiencies and revisions in the most recent year up to the publication date of the Annual Report : None

(XI) Material resolutions made in the Shareholders' Meeting and the Board of Directors in the most recent year and up to the publication date of this Annual Report :

1. Material resolutions from the 2021 Shareholders' Meeting and Implementation Status :

Implementation Status of the General Meeting of Shareholders on August 18, 2021

(1)Adoption of the 2020 Financial Statements.

(2)Adoption of the 2020 Earnings Distribution.

Note : 2020 Earnings Distribution of cash dividend at NT\$8 per share, which has been distributed on July 6, 2021.

2. Major resolutions of Board meetings :

Date of Meeting	Details of Resolutions
The 5th meeting, 11th BOD 2021.3.16	<ol style="list-style-type: none"> <li>1. Approved the Company's 2020 "Review of Internal Control System Effectiveness" and "Statement of Internal Control Systems"</li> <li>2. Discussed the amount and method of distributing the remuneration to employees, directors, and supervisors for 2020.</li> <li>3. Discussed the Company's 2020 Business Reports.</li> <li>4. Discussed the 2020 standalone financial statements and consolidated financial statements prepared by the Company.</li> <li>5. Discussed the distribution of the Company's 2020 earnings.</li> <li>6. Convened the Company's 2021 general shareholders' meeting.</li> <li>7. Discussion the period for accepting proposals and location for the Company's 2021 general shareholders' meeting.</li> <li>8. Discussed the review of the suitability and independence of the Company's CPAs.</li> <li>9. Discussed the CPA fees for 2020.</li> <li>10. Discussed the resolutions of the Company's Remuneration Committee.</li> <li>11. Discussed the amendment to the " Rules for Authorization and Deputy".</li> <li>12. Discussed the replacement of the person in charge of the company's Tainan Branch.</li> <li>13. Discussed the company applies to the bank for credit and financial transaction quota.</li> <li>14. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</li> </ol>
The 6th meeting, 11th BOD 2021.5.7	<ol style="list-style-type: none"> <li>1. Discussed the consolidated financial statements and the independent auditors' review report for the first quarter of 2021.</li> <li>2. Discussed the formulation to the "Policies and Procedures of risk management".</li> <li>3. Discussed the resolutions of the Company's Remuneration Committee.</li> <li>4. Discussed the company applies to the Bank of Panhsin for credit quota.</li> <li>5. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</li> </ol>

Date of Meeting	Details of Resolutions
The 1rd extraordinary meeting, 11th BOD 2021.6.21	1. Discussion the proposal to invest in Tai ying industrial Corp.
The 2rd extraordinary meeting, 11th BOD 2021.7.13	1. Discussion the proposal to invest in Unitech Engineering Corp.
The 7th meeting, 11th BOD 2021.7.30	<ol style="list-style-type: none"> <li>1. Discussed the consolidated financial statements and the independent auditors' review report for the second quarter of 2021.</li> <li>2. Discussed the re-setting of the date and place of the Company's 2021 general shareholders' meeting.</li> <li>3. Discussion the proposal for approval in solar power station of Kuan Yueh Technology Engineering Co.,Ltd.</li> <li>4. Discussed the company applies to the Bank for credit quota, forex and derivatives trading.</li> </ol>
The 8th meeting, 11th BOD 2021.10.29	<ol style="list-style-type: none"> <li>1. Discussed the consolidated financial statements and the independent auditors' review report for the third quarter of 2021.</li> <li>2. Discussion of the suspected capital financing for Fujian Jinhua Integrated Circuit Co. Ltd. by Suzhou Topco Construction Ltd. &amp; Shanghai Chong Yao Trading Co., Ltd. due to Oct. 25, 2021 the for the extraordinarily long credit period of receivables.</li> <li>3. Discussion the proposal to invest in Shih Her Technologies Inc.</li> <li>4. Discussed the company applies to the Bank for credit quota, forex and derivatives trading.</li> <li>5. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</li> <li>6. Discussed the resolutions of the Company's Remuneration Committee.</li> </ol>
The 3rd extraordinary meeting, 11th BOD 2021.11.19	1. Discussion the proposal to Loan to Topscience(s) Pte Ltd.
The 9th meeting, 11th BOD 2021.12.24	<ol style="list-style-type: none"> <li>1. Discussed the Company's 2022 Audit Plan.</li> <li>2. Discussed the Company's 2022 Business Plan.</li> <li>3. Discussed the company applies to the Bank for credit quota, forex and derivatives trading.</li> <li>4. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</li> </ol>
The 4rd extraordinary meeting, 11th BOD 2022.2.22	1. Discussion the proposal to invest in securities.

Date of Meeting	Details of Resolutions
The 10th meeting, 11th BOD 2022,3.15	<ol style="list-style-type: none"> <li>1. Discussed the 2021 standalone financial statements and consolidated financial statements prepared by the Company.</li> <li>2. Discussed the review of the suitability and independence of the Company's CPAs.</li> <li>3. Discussed the CPA fees for 2021.</li> <li>4. Discussed the Company's 2021 Business Reports.</li> <li>5. Discussed the amount and method of distributing the remuneration to employees and directors for 2021.</li> <li>6. Discussed the distribution of the Company's 2021 earnings.</li> <li>7. Discussion the proposal to invest in securities.</li> <li>8. Approved the Company's 2021 "Review of Internal Control System Effectiveness" and "Statement of Internal Control Systems"</li> <li>9. Discussion the proposal for the appointment of endorsement guarantee seal custodian.</li> <li>10. Discussed the amendment to the " Procedures for Acquisition or Disposal of Assets ".</li> <li>11. Discussed the amendment to the " Corporate Social Responsibility Best Practice Principles ".</li> <li>12. Discussed the amendment to the " Corporate Governance Best-Practice Principles ".</li> <li>13. Discussed the amendment to the " Internal control of computer operations ".</li> <li>14. Convened the Company's 2022 general shareholders' meeting.</li> <li>15. Discussion the period for accepting proposals and location for the Company's 2022 general shareholders' meeting.</li> <li>16. Discussed the resolutions of the Company's Remuneration Committee.</li> <li>17. Discussed the company applies to the Bank for credit quota, forex and derivatives trading.</li> <li>18. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</li> <li>19. Discussion of the suspected capital financing for Beijing Shiyuan and Shiyuan Technology Engineering Co. Ltd. by Suzhou Topco Construction Ltd. due to Dec. 31, 2021 the for the extraordinarily long credit period of receivables.</li> </ol>

(XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors' Meeting in the most recent year up to the publication date of this report:  
None

(XIII) In the most recent year up to the publication date of the Annual Report, a summary of the resignation and dismissal of the Company personnel such as Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief R&D officer :  
None

**V · Information on CPA fees :****(I) Audit Fee**

Accounting Firm	Name of CPA	CPA's Audit Period	Audit fee	Non-audit fee	Total	Remark
KPMG	Yiu-Kwan Au	Jan, 1, 2021~ Dec. 31, 2021	5,950	1,685	7,635	Non-audit fee includes tax compliance audit, services of transfer pricing and country-by-country reporting
	Szu-Chuan Chien	Jan, 1, 2021~ Dec. 31, 2021				

(II) Replaced the accounting firm and the audit fees paid to the new accounting firm was less than the payment of previous year: Not applicable.

(III) Audit fees reduced more than 10% year over year : None.

**VI · Information on replacement of CPAs: None****VII · The Company's Chairman, President or managers in charge of finance or accounting has been under current accounting firm or its affiliates' employment in 2021: None**

VIII · The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report :

(I) Changes in shares held by Directors, Supervisors, managers, and shareholders holding 10% or more of shares :

Title	Name	2021		As of Mar.31,2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Jeffery Pan	0	0	0	0
Director	J. W. Kuo	0	0	0	0
Director	Simon Tseng	0	0	0	0
Director	Charles Lee	(500,000)	0	0	0
Director	Jia Pin Investment Development Company Limited representative: Robert Lai	0	0	0	0
Director	Pei-fen, Chang	0	0	0	0
Independent director	Chen, Linsen	0	0	0	0
Independent director	Sun,Pi-Chuan	0	0	0	0
Independent director	Cheng, Jen-Wei	0	0	0	0
CFO	Joyce Lu	0	0	0	0
COO	James Wang	0	0	0	0
COO	Dennis Chen	0	0	0	0
COO	Daniel Wu	9,000	0	30,000	0
COO	Eugene Lee	0	0	0	0
COO	Henry Ho	4,000	0	0	0
CTO	Tina Ding	0	0	0	0
General Manager of BU	Daniel Yang	0	0	0	0
General Manager of BU	Steve Tan	0	0	0	0
General Manager of BU	Kevin Lin	0	0	0	0
Vice President	Monica Chiu	0	0	0	0
General Manager of BU	Reggie Liu	0	0	0	0
General Manager of BU	Eva Mai	0	0	0	0
General Manager of C.S.O Office	Johnny Huang	0	0	0	0
Sr. Deputy General Manager	Della Huang	0	0	0	0
Vice president	Nicole Lee	0	0	0	0

Note : Henry Ho was appointed on Feb. 5, 2021, Johnny Huang was appointed on Feb. 1, 2021.

(II) Shares Trading with Related Parties:

Name	Reason for transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
Charles Lee	Trust transaction	Dec. 2021	CTBC Bank	None	500,000	Not applicable

**IX 、 Information of relationships between Top 10 shareholders are related parties :**

Unit:shares; %, May.3,2022

Name	Shares held		Shares held by spouse or underage children		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships		Note
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Title (or Name)	Relationships	
J. W. Kuo	7,333,759	4.04%	69,030	0.04%	-	-	-	-	
Jia Pin Investment Development Company Limited representative:Robert Lai	6,979,382 0	3.84% 0%	0 20,000	0 0.01%	-	-	-	-	
Standard Chartered Trust Fidelity Puritan Trust: Fidelity Penny Stock Fund	5,900,000	3.25%	0	0					
Jinyan Xie	4,885,000	2.69%	0	0	-	-	-	-	
Shin Kong Life Insurance Co., Ltd.	4,707,000	2.59%	0	0	-	-	-	-	
Yingfang Zhang	2,873,856	1.58%	0	0	-	-	-	-	
Chunghwa Post Co., Ltd.	2,834,000	1.56%	0	0	-	-	-	-	
CTBC Bank in custody for Topco Scientific Employee Stock Ownership Trust	2,382,420	1.31%	0	0	-	-	-	-	
Citibank in custody for Norges Bank	2,288,177	1.26%	0	0	-	-	-	-	
JPMorgan hosting Sanskrit Vanguard Emerging Markets Equity Index Fund account	2,126,342	1.17%	0	0	-	-	-	-	

**V 、 Number of shares held and combined shareholdings percentage in the same investment business by the Company, the Company's Directors, Managers, and companies directly or indirectly controlled by the Company :**

Unit:shares; %, Mar.31,2021

Investment business (Note)	Investment by the Company		Investment by Directors, supervisors, managers and directly or indirectly-controlled business		Combined investment	
	Shares	Share of stake %	Shares	Share of stake %	Shares	Share of stake %
Topco Quartz Co.,Ltd	12,800	40%	-	-	12,800	40%
Fortune Co.,Ltd	14,960,000	24.9%	40,000	0.1%	15,000,000	25%
Topco Group Ltd	15,518,000	100%	-	-	15,518,000	100%
Topscience(s) Pte. Ltd	3,153,400	100%	-	-	3,153,400	100%
TOPCO SCIENTIFIC USA CORP	1,000	100%	-	-	1,000	100%
Topco International Investment Co., Ltd.	50,492,720	100%	-	-	50,492,720	100%
Topco Investment Co., Ltd.	15,000,000	100%	-	-	15,000,000	100%
Taiwan E&M System,INC.	42,500,000	100%	-	-	42,500,000	100%
ECO Technical Services Co., Ltd.	37,500,000	100%	-	-	37,500,000	100%
Anyong Biotechnology, INC.	25,000,000	100%	-	-	25,000,000	100%
Anyong Freshmart, INC.	30,800,000	100%	-	-	30,800,000	100%
Yilan Anyong Lohas Co., Ltd.	21,700,000	100%	-	-	21,700,000	100%
Xiang Yueh Co., Ltd.	4,690,000	83%	-	-	4,690,000	83%
Jia Yi Energy Co., Ltd.	23,744,716	83.8%	4,584,598	16.2%	28,329,314	100%
Unitech New Energy Engineering Co., Ltd	776,000	77.6%	10,000	1%	786,000	78.6%
Winfull Bio-tech Co., Ltd.	3,500,000	39%	-	-	3,500,000	39%

Note : Logn term investment under the equity method.

## Chapter 4 Capital Overview

### I. Capital and Shares

#### (I) Source of Share Capital

Unit : Thousand Shares; NT\$ Thousand

Month/ year	Par value (NT\$)	Authorized capital		Paid-in capital		Note			
		Shares	Amount	Shares	Amount	Source of capital		Capital increase by assets other than cash	Others
02.1990	10	500	5,000	500	5,000	Establishment capital	5,000	None	-
04.1993	10	1,600	16,000	1,600	16,000	Capital increase by cash	11,000	None	-
03.1995	10	3,600	36,000	3,600	36,000	Capital increase by cash	20,000	None	-
03.1996	10	6,000	60,000	6,000	60,000	Capital increase by cash	24,000	None	-
08.1997	10	13,200	132,000	13,200	132,000	Capital increase by cash Capitalization of Retained Earnings	60,000 12,000	None	-
05.1998	10	22,800	228,000	22,800	228,000	Capital increase by cash Capitalization of Retained Earnings	56,400 39,600	None	May.12,1998 Tai-Cai-Zheng-Yi-Zi No. 37796
08.1999	10	24,510	245,100	24,510	245,100	Capitalization of Retained Earnings	17,100	None	Aug.10,1999 Tai-Cai-Zheng-Yi-Zi No. 73773
06.2000	10	43,000	430,000	30,112	301,120	Capitalization of Retained Earnings	56,020	None	Jun.17,2000 Tai-Cai-Zheng-Yi-Zi No. 52484
05.2001	10	88,000	880,000	51,807	518,068	Capital increase by cash Capitalization of Retained Earnings	75,000 141,948	None	Apr.19,2001 Tai-Cai-Zheng-Yi-Zi No. 118324 May.17,2001 Tai-Cai-Zheng-Yi-Zi No. 130613
06.2002	10	88,000	880,000	67,945	679,446	Capitalization of Retained Earnings	161,378	None	Jun.4,2002 Tai-Cai-Zheng-Yi-Zi No. 09100130324
07.2003	10	100,000	1,000,000	77,598	775,980	Capitalization of Retained Earnings	96,534	None	July.17,2003 Tai-Cai-Zheng-Yi-Zi No. 09200132292
06.2004	10	120,000	1,200,000	91,238	912,377	Capitalization of Retained Earnings	136,397	None	Jun.30,2004 Tai-Cai-Zheng-Yi-Zi No. 0930128858
07.2005	10	130,000	1,300,000	102,361	1,023,615	Capitalization of Retained Earnings	111,238	None	July.11,2005 Tai-Cai-Zheng-Yi-Zi No. 0940127935
09.2005	10	130,000	1,300,000	111,646	1,116,455	Conversion of convertible bond	92,841	None	Sep.6,2005 Jing-Shou-Shang-Zi No. 09401170830
10.2005	10	130,000	1,300,000	114,681	1,146,813	Conversion of convertible bond	30,358	None	Oct.24,2005 Jing-Shou-Shang-Zi No. 09401210470
02.2006	10	130,000	1,300,000	115,351	1,153,506	Conversion of convertible bond	6,693	None	Jing-Shou-Shang-Zi No. 09501023940 dated Feb.15,2006



Month/ year	Par value (NT\$)	Authorized capital		Paid-in capital		Note			
		Shares	Amount	Shares	Amount	Source of capital		Capital increase by assets other than cash	Others
04.2006	10	130,000	1,300,000	115,446	1,154,463	Conversion of convertible bond	956	None	Apr.25,2006 Jing-Shou-Shang-Zi No. 09501074850
07.2006	10	130,000	1,300,000	123,019	1,230,186	Capitalization of Retained Earnings	75,723	None	July.11,2006 Jing-Guan-Zheng-Yi-Zi No. 0950129737
07.2007	10	160,000	1,600,000	133,630	1,336,299	Capitalization of Retained Earnings Capitalization by Capital reserve	44,604 61,509	None	July.13,2007 Jing-Guan-Zheng-Yi-Zi No. 0960036201
07.2008	10	160,000	1,600,000	140,139	1,401,388	Capitalization of Retained Earnings	65,089	None	July.1,2008 Jing-Guan-Zheng-Yi-Zi No. 0970032602
07.2009	10	160,000	1,600,000	142,942	1,429,415	Capitalization of Retained Earnings	28,028	None	July.1,2009 Jing-Guan-Zheng-Fa-Zi No. 0980032782
06.2010	10	160,000	1,600,000	145,800	1,458,004	Capitalization of Retained Earnings	28,588	None	Jun.30,2010 Jing-Guan-Zheng-Fa-Zi No. 0990033701
06.2011	10	160,000	1,600,000	148,716	1,487,164	Capitalization of Retained Earnings	29,160	None	Jun.29,2011 Jing-Guan-Zheng-Fa-Zi No. 1000029920
04.2012	10	160,000	1,600,000	148,824	1,488,244	Capitalization by employee stock options	1,080	None	Apr.3,2012 Jing-Shou-Shang-Zi No. 10101058630
07.2012	10	160,000	1,600,000	149,130	1,491,304	Capitalization by employee stock options	3,060	None	July.19,2012 Jing-Shou-Shang-Zi No. 10101143750
10.2012	10	160,000	1,600,000	149,135	1,491,354	Capitalization by employee stock options	50	None	Oct.16,2012 Jing-Shou-Shang-Zi No. 10101213090
04.2013	10	160,000	1,600,000	149,595	1,495,954	Capitalization by employee stock options	4,600	None	Apr.19,2013 Jing-Shou-Shang-Zi No. 10201071000
06.2013	10	160,000	1,600,000	149,904	1,499,044	Capitalization by employee stock options	3,090	None	July.4,2013 Jing-Shou-Shang-Zi No. 10201127850
06.2013	10	160,000	1,600,000	152,887	1,528,871	Capitalization of Retained Earnings	29,827	None	Jun.28,2013 Jing-Guan-Zheng-Fa-Zi No. 1020025171
10.2013	10	160,000	1,600,000	153,679	1,536,791	Capitalization by employee stock options	7,920	None	Oct.14,2013 Jing-Shou-Shang-Zi No. 10201210870
01.2014	10	160,000	1,600,000	154,813	1,548,131	Capitalization by employee stock options	11,340	None	Jan.8,2014 Jing-Shou-Shang-Zi No. 10301003200
07.2014	10	160,000	1,600,000	157,909	1,579,094	Capitalization of Retained Earnings	30,963	None	July.30,2014 Jing-Guan-Zheng-Fa-Zi No. 1030028949
07.2015	10	170,000	1,700,000	162,647	1,626,466	Capitalization of Retained Earnings	47,373	None	July.22,2015 Jing-Guan-Zheng-Fa-Zi No. 1040027596
07.2016	10	170,000	1,700,000	165,900	1,658,996	Capitalization of Retained Earnings	32,529	None	Effective registration from FSC on Jul 11, 2016
10.2017	10	190,000	1,900,000	181,700	1,816,996	Capital increase by cash	158,000	None	Oct 26, 2017 Jin-Guan-Zheng-Fa-Zi No. 1060039801

May 3, 2022

Share type	Authorized capital			Note
	Outstanding Shares	Unissued Shares	Total	
Common Stock	181,699,567	38,300,433	220,000,000	

Note 1 : Reserve NT\$100 million for issuance of employee stock options ◦

Note 2 : information of Shelf registration: Not applicable ◦

## (II) Shareholder structure

May 3, 2022

Shareholder structure Quantity	Government institutions	Financial institutions	Other corporations	Foreign institutions and foreigners	Individual	Total
Number of persons	4	34	194	251	25,900	26,383
Number of shares held	2,321,772	21,344,343	9,778,727	57,053,416	91,201,309	181,699,567
Shareholding Percentage (%)	1.28%	11.75%	5.38%	31.40%	50.19%	100.00%

## (III) Distribution of Equity Ownership

### 1. Type: Common shares

May 3, 2022; Unit: Shares

Class of shareholding	Number of shareholders	Number of shares held	Shareholding percentage (%)
1 to 999	14,484	1,379,121	0.76%
1,000 to 5,000	9,315	17,518,001	9.64%
5,001 to 10,000	1,174	8,685,144	4.78%
10,001 to 15,000	446	5,551,968	3.06%
15,001 to 20,000	234	4,164,596	2.29%
20,001 to 30,000	225	5,551,468	3.06%
30,001 to 40,000	96	3,369,360	1.85%
40,001 to 50,000	78	3,552,678	1.96%
50,001 to 100,000	138	9,841,652	5.42%
100,001 to 200,000	68	9,368,651	5.16%
200,001 to 400,000	52	15,168,662	8.34%
400,001 to 600,000	24	12,073,456	6.64%
600,001 to 800,000	10	6,995,042	3.85%
800,001 to 1,000,000	11	9,743,093	5.36%
1,000,001 or more	28	68,736,675	37.83%
Total	26,383	181,699,567	100.00%

### 2. Preferred shares : None

## (IV) List of Major Shareholders (Top 10 shareholders who own the most shares) :

May 3, 2022

Names of major shareholders	Shares	Number of shares held	Shareholding percentage (%)
J. W. Kuo		7,333,759	4.04%
Jia Pin Investment Development Company Limited		6,979,382	3.84%
Standard Chartered Trust Fidelity Puritan Trust: Fidelity Penny Stock Fund		5,900,000	3.25%
Jinyan Xie		4,885,000	2.69%
Shin Kong Life Insurance Co., Ltd.		4,707,000	2.59%
Yingfang Zhang		2,873,856	1.58%
Chunghwa Post Co., Ltd.		2,834,000	1.56%
CTBC Bank in custody for Topco Scientific Employee Stock Ownership Trust		2,382,420	1.31%
Citibank in custody for Norges Bank		2,288,177	1.26%
JPMorgan hosting Sanskrit Vanguard Emerging Markets Equity Index Fund account		2,126,342	1.17%

## (V) Market Price, Net Worth, Earnings, and Dividends per Share in the Past Two Years

Items		Fiscal Year		
		2020	2021	
Market Price per Share	Highest	130	160	
	Lowest	75.6	116.5	
	Average	110.49	133.27	
Net Worth per share	Before distribution	58.19	63.82	
	After distribution	50.19	55.02	
Earnings per share	Weighted Average Share		181,699,567	181,699,567
	EPS	Not-Adjusted (Note 4)	11.38	12.63
		Adjusted (Note 4)	11.38	12.63
Dividends per Share	Cash dividend		8.0	(Note 4) 8.8
	Stock dividend	Earning Distribution	-	-
		Capital Distribution	-	-
	Accumulated Undistributed Dividend (Note 4)		-	-
Return on investment Analysis	Price/earnings ratio(Note 1)		9.71	10.55
	Price/dividend ratio(Note 2)		13.81	15.14
	Cash dividend yield(Note 3)		7.24%	6.6%

Note 1 : Price/earnings ratio = Average Market price per share/Earnings per share.

Note 2 : Price/dividend ratio = Average Market price per share/Cash dividend per share.

Note 3 : Cash dividend yield = Cash dividend per share / Average Market price per share.

Note 4 : Approved by Board Meeting on Mar 15,2022.

(VI) Dividend Policy and Implementation :

1、The dividend policy set forth in Article 20, 20-1 of the Articles of Incorporation

The Company shall set aside no less than 4% of its earnings for the period, if any, as employees' profit-sharing bonus and not more than 3% of its earnings as remuneration to Directors. Notwithstanding the forgoing, the Company shall reserve a sufficient amount of earnings to offset its accumulated losses. Where remuneration to employees are distributed by way of shares or cash, employees of affiliated enterprises of the Company may be eligible provided that certain criteria are met that approved by the Board of Directors.

The Company's earnings for the current fiscal year shall be distributed in the following order: (1) first to be offset against losses; (2) 10 percent of the remaining earnings, if any, be set aside as legal reserve; (3) allocate or reverse special reserve in accordance with regulations or rules of the governing authority; (4) the sum of any balance remaining and accumulated retained earnings for the current period will be accumulated earnings available for distribution. The aforesaid accumulated earnings may be distributed in the manner set out in the proposal put forward by the Board of Directors and upon adoption at the meeting of shareholders.

The Company authorizes the Board of Directors to resolve by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors to distribute dividends or bonuses in whole or in part by way of cash or to distribute the legal reserve and capital reserve in whole or in part and report such distributions to the shareholders' meeting.

The Company may distribute dividends by way of cash or issuance of new shares, taking into account earnings for the current fiscal year and the overall industry environment, provided that the total value of cash dividends distributed shall be at least 10 percent of the total value of dividends distributed and any shortfall may be supplemented by the issuance of new shares upon resolution at a shareholders' meeting pursuant to the Company Act.

When allocating the net profit for each fiscal year, the Company shall deduct losses from the prior years and set aside legal capital reserve, and then set aside or reverse a special reserve in accordance with laws and regulation. Distribution amount shall not be lower than 50% of the remainder of the said profit.

2、The proposal for the distribution of 2021 earnings was passed at the meeting of the Board of Directors on Mar.15,2022. The proposal for a cash dividend of NT\$ 8.8 per share will be reported at the annual shareholders' meeting, and the Board of Directors shall set a distribution record date after annual shareholders' meeting.

3、Major changes expected in the dividend policy : None.

(VII) Impact from current dividend distribution on Company's operating performance and EPS : Not Applicable.

(VIII) Compensation for employees,Directors and Supervisors :

1、The dividend policy set forth in Article 20, 20-1 of the Articles of Incorporation.

The Company shall set aside no less than 4% of its earnings for the period, if any, as employees' profit-sharing bonus and not more than 3% of its earnings as remuneration to Directors. Notwithstanding the forgoing, the Company shall reserve a sufficient amount of earnings to offset its accumulated losses. Where remuneration to employees are distributed by way of shares or cash, employees of affiliated enterprises of the Company may be eligible provided that certain criteria are met that approved by the Board of Directors.

- 2、The basis for estimating the amount of employees and directors compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.  
The remunerations estimated to employees and directors for the year 2021 were based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's article. These remunerations were expensed under operating expenses. The number of shares to be distributed was calculated based on the closing price of the Company's ordinary shares, one day before the date of the Board Meeting. Related information would be available at the Market Observation Post System website. If the actual amounts subsequently paid differ from the above estimated amounts, the differences will be recorded in the year paid as a change in accounting estimate.
- 3、Distribution of compensation passed by the Board of Directors：  
(1) As resolved by the Board Meeting on Mar 15, 2022, the remuneration to employees and directors were NT\$173,950,000 and NT\$57,983,000 respectively. There is no difference between the distributed and estimated amounts this year.  
(2) Amount of employee compensation distributed in the form of stock and as a percentage of the after-tax profit provided in this year's standalone financial statements and total employee compensation combined:  
No stock compensation proposed for employees was distributed in 2021.
- 4、Actual distribution of employee bonus and remuneration of board directors and supervisors in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies：  
Remuneration to employees, directors and supervisors for the year 2020 was NT\$151,770,000 and NT\$50,590,000 respectively, there was no difference between the estimated amount and the actual amount distributed.

(IX) Repurchase of shares by the Company：None

**II、Corporate bond processing：None**

**III、Handling of preferred shares：None**

**IV、Handling of overseas depositary receipts：None**

**V、Employee stock option handling status：None**

**VI、Issuance of new shares in connection with the merger or acquisition of other corporations：None**

**VII、Implementation status of fund application：None**

## Chapter 5 Operational Highlights

### I · Business activities :

#### (I) Scope of business :

##### 1. Major business activities :

Our services include the distribution of precision materials, processing equipment, and components required in the semiconductor, LCD, and LED industries. We have strived to meet customers' needs through consistent good quality, speedy delivery, and prompt service in the fields of high-tech. We have also penetrated into the environmental protection and alternative energy sectors, and now offer services in water treatment, clean rooms, and solar energy power station construction. Our ultimate goal is to build a comprehensive supply chain and service network that covers design, deployment, operation, maintenance and waste recycling. In recent years, we have actively deployed the health care business, and utilized our high-tech expertise in the livelihood industry with considerable progress in various areas, i.e. food, healthcare, sports, and recreation.

##### 2. Percentage of sales revenue :

Product Category	Sales amount (NT\$ thousands)	Percentage(%)
Semiconductor Related Products	34,983,774	82.0%
LED/LCD/Electronics Applications Related Materials	2,806,748	6.6%
Environmental Engineering and Facility Systems	4,261,296	10.0%
Solar Related Materials	188,598	0.4%
Other	428,550	1.0%
Total	42,668,966	100.0%

##### 3. Product Category :

Product Category	Type of Products
Semiconductor Related Products	Wafer, Reclaim Wafer, Solar Wafer, Photoresist, Thick Film Photoresist (I-Line), Hexamethy ldisilazane, Mask, Blanks, Pellicle, Quartz Crucible, CVD/Etching Process Related Chemical and Special Gas, CMP Slurry, Shipping Box and FOSB, FOUP, Vertical/ Horizontal Tube Cleaner, Spin-Etcher, Epoxy Mold Compound for IC Packing, EMC, Thermal Interface Material, Equipment Installation and Maintenance Service, IC Foundry Service, Mass Flow Controller, Spare parts, Vacuum Pump Repair.
LED/LCD/Electronics Applications Related Materials	Insulating Materials/ Conductive Materials, Conductive connection material, Fiber, Silicone resin, Fluoro Elastomers, Fluoro thermoplastics, Mask/Glass Coating, B4C, Rare Earth Oxides(REO), High temperature printing/ Spray ink, LCD Related Equipment & Service, Automatic Fire Extinguishing System, Low Dk/Df Material for High Frequency PCB/FPC Related Application, BMI Resin (SLK-series).
Environmental Engineering and	Industrial Water & Wastewater Treatment Engineering, MEP & C/R Engineering, Environmental Public Works,

Product Category	Type of Products
Facility Systems	Waste Application and Treatment Service, Equipment & Chemicals, Calcium Fluoride (CaF <sub>2</sub> ) Sludge, Waste Solvents Cleaning and Shipping
Solar Related Materials	Provide sales and services of solar related materials and products, including Solar Conductive Silver Paste, Diamond Wire, Quartz Crucible, Solar Charge Controller, Services of Solar System Integration Engineering, Remote Monitoring System, Operation Maintenance.
Fresh food, healthcare product and distribution channels	Semiconductor-grade aquatic processing; Agricultural and animal products, Herbal soups and Ready-to-eat products; Functional food; Tourism factory; Fusion dining; Sports center and customized products that meet market demands.

4. New products (services) under development :

- (1) Develop the materials and equipment for the Third-generation semiconductor and electric vehicle industries.
- (2) Develop key materials for 5G substrate primer, a high-reliability new key substrate material to enter the high-frequency 5G substrate market.
- (3) Set locations in the USA, cultivate the Japanese market, develop the Southeast Asian markets for the water treatment business.
- (4) Form a taskforce; collaborate with consulting companies, scholars, equipment suppliers, and system providers; and support with own wastewater treatment and waste disposal know-hows to develop processing and recycling solutions for waste solvent and biogas from animals and plants for fisheries and solar energy symbiosis to cultivate business opportunities from the circular economy.
- (5) Develop food processing technologies and tourism plants with the food chilling technology to manufacture safe, tasty, and convenient frozen food for consumers and develop cold-chain logistics, food retailing, and composite restaurant services.
- (6) Run sports facilities and introduce professional services such as healthy diets, technology testing, and periodic consultation.

(II) Industry highlights :

1. Semiconductor

(1) Current industry status and development:

Semiconductor industry soared in 2021 despite the pandemic's negative impact across the globe. The total revenue of 17 semiconductor supply chain leaders in the world accounted for over US\$10 billion, and the capital expenditure of semiconductor manufacturers hit a historical high of NT\$4.2 trillion. According to the statistics released by the World Semiconductor Trade Statistics (WSTS), the total sales of the global semiconductor market reached US\$555.9 billion in 2021 representing a 26.2% year-over-year growth; 1,146.9 billion chips were sold in 2021 representing a 20.2% YoY growth; the ASP in 2021 was US\$0.485 increased by 5.0% in comparison to that of 2020. By regions, the sales in the U.S. semiconductor market in 2021 amounted US\$121.5 billion with a 27.4% YoY growth; the sales in the Japanese market reached US\$43.7 billion with a 19.8% YoY growth; the sales in the European market reached US\$47.8 billion with a 27.3% YoY growth; the sales in Mainland China reached US\$192.5 billion with a 27.1% YoY growth; the sales in the Asia-Pacific market reached US\$150.5 billion with a 25.9% YoY growth.

According to the statistics released by ITRI ISTI, the 2021 output value of



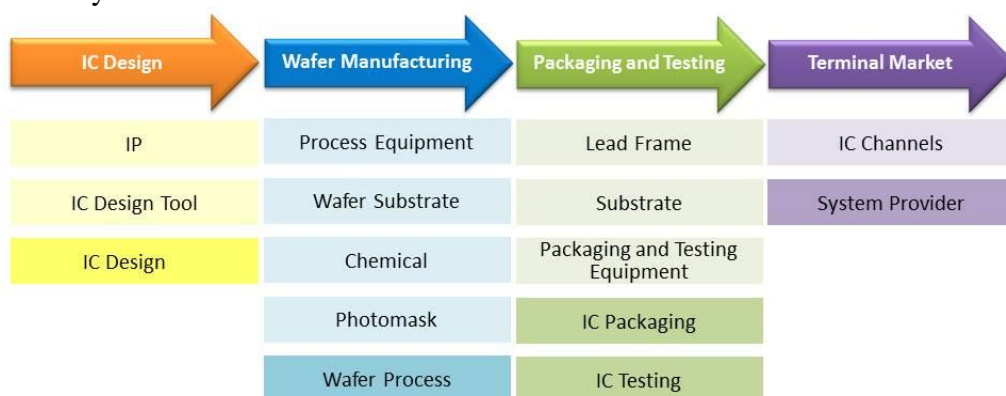
Taiwan's IC industries increased by 26.7% from 2020 to NT\$4.082 trillion, the highest in history; the output value of the IC design industry increased by 42.4% from 2020 to NT\$1.2147 trillion; the output value of the IC manufacturing industry increased by 22.4% from 2020 to NT\$2.2289 trillion, among which, the output value of the foundry industry increased by 19.1% from 2020 to NT\$1.941 trillion; the output value of the memory and other manufacturing industries increased by 51.0% from 2020 to NT\$287.9 billion; the output value of the IC packaging industry increased by 15.3% from 2020 to NT\$435.4 billion; and the output value of the IC testing industry increased by 18.4% from 2020 to NT\$203 billion.

Domestic IC Industry Production from 2018 to 2020 Unit: NT\$ billion

Item	2019		2020		2021	
	Production	Annual Growth	Production	Annual Growth	Production	Annual Growth
IC design	6,928	8.0%	8,529	23.1%	12,147	42.4%
IC manufacturing	14,721	-0.9%	18,203	23.7%	22,289	22.4%
Foundry	13,125	2.1%	16,297	24.2%	19,410	19.1%
Memory manufacturing	1,596	-20.4%	1,906	19.4%	2,879	51.0%
IC packaging	3,463	0.5%	3,775	9.0%	4,354	15.3%
IC testing	1,544	4.0%	1,715	11.1%	2,030	18.4%
IC Industry Production	26,656	1.7%	32,222	20.9%	40,820	26.7%

Data source: TSIA, IEK, ITRI (2022/02)

- (2) The relationships among the upper, middle, and down streams of the supply chain: The upper, middle, and down stream industries of Taiwan's semiconductor industries can be divided into design, foundry, and packaging and test. Vertical division of labor is the characteristic of Taiwan's semiconductor industries. Due to the rapidly changing macro environment and the ongoing increase in the investment in capital equipment, Taiwan's unique division of labor system has facilitated the present global competitive leadership of Taiwan's semiconductor industries. The efficiency and flexibility that catch global attention and earn worldwide praise of this professional division of labor system have assured the leading performance of Taiwan's IC industries across the globe. However, this strength also exposes the over-centralization vulnerable to global economic depression of Taiwan's IC industry.



Data source: Invest in Taiwan, Ministry of Economic Affairs

(3) Development trends and competitions:

After the semiconductor industry experience fully loaded capacity and supply shortage in 2021, the supply chain is anticipated to be normalized in 2022. Backed by the demand from various types and quantity of end-user electronics introduced to the market, the average compound annual growth rate (CAGR) is likely to hit 3.7% from 2021 to 2025. ITRI ISTI also estimates the semiconductor application from end-user products and identifies three major focuses: 1. Semiconductors for automotive, storage, and industrial uses will be the growing stars in the following five years. It is expected that wireless communication application will take the major role in the semiconductor industry in 2022, and automotive chips will take over, transcend the position of industrial semiconductors in 2023 and further surpass that of consumer electronics chips; 2. Intel introduces the neuromorphic chips that can smell and taste using a 7-nm EUV fabrication process; 3. The transformation of the automotive industry toward electrification will push up the demand of high performance computing (HPC) chips for automobiles, and from 2021 to 2025, the automotive HPC chips' average CAGR will skyrocket to 212.4%.

2. Current status and development of the LED industry

In 2021, the global lighting market recovered following the lighting product price rebound, and there was a trend towards integrated lighting and smart lighting systems. For the purpose of better understanding consumer needs and habits as well as of safety and health, many lighting companies took initiatives and adopted the smart control system to create healthy human-centric lighting experience. These initiatives will become the driving force of growth in the lighting industry.

LED grow lights market experienced an underperforming year in 2021 with slow growth of user-end application market and slack market price due to not only the chaotic shipping schedule and short supply of power IC, but negative impacts from overall business environment, not to mention politics. Particularly, the chaotic shipping schedule pushed up the shipping costs and significantly exhausted the user-end lighting companies. On the other hand, demands from the Northern American medical and recreational marijuana market conversely ramped up and sped up the LED grow lights application market. Moreover, the frequent impact of extreme climate change across the globe has forced investments in indoor farming to grow in order to shorten food supply chain and ensure food safety. Also, coping with the development of smart agriculture, farmers' demand on lighting constantly increases. All the reasons provided have heightened the LED penetration rate, and according to the latest research released by Trendforce, the global LED grow lights market will grow by 10.4% to US\$1.85 billion with a CAGR of 13.0% from 2021 to 2026.

3. LCD industry

The stay-at-home economy kept the panel price high in the first half of 2021, but restraints such as pandemic slowdown, short component supply and soaring shipping costs, reduced the user-end demand and overturned the panel price in the second half of 2021. Based on ITRI ISTI's statistics, the output of the global display market in 2021 was US\$131.6 billion with a YoY increase of 23%.

As China increases its capacity, and South Korean manufacturers were on their path exiting the LCD market, China will soon account for 70% of global LCD panel production capacity. Looking out to 2022, market competition and price adjustment in response to supply and demand shift in the panel industry seem inevitable and should be taken seriously by all panel makers. Thus, Taiwan panel companies are now focusing on the next-generation Mini/Micro LED technology and diversifying their reaches in niche markets, including automotive, commercial and industrial control.

4. Current status and development of environmental engineering and facility systems

Benefited from the capacity demand of Apple's supply chain, some semiconductor and electronics manufacturers still want to expand their facilities and change their processes. This has thus stimulated the demand for water treatment and cleanrooms. In mainland China, manufacturers such as ChangXin Memory Technologies (CXMT), Nexchip Semiconductor Corporation, Beijing Jidian Holding Co., Ltd., Sanan Optoelectronics Co., Ltd., Jingyue Semiconductor Co., Ltd., and BYD COMPANY LIMITED. have investment plans to develop the country's semiconductor industry. Therefore, the demand for related facility E&M, water treatment, environmental engineering services, and chemicals is expected to increase. In recent years, the government has been actively promoting the circular economy (e.g., water reclamation centers, animal husbandry recycling sectors, and biogas generation). For example, Taiwan Sugar Corporation has invested, one after another, phases I and II of pig house reconstruction and wastewater treatment system construction in Taichung Yunlin, and Tainan. This will stimulate the development of equipment, systems and projects relating to the circulatory economy.

(III) Technology and R&D overview :

1. The Group established the photoelectric thermal material laboratory in 2010 to further our capability in material research and development, focusing on the development of materials used in photoelectric, heat conductors and heat ventilators. After a decade of hard work, our research and development yield outstanding results. We successfully developed products including optical IR ink, surface finish anti-glare and anti-hardening coating and silicone material and epoxy compound for LED packaging commercial sale.
2. We have successfully developed the surface coating materials used in fingerprint identification and the process technology, including IR absorbent optical coating (IR absorber paint) and high-strength ink coating which are being mass produced to offer our customers a total solution for the materials required for the later part of the manufacturing process of fingerprint identification modules.
3. We will constantly assess, develop, and introduce new products, including the key materials for 5G primer materials; high-conductivity and high shock absorbency cooling potting materials; and low-warping black filler and transparent protective packaging materials.
4. In response to the potential of the market for Mini-LED and Micro-LED applications, the Group has actively pursued the development of key materials required for the mass transfer process to assist suppliers and customers in successfully developing the application materials required for the mass transfer process.
5. On green energy, the Company continues to keep on top of environmental protection issues and makes long-term investments in wastewater treatment technology and products that meet the latest environmental protection regulations, to help customers resolve the challenge they face with handling wastewater produced by high-tech manufacturing. We have successfully developed the wastewater treatment system for to treat wastewater produced by the photolithography process and bounding process, as well as grinding and cutting solutions, porous solid bio-carriers, and wastewater that contains fluoride. The Company has devoted several years to developing the wastewater treatment technology. Our solid research and development energy and results are widely acclaimed by our customers in Taiwan and offshore.
6. In response to the wastewater discharge standards becoming increasingly rigorous, in the past two years, the Company has developed volatile wastewater treatment system, suspension radio treatment system, continuous Caro's acid decomposition and recycling system, mixed fire resistant and reactive chemicals treatment system, and organic sludge dewatering system. We successfully launched our wastewater systems in local and offshore high-tech plants to assist our clients in meeting the wastewater

- discharge standards as well as the cost of treating wastewater.
7. In wastewater treatment technology, during 2019, the Group successfully developed some advanced wastewater treatment technology including the IPA wastewater treatment technology (concentrate + catalytic oxidation), wasted CO<sub>2</sub> recovery, ammoniacal nitrogen pollutant removal technology, technology to recycle valuable (copper) metal in wastewater, low derivative wastewater treatment technology to help our clients in improving the efficiency and cost of wastewater treatment. Several clients verified and chose to use the technology.
  8. In the field of waste reduction, recycle and reuse, Topco Group, in the recent years, continuously develops the phase separation technology, by which, the valuable materials are separated from wastewater or waste effluent and concentrated; and meanwhile, we help clients reduce outsourcing cleaning costs and evaluate the potential of materials for recycle and reuse.
  9. Total research and development cost for 2021 was NT 101,172 thousand dollars.
  10. Important patents of the Company are listed as follows:
    - (1) 「 WASTEWATER TREATMENT SYSTEM 」 was granted the utility model patent and patented as CN201770529U, CN202220106U.
    - (2) 「 PROTECTION STRUCTURE FOR WAFER CIRCUIT AND MANUFACTURING METHOD THEREOF 」 was granted the utility model patent and patented as TW390600.
    - (3) 「 FLEXIBLE OPTICAL FILM AND MANUFACTURING METHOD THEREOF 」 was granted the utility model patent and patented as CN103293574A.
    - (4) 「 TOUCH PANEL AND SHADING MATERIAL THEREOF 」 was granted the utility model patent and patented as TW500953, CN103725196A.
    - (5) 「 APPARATUS FOR REMOVING FLUORIDE FROM WASTEWATER 」 was granted the utility model patent and patented as TW502684, CN 204702589U.
    - (6) 「 APPARATUS FOR REMOVING POLLUTANTS FROM WASTEWATER 」 was granted the utility model patent and patented as TW502685.
    - (7) 「 APPARATUS FOR REMOVING POLLUTANTS FROM WASTEWATER 」 was granted the utility model patent and patented as CN204508920U.
    - (8) 「 METHOD FOR MANUFACTURING POROUS SOLID-STATE MATERIAL 」 was granted the utility model patent and patented as TW515244, CN 104888538A.
    - (9) 「 VOLATILE WASTEWATER TREATMENT SYSTEM 」 was granted the utility model patent and patented as TW535228, CN 205676189U.
    - (10) 「 CHARGED PARTICLE TREATMENT SYSTEM 」 was granted the utility model patent and patented as TW543872, CN 206915819U.
    - (11) 「 WASTE LIQUID TREATMENT APPARATUS 」 was granted the utility model patent and patented as TW569753.
    - (12) 「 RECYCLING APPARATUS FOR COPPER-CONTAINING WASTEWATER 」 was granted the utility model patent and patented as TW569755.
    - (13) 「 AMMONIUM-CONTAINING WASTEWATER TREATMENT APPARATUS 」 was granted the utility model patent and patented as TW569756.
    - (14) 「 APPARATUS FOR TREATING FLUORIDE-CONTAINING WASTEWATER 」 was granted the utility model patent and patented as TW570311.
    - (15) 「 APPARATUS FOR HYDROGEN PEROXIDE DEGRADATION IN

CARO'S ACID」 was granted the utility model patent and patented as TW570526.

- (16) 「ORGANIC SLUDGE DEWATERING APPARATUS」 was granted the utility model patent and patented as TW572369.
- (17) 「ORGANIC SLUDGE CONDITIONING CHEMICALS AND THE SLUDGE DEWATERING APPROACH APPLYING THE ORGANIC SLUDGE CONDITIONING CHEMICALS」 was granted the utility model patent and patented as TW666174.
- (18) 「NITRIC ACID WASTEWATER TREATMENT APPARATUS」 was granted the utility model patent and patented as TW585172.
- (19) 「TREATMENT APPARATUS FOR ORGANIC WASTEWATER CONTAINING ISOPROPYL ALCOHOL」 was granted the utility model patent and patented as TW585263.
- (20) 「EXHAUST GAS TREATMENT APPARATUS」 was granted the utility model patent and patented as TW588019.
- (21) 「HYBRID TREATMENT APPARATUS FOR TREATING ORGANIC WASTEWATER」 was granted the utility model patent and patented as TW 706919.
- (22) 「WAFER CUTTING PROTECTION LIQUID」 was granted the utility model patent and patented as TW 707907.
- (23) 「WASTEWATER RETRIEVE SYSTEM」 was granted the utility model patent and patented as TW604782, TW608084.
- (24) 「HIGHLY-EFFICIENT WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW610916.
- (25) 「WASTEWATER RECIRCULATION TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 610940.
- (26) 「LASER SAWING SOLUTION」 was granted the invention patent and patented as TW 729374.
- (27) 「BIOLOGICAL WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 616350.
- (28) 「AMMONIA NITROGEN WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 623704.
- (29) 「ORGANIC WASTEWATER TREATMENT AND RECYCLE SYSTEM」 was granted the utility model patent and patented as TW 623715.
- (30) 「SULFIDE-RICH ORGANIC WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 623779.
- (31) 「NITRATE WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW623807.
- (32) 「ISOPROPYL ALCOHOL WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 624493.

(IV) Long and short-term business development plan :

1. Short-term plan :

- (1) Deepen collaborative production and R&D with customer and suppliers.
- (2) Enhancing development in mainland China: Capture the business opportunities from de-Americanization and self-determination. Integrate Taiwan's success in semiconductor materials and equipment promotion for use in the Chinese market.

- (3) Wafer Foundry-Service platform: Assist Chinese IC design houses in finding suitable foundry technology and accelerating product launch, and deal long-term contracts with suppliers and customers. we will find new partners for strategic alliances to increase market share.
  - (4) Set up locations in the USA and cultivate the Japanese market.
  - (5) By duplicating Taiwan's successful experience, we will introduce to the Chinese market advanced technologies and chemicals such as ammoniacal nitrogen wastewater treatment, embedding bio-media, zero emissions, and eco-friendly chemicals. We will also promote Class A waste disposal business and develop sludge and solvent disposal services in collaboration with waste disposal companies.
  - (6) Promoting the design and construction smart pig houses for animal husbandry: We will engage in industry-academia collaboration and integrate related technologies and equipment at home and abroad to develop the optimal parameters and designs.
  - (7) Recruiting talents of different specialties to join our new business development.
2. Long-term plan :
- (1) With focus on key customers, we will centralize resources on competitive and prospective markets, including the Chinese market, to actively develop new products and cultivate new distributors to enhance sales efficiency.
  - (2) We will also assess and introduce 5G key materials, third-generation semiconductor and electric vehicle industries , and find suitable partners for strategic alliances and cooperation.
  - (3) Through integrating advanced environmental engineering technology, we will actively cultivate Southeast Asian countries, such as Vietnam, engage in independent R&D and distribution of related equipment, materials, and chemicals, in order to provide total services and enter different business models: BOT, BOO, ROT, and OT.
  - (4) By duplicating the successful experience in the smart pig house, we will develop modular design and equipment and build demonstration pig farms to accelerate the promotion of related technologies and business opportunities.
  - (5) In response to global trends of environmental protection, health promotion, and ecotourism, we will utilize the group's operating strengths and core abilities to expand and create different types of business relating to the daily life: green energy, environmental protection, food logistics, health and care, sports, and leisure.

## II 、 Market and distribution overview

### (I) Market analysis

#### 1. Sale of main product (services) and (locations)

The Group is primarily the agent for distributing semiconductor, photoelectric and electronic products to offer integrated services. We also provide services for planning, design, installation, and repair of eco-friendly plant engineering system. Domestic and Mainland China semiconductor, photoelectric and information and electronic businesses are our primary customers.

#### 2. Market share :

##### (1) Resist used in IC process:

Given that nanotechnology is becoming the leading technology for IC manufacturing processes, demand for ArF/KrF photoresists required for the lithography process also saw a significant increase. Foreign suppliers including Shin-Etsu Chemical Co., Ltd., TOK, JSR, and DOW Chemical compete with the

company for the local market. In terms of the overall market share, the Group is the distribution agent for the products manufactured by Shin-Etsu Chemical. Being the leader in technology and owing to the premium quality of the products, these products occupy a prominent place in the advanced lithography processes, maintaining at least 50% of the market share in Taiwan. Following the development of advanced processes, advanced materials required for the EUV process was successfully launched for mass production, which we expect to generate further sales growth.

(2) Wafer materials:

Shin-Etsu Handotai is also the main supplier of wafer materials for the global market, with approximately 33% market share. The Group is a distributor of the full range of products manufactured by Shin-Etsu Handotai to serve the IC manufacturers locally and in Mainland China.

(3) Quartz equipment used by foundries:

The Company and Japanese-based Shin-Etsu Quartz Inc. entered into a joint venture to set up the Topco Quartz Products Co., Ltd., which owns the best clean rooms for specialized processing. The manufacturing capability and professional team of Topco Quartz Products are highly regarded by our clients. Topco Quartz Products also has the advantage of having access to the Group's global production capacity and technical support. Ltd., making it the top supplier of quartz equipment in the local market and the leader in the supply of quartz materials. It occupied a 54% market share in Taiwan's quartz market in 2021.

3. Supply-demand and growth potential in future market :

(1) Semiconductor industry

Benefiting from new applications, digital transformation and policies, the prosperity of the semiconductor industry will last through 2022. According to the forecast of World Semiconductor Trade Statistics (WSTS), supply and demand will be normalized in 2022 with an annual growth rate of 10.1%, and the global semiconductor output will hit US\$606.5 billion.

Thanks to post-pandemic business opportunity and order transfer effect due to current international trade conditions, plus growth in new applications, including AIoT, 5G, automotive and high speed computing (HPC), ITRI ISTI expects the Taiwan IC industry will grow by 17.7% to NT\$4.8062 trillion in 2022; of which, the output of IC design industry will increase by 14.0% to NT\$1384.8 billion; and the foundry industry will generate a 24.0% annual growth to NT\$2.4076 trillion and become the key driver for Taiwan IC industry achieving historical high output this year.

Domestic IC Industry Production from 2020 to 2021 Unit: NT\$ billion

Item	2021		2022(e)	
	Production	Annual Growth	Production	Annual Growth
IC design	12,147	42.4%	13,848	14.0%
IC manufacturing	22,289	22.4%	27,264	22.3%
Foundry	19,410	19.1%	24,076	24.0%
Memory manufacturing	2,879	51.0%	3,188	10.7%
IC packaging	4,354	15.3%	4,750	9.1%
IC testing	2,030	18.4%	2,200	8.4%
IC Industry Production	40,820	26.7%	48,062	17.7%

Data source: IEK, ITRI (2022/02)

(2) LED industry

Analyzed by LED lighting product type, the market demands for lamp and luminaire category both show an upward trend in 2022. However, in the long-term, the LED lamp category demand has slowed due to the declining need for retrofit installation and a shifting trend towards luminaire lighting. The CAGR from 2020 to 2022 for lamp and luminaire products are 8.5% and 12.0%, respectively. By LED lighting product application market, the penetration rate for Connected Lighting, which is the lighting product equipped with sensor and communication module, has increased. Globally, in order to achieve the goal of “carbon neutral,” the number of LED retrofit installation projects is increasing, representing an upcoming growth opportunity in the commercial, residential, outdoor and industrial lighting market.

(3) LCD industry

After two years of stay-at-home-economy-driven demand of TVs, monitors, and notebooks, the market demand for these three major panel applications is slowing down. As China continuously increases panel production capacity, the oversupply of capacity has intensified the market competition; with sufficient panel supply, a radical fluctuation of TV panel is price unlikely to be seen in 2022; instead, the price movement will become stable and mild, two leading Chinese panel manufacturers thus actively increased and integrated capacity in 2020, and their influences are expected to grow exponentially until 2025. In the future, micro LED and mini LED technologies will continue to improve. Besides flexible displays with higher resolution and wider gamut, new applications integrating 5G and smart display and emerging applications, automotive display, head mounted display, digital signage, and smart home will be the new directions of future panel development.

(4) Environmental engineering and facility systems

In response to the increasingly stricter controls over industrial effluents and the demand for eco-friendly facility systems of new construction/expansion of semiconductor and optoelectronic plants, ammoniacal nitrogen wastewater treatment systems and water reclamation zero emissions systems will be the future environmental engineering demand.

As the schedule of facility projects in mainland China has been delayed by resource, workforce, and transportation as a result of COVID-19, we will continue to observe the incentives for related industries in the 14th 5-year plan.

4. Competitive niche

(1) High-quality photoresists meet demand of advanced processes

Given the advancement in foundry processes, we saw the demand for higher quality photo-resists product, such as the requirement of higher resolution. This in turn boosts the size of the photoresist market. The biggest benefactor of this latest market development is the Shin-Etsu Group which is committed to developing superior products that offer quality and stability. The Group has a solid, long-term product agency agreement with the Shin-Etsu Group that offers customers with the most stable, reliable, and premium photoresist products and leading-edge technical support. We also have a good grasp of customer needs to shorten the delivery lead time.

(2) Support the multifaceted demands for innovation of advanced processes

Thanks to 5G, datacenter, high-performance computing (HPC), and artificial intelligence (AI), chip consumption continues to increase. Besides pushing the rapid growth in the demand for innovation of advanced processes, this will result in the significant and apparent growth in the demand for silicon wafer. As a distributor of related products such as the 12-inch silicon wafer and the required



materials, such as the photoresist, quartz tooling, lapping fluid, and FOUP, for innovation of advanced processes, we can meet all the demands of 12-inch foundries.

- (3) Experience in equipment integration engineering services and trusted brand in the domestic market

The Group is highly experienced in the installation, disassembling and moving of equipment used in semiconductor / TFT-LCD processes. We offer the most comprehensive technical support and provides customized and total services to meet customers' needs from finding the required machinery and parts to repair and maintenance of the equipment. Our customers trust us deeply owing to our capability in offering comprehensive planning and total services.

- (4) Following China's semiconductor policies and capturing local market demands for Chinese market deployment:

The Chinese government has announced the "Outline of the Program for National Integrated Circuit Industry Development" and the "National Integrated Circuit Industry Investment Fund" to drive the construction of foundries and improvement of process technologies. "Made in China 2025" aims to locally produce semiconductors, so the IC manufacturing industry in China vigorously increases its production capacity. In China, we distribute comprehensive products, including all materials and related equipment, facility, water treatment, and environmental engineering projects required by the semiconductor production line. Therefore, we will be more competitive than competitors of single products.

5. Favorable and unfavorable factors for long-term growth and counter measures.

- (1) Favorable factors :

- a. The Group's suppliers of products we distribute as an agent are reputable leading local and offshore manufacturers that are in long-term partnership with us. They offer products with superior quality and are reliable in supply of goods. There was an increase in weighting of revenue from advanced processes of major semiconductor firms. The continued growth in the semiconductor industry will also aid the manufacturing of semiconductor related materials under the joint investment of the Company and the Shin-Etsu Group, therefore affirming the partnership and product/technical support capabilities.
- b. The government's stimulus plan to boost domestic demand and the promulgation of environmental protection laws are beneficial in the development and growth of environmental protection engineering businesses. We hope to leverage on our past experience to grow business in the related fields.
- c. Our maintenance team is equipped with many years of experience and is deeply trusted by our customers. The repair and maintenance staff has stationed at the various plants in the long term. We have a wide-spread distribution network in the related fields (environmental engineering and materials). The latest updates in the various manufacturing plants and news on expansion are easily attainable.
- d. Expand our businesses to overseas market using our professional knowledge and services gained in Taiwan's semiconductor industry to recreate another success story.

- (2) Unfavorable factors :

- a. Concentration of revenue from semiconductor and photoelectric materials/equipment, which are susceptible to economic fluctuations. Especially notable are the uncertainties brought upon by the Covid-19 pandemic and the US-China tech war as well as exchange rate fluctuations.

- b. With the high-tech products distribution being the core of our business operation, the speed in product development, pricing and capacity are restricted by the suppliers.
- c. Lack of talent required for development of new enterprises, new business models and the consumer market.

(3) Counter measures :

- a. Increase added value: proactively improve the level of technical support, and closely connect with upstream and downstream industries to elevate the Group's added value to the supply chain. Committed to the goal of becoming a "Leader in Total Solutions".
- b. Diversify risks: Other than continuing our partnership with suppliers of our primary products, we also worked at expanding the product line and type of services, investing in several product markets that have the potential to grow to effectively diverse risks and fully meet customer demands.
- c. Consolidate offshore sale and product management: implement the product manager system and consolidate the technology and talents in Taiwan and China to further enhance our market developments in the South-East Asian market. Expand the market scale and offer customers the most timely and comprehensive products and services. Ensure the most effective use of resources to maximize the Group's profitability.
- d. Research and develop environmental protection treatment technology: in response to the impending controls to be imposed on wastewater discharge, the Company set up a R&D unit dedicated to the R&D of related treatment process and technology such as ammonia/nitrogen wastewater treatment, zero discharge technology and in-house developed treatment chemicals, and has been growing the business in China.
- e. Improve efficiency and consolidate resources: in an effort to improve profitability, the Group not only develops new products and distribute products with high margins but also stringently implementing the ISO 9001 quality control system and conducting customer satisfaction survey. We differentiate ourselves from our competitors by offering superior services. The Group places high importance in employee training. We consolidate the use of resources to reduce cost of operation, also Set up the Digital Application Development Department to accelerate digital transformation.
- f. Recruit professional talents in related areas to actively grow new businesses.

(II) Major applications and production process of primary products.

1. Major applications of primary products :

(1) Semiconductor product

Product Type	Purpose
Photoresist	A type of photosensitive material in photolithography, the primary purpose of which is to transfer the image on the reticle to the wafer. The TFR is suitable for microelectromechanical process and wafer-grade packaging.
Wafer	Key raw materials used by semiconductor firms to manufacture the IC.
Quartz equipment required for foundry process	Equipment used in foundry processes, such as quartz furnace, quartz boat, quartz container etc.
Various types of packaging	Epoxy resin is a type of high molecule heat resistant

Product Type	Purpose
materials (including liquid packaging materials)	material with primary use in the packaging of IC and passive components. It is used to protect the internal chip from environmental damage while at the same provides effective insulation and heat ventilation.
JCR, Polyimide	Used for coating the chips to protect the electronics, provide insulation and moisture resistance; prevent mechanical impact or exposure to pollutants.
Blanks	Basic materials to manufacture the reticle the function of which is similar to the negatives of photos. It transfers and prints the image on the wafer.
Pellicle	Used to prevent foreign particles from attached to the reticle that result in flaws in the lithography process.
CMP Slurry	Used in semiconductor CMP Oxide/Poly/W/Cu/Barrier/Nitride processes to achieve the best smoothing requirement.
FOUP	Used in 12-inch wafer fab to carry the wafer. Container used for transporting and protecting the products.
FOSB	Container used to transport the 12-inch wafer between the protection plant and the manufacturing plant.
Chemicals and special gas	Used in semiconductor processes including CVD, etching, clean etc.

(2) LED/LCD/Electronic Equipment & Materials

Product Type	Purpose
OSRAM LED	Car and general lighting, iris recognition, distance interrupter, annunciator, torch, handset LCD black light, large LCD black light, outdoor large screen display.
Insulating coating/ conducting coating	Insulating coating is a highly pure insulating materials used in semiconductor IC packaging. The conducting coating is used in the external/internal electrode of chip inductors; Electrical insulating grease is used for insulating the chip resistance.
Conducting materials, silicon conduct rubber, heat seal, IC, silicon rubber for IC testing	Suitable for use in LCD monitor, PCB/FPC or between TAB as a conducting material; hot-pressing of LCM and conductive substrate; silicon rubber used for IC testing is used in fine pitch, high frequency, and high i/o IC
CO2 automatic fire extinguishing system	Primarily used in chemical supply stations and acid tab, acid supply system, waste liquid/solvent cabinets etc. Used in closed machinery, facility or room that contain organic solvents to reduce pollution and maintain cleanliness after fire is extinguished.
Equipment repair, maintenance, and installation	Provide installation, repair and maintenance services and technical support for equipment used in LCD/semiconductor processes

(3) Eco-friendly engineering and plant system

Type of Work	Scope of Application
Wastewater treatment and recycle	Adopt the most economically viable environmental protection technology to apply and research and develop suitable pollution control equipment. The system performs oxidation, restoration, coagulation and flocculation and then precipitate or filter the pollutants in

Type of Work	Scope of Application
	the wastewater. Other than meeting the EPA's discharge standard, the treated wastewater can be recycled. Suitable for use in the wastewater treatment of semiconductor and LCD industries.
Ammonia and nitrogen wastewater treatment system	Treatment and recycling of wastewater that contains nitrogen produced by the foundry, semiconductor, and photoelectric processes to meet regulatory requirements for discharge and reduce the harm of polluting the environment.
Clean room construction	Ensure the cleanliness, moisture level, vibration, flexibility, safety, disaster prevention and energy conservation of the manufacturing environment of semiconductor and photoelectric firms.
Pure water treatment	Supply high-quality pure water for the semiconductor, LCD, and biotech industries.
Environmental protection chemicals	Provide chemical products specifically conditioned for individual customers to treat the industrial wastewater produced by semiconductor and LCD processes to improve the efficiency of the wastewater treatment system and reduce the need to build systems and cost of operation.
Calcium fluoride sludge	Solve the problem of having to treat the calcium fluoride sludge and instead recycle the sludge for reuse by manufacturing it into artificial fluorite for use in the steel industry as flux to reduce energy demand and the cost of treating/disposing of wastes.

(4) Solar energy

Type of Product	Scope of Application
Solar power station	Integrate solar energy engineering services. Offer on-site inspection and measurement, planning and design, installation, test run and testing, repair/maintenance, and warranties as well as rebate application; develop solar energy power generation infrastructure, offer power station repair and maintenance services and power station surveillance system services.
Diamond wire	Solar energy silicon ingot and sapphire ingot slicing/dicing process
Quartz crucible	Crystallization process used in solar energy

2. Production processes of main products : Not applicable.(non-manufacturing industry)

(III) State of supply of main raw materials: Not applicable.(non-manufacturing industry).

(IV) Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales.

1. Major suppliers' information

Unit : NT\$ thousands

Item	2020				2021			
	Name	Amount	Percentage of total purchase(%)	Relationship with issuer	Name	Amount	Percentage of total purchase(%)	Relationship with issuer
1	Supplier A	13,050,821	44.00	None	Supplier A	14,605,999	42.65	None
2	Supplier B	6,219,923	20.97	None	Supplier B	7,837,466	22.89	None
	Other	10,391,223	35.03	-	Other	11,802,050	34.46	-
	Net purchase	29,661,967	100	-	Net purchase	34,245,515	100	-

Note : List the names and procurement amounts and percentages of suppliers whose procurement accounted for more than 10% of the total procurement in the last two years.

Reasons for changes : Strong growth in the semiconductor industry.

2. Major customers' information

Unit : NT\$ thousands

Item	2020				2021			
	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer
1	Client A	8,401,074	23.23	None	Client A	9,725,942	22.79	None
	Other	27,766,920	76.77	-	Other	32,943,024	77.21	-
	Net Sales	36,167,994	100	-	Net Sales	42,668,966	100	-

Note : List the names and sales amounts and percentages of customers that accounted for more than 10% of the total sales in the last two years.

Reasons for changes : None

(V) Output volume and value during the most recent two years Not applicable.(non-manufacturing industry).

(VI) Sales volume and value during most recent two years :

There are many kinds of products with different quantity units. The following only lists the sales value of main products.

Unit : NT\$ thousands

Year	2020				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main Products								
Semiconductor Related Products	-	15,138,023	-	13,657,229	-	17,869,434	-	17,114,340
LED/LCD/Electronics Applications Related Materials	-	1,894,345	-	421,350	-	2,315,376	-	491,372
Environmental Engineering and Facility Systems	-	1,727,225	-	2,766,323	-	2,138,103	-	2,123,193
Solar Related Materials	-	173,485	-		-	188,598	-	
Other	-	390,014	-		-	428,510	-	40
Total	-	19,323,092	-	16,844,902	-	22,940,021	-	19,728,945

### III · Employee Information

Year		2020	2021	As of Mar.31,2022
No. of Employee	Sales and marketing	292	306	298
	Engineering and technical	382	460	464
	Staff	472	506	523
	Total	1146	1272	1285
Average age		37.88	38.21	38.12
Average seniority		5.62	5.54	5.52
Academy ratio	Ph.D	1.13%	0.94%	0.94%
	Master	23.39%	22.49%	22.49%
	College	62.57%	63.52%	63.81%
	Senior High School	11.34%	11.56%	11.21%
	Senior High School or below	1.57%	1.49%	1.55%

### IV · Environmental Protection Expenditure

The Company's primary business activities are the export/import, sale, and agency distribution (including electronics, electrical machinery, high-tech products, pure water, wastewater treatment equipment and cosmetics) of the various types of products. As such, the disclosure of environmental protection expenditure is not applicable. In response to the Restriction of Hazardous Substances promulgated by the European Union, the Company is a non-manufacturing firm and is only a distributor of products therefore our business operations do not fall under the scope of the RoHS, which are not directly applicable at present.

### V · Labor Relations

(I) List of the Company's employee benefits, further education, training, and pension policy and its implementation status as well as labor agreements and measures for protecting employee rights and interests :

1. The Company's employees have the basic benefits covered under the Labor Standard Act and in addition group insurance covers, regular health check-ups, inpatient care subsidy, childcare allowance, subsidy for further education and training, performance bonuses and employee accommodation for females or employees on secondment. The Company also offers employees flexible working hours to assist them achieve work-life balance and mental and physical wellbeing. A dedicated employee welfare committee handles all affairs associated with employee benefits and subsidized company events such as the various social club activities, company trips, family day events, health talks, entertainment, art, and culture events. The committee also handles cash gifts for weddings, childbirth and funerals and gift vouchers for birthdays.
2. The Company has put in place the relevant educational training policies and a comprehensive employee training plan under a learning passport system to enhance employees' competency. We offer employees general knowledge training to foster employees' skills in management, sales, marketing and general skills through internal

training courses and the e-learning and knowledge management platform so that employees are trained across the board of general knowledge and concepts. External professional development training on the other hand elevates employees' professional skills. We also introduced an external digital learning platform to offer a more diverse self-learning path to improve the effectiveness of employees' studying of professional and general knowledge courses. The Company offers subsidies to encourage our management staff to Enrol in EMBA training at the leading universities to foster managerial personnel.

3. The Company has established the "Employee Pension Plan" and makes monthly contributions equivalent to a fixed percentage of an employee's total salary to the pension fund. The "Labor Pension Act" came into effect on 1 July, 2005 applies to employees who chose to be covered under the new pension system under which contributions are made to a pension fund. The Company also offers bereavement compensation in accordance with the company's bereavement policy to surviving spouse and families of an employee who deceased due to illness or accident.
  4. The Company places high emphasis on the harmony of labor relations and offers very smooth communication channels for employee related communications. Other than regularly convening the "labor relations meetings", employees have the option of giving timely feedback and report issues through the weekly bulletin system. The Company also organizes regular staff bonding camp and employee forums to foster staff consensus building and communications. Internal e-Newsletter the Topco Family also give employees information on the Company's latest updates and events.
- (II) Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report and disclosure of potential current and future losses and countermeasures :

There were no labor disputes in the most recent year and up to the publication date of the Annual Report. The Company maintains harmonious labor and management relations. Neither has the Company suffered any loss as a result of labor disputes in the past nor does the Company expect to suffer the aforesaid loss in the future.

## **VI · Cyber security management:**

- (I) State clearly the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity:
- The Company has adopted the cyber security management policy and established the cyber security committee that is chaired by the Chief Executive Officer who is responsible for coordinating with department heads of information, each business unit, internal audit, legal compliance, and risk management, holding regular meetings to announce and inform about cyber security events, making decisions about cyber security matters and further managing and promoting such matters. He or she shall also be present at the risk management committee's meeting to report the implementation status of cyber security on a regular basis and report to the Board of Directors on Dec. 24, 2021 so as to put cyber security management policy into practice, protect information security and rights of stakeholders, and achieve the cyber security goal of "uninterrupted service, no data loss, no leaked information and sustainable business."

From the perspective of risk management, cyber security threats that the Company currently faces include mainly unexpected interruption of service, data loss, confidential information leakage and all sorts of cyberattack, and the Company has taken the following cyber security protective measures:

1. Unexpected interruption of service and data loss: The Company has adopted a hyper-converged host infrastructure, a virtual host for remote backup, and three copies



of data backup on two storage media with one of the copies located offsite. Data backup and recovery and remote backup drills are held on a regular basis to ensure uninterrupted operation and no data loss.

2. Confidential information leakage: The Company has strengthened its authorization management mechanism, and established an authorization management platform to control the real-time authorization status for each system. Confidential documents and key information are controlled by the DLP to restrict copies, downloads and outward mail ensuring the security of confidential information.

3. Cyberattack: The Company has reinforced its firewall defense, increased inspection on cyber activities from high-risk regions, checked updates for anti-virus software and operation system daily and randomly, built functions such as blacklist filter and credit score system to block malicious mail, and promoted the concept of cyber security regularly to prevent threats of cyberattacks. In 2021, it introduced the APT sandbox virus-scanner and BEC phishing email detection and delegated external experts to test the effectiveness of phishing email prevention in order to enhance cyber security protection on corporate emails; it also used a third-party external platform to simulate attacks and detect weaknesses, and corrected the items identified as a significant risk, high risk and moderate risk in the detection result.

(II) State clearly any losses, possible impacts, and countermeasures caused by significant cybersecurity incidents in the year prior to the annual report publication date; if they cannot be reasonably estimated, an explanation must be made as to the fact that they cannot be reasonably estimated: None

## VII · Material Contracts

NATURE OF CONTRACT	COUNTERPARTY	TERM	SUBJECT	RESTRICTION
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU CHEMICAL CO., LTD.	Effective as of 1999 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU ELECTRONICS MATERIALS TAIWAN CO., LTD.	Effective as of 2019 with an automatic renewal term	Product distributor	Confidentiality
SALES REPRESENTATIVE AGREEMENT	SHIN-ETSU HANDOTAI TAIWAN CO., LTD.	Effective until terminated	Sales representative	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU QUARTZ PRODUCTS CO., LTD.	Effective as of 2010 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU OPTO ELECTRONIC CO., LTD.	Effective as of 1999 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU POLYMER CO., LTD.	Effective as of 2001 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	TRI CHEMICAL LABORATORIES INC. · TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC.	Effective as of 2014 until terminated	Product distributor	Confidentiality
SALES REPRESENTATIVE AGREEMENT	MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.	Effective as of 1998 with an automatic renewal term	Product distributor and Sales representative	Confidentiality

NATURE OF CONTRACT	COUNTERPARTY	TERM	SUBJECT	RESTRICTION
DISTRIBUTORSHIP AGREEMENT	NAMICS CORPORATION 、NAMICS TAIWAN CO., LTD.	Effective as of 2011 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	FUJIMI INCORPORATED 、FUJIMI CORPORATION	Effective as of 2007 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	OSRAM OPTO SEMICONDUCTORS (TAIWAN) LTD.	2018~July 2022	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SEKISUI CHEMICAL(TAIWAN) CO., LTD.	Effective as of 2009 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	ANGUILLA ECGAS ASIA CORP. LTD. TAIWAN BRANCH	Effective as of 2019 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	FIRST EXA CO., LTD.	Effective as of 2013 with an automatic renewal term	Product distributor	Confidentiality

## Chapter 6 Financial Information

### I. Condensed Balance Sheet and Statement of Comprehensive Income for the most recent five years

(I) Financial Information-IFRS (Consolidated)

Condensed Balance Sheet – IFRS (Consolidated)

Unit : NT\$ thousands

Item	Year	Financial data for the most recent five years				
		2017	2018	2019	2020	2021
Current assets		9,804,510	11,445,655	12,931,640	14,434,470	16,897,367
Property, plant and equipment (Note 1 )		3,460,877	3,589,700	3,647,237	3,458,339	3,674,432
Intangible assets		41,717	63,345	59,532	52,223	516,011
Other assets		1,561,878	2,138,705	3,001,095	3,506,683	4,086,633
Total assets		14,868,982	17,237,405	19,639,504	21,451,715	25,174,443
Current liabilities	Before distribution	6,463,519	7,740,245	8,736,164	9,442,241	11,510,093
	After distribution	7,226,657	8,703,253	9,917,211	10,895,838	13,109,049
Non-current liabilities		824,896	910,592	1,372,226	1,421,160	1,785,702
Total liabilities	Before distribution	7,288,415	8,650,837	10,108,390	10,863,401	13,295,795
	After distribution	8,051,553	9,613,845	11,289,437	12,316,998	14,894,751
Equity attributable to owners of parent		7,571,629	8,560,969	9,512,214	10,573,627	11,596,572
Capital		1,816,996	1,816,996	1,816,996	1,816,996	1,816,996
Capital surplus		2,340,746	2,340,679	2,340,676	2,340,779	2,345,202
Retained earnings	Before distribution	3,453,037	4,164,150	4,917,348	5,766,816	6,604,677
	After distribution	2,689,899	3,201,142	3,736,301	4,313,219	5,005,721
Other equity		(39,150)	239,144	437,194	649,036	829,697
Treasury stock		-	-	-	-	-
Non-controlling interests		8,938	25,599	18,900	14,687	282,076
Total equity	Before distribution	7,580,567	8,586,568	9,531,114	10,588,314	11,878,648
	After distribution	6,817,429	7,623,560	8,350,067	9,134,717	10,279,692

Note 1: Property, plant and equipment consists of perperty, plant and equipment, investment property and prepayments for business facilities.

Note 2: The 2021 earnings distribution was approved by Board Meeting on Mar 15,2022.

Condensed Statement of Comprehensive Income - IFRS (Consolidated)

Unit : NT\$ thousands

Item \ Year	Financial data for the most recent five years				
	2017	2018	2019	2020	2021
Operating revenues	23,781,012	28,861,199	31,700,516	36,167,994	42,668,966
Gross profit	2,937,307	3,403,262	3,919,105	4,305,042	5,212,496
Operating income	1,213,786	1,520,415	1,845,363	2,061,711	2,551,917
Non-operating income and expenses	104,419	274,562	362,836	497,715	487,932
Profit from continuing operations before tax	1,318,205	1,794,977	2,208,199	2,559,426	3,039,849
Profit	998,706	1,381,588	1,716,953	2,065,325	2,300,960
Other comprehensive income (loss), net of taxes	(26,003)	4,580	191,956	174,007	177,661
Total comprehensive income (loss)	972,703	1,386,168	1,908,909	2,239,332	2,478,621
Net profit attributable to Owners of Parent	997,625	1,404,675	1,722,308	2,068,350	2,294,458
Profit attributable to non-controlling interests	1,081	(23,087)	(5,355)	(3,025)	6,502
Comprehensive Income (Loss) Attributable to Owners of the Parent	971,622	1,409,255	1,914,264	2,242,357	2,472,119
Total comprehensive income (loss) attributable to non-controlling interests	1,081	(23,087)	(5,355)	(3,025)	6,502
Earnings per Share (NT\$)	5.98	7.73	9.48	11.38	12.63

## (II) Financial Information – IFRS (Standalone)

## Condensed Balance Sheet – IFRS (Standalone)

Unit : NT\$ thousands

Item	Year	Financial data for the most recent five years				
		2017	2018	2019	2020	2021
Current assets		4,725,212	4,684,748	5,925,384	6,953,317	6,967,599
Property, plant and equipment (Note 1)		2,319,527	2,373,103	2,386,776	2,172,346	2,148,800
Intangible assets		28,943	52,928	51,555	50,048	55,880
Other assets		4,301,457	5,282,958	6,386,306	7,231,875	8,666,248
Total assets		11,375,139	12,393,737	14,750,021	16,407,586	17,838,527
Current liabilities	Before distribution	3,447,838	3,356,092	4,604,880	5,216,807	5,575,346
	After distribution	4,210,976	4,319,100	5,785,927	6,670,404	7,174,302
Non-current liabilities		355,672	476,676	632,927	617,152	666,609
Total liabilities	Before distribution	3,803,510	3,832,768	5,237,807	5,833,959	6,241,955
	After distribution	4,566,648	4,795,776	6,418,854	7,287,556	7,840,911
Equity attributable to owners of parent		-	-	-	-	-
Capital		1,816,996	1,816,996	1,816,996	1,816,996	1,816,996
Capital surplus		2,340,746	2,340,679	2,340,676	2,340,779	2,345,202
Retained earnings	Before distribution	3,453,037	4,164,150	4,917,348	5,766,816	6,604,677
	After distribution	2,689,899	3,201,142	3,736,301	4,313,219	5,005,721
Other equity		(39,150)	239,144	437,194	649,036	829,697
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	7,571,629	8,560,969	9,512,214	10,573,627	11,596,572
	After distribution	6,808,491	7,597,961	8,331,167	9,120,030	9,997,616

Note 1: Property, plant and equipment consists of property, plant and equipment, investment property and prepayments for business facilities.

Note 2: The 2021 earnings distribution was approved by Board Meeting on Mar 15, 2022.

Condensed Statement of Comprehensive Income

Unit : NT\$ thousands

Item	Year	Financial data for the most recent five years				
		2017	2018	2019	2020	2021
Operating revenues		15,208,741	15,882,227	18,836,684	20,607,815	23,916,564
Gross profit		2,047,599	2,321,391	2,478,861	2,624,388	2,884,370
Operating income		1,008,626	1,181,184	1,258,501	1,261,558	1,355,559
Non-operating income and expenses		207,874	514,648	793,393	1,065,590	1,311,674
Profit from continuing operations before tax		1,216,500	1,695,832	2,051,894	2,327,148	2,667,233
Profit		997,625	1,404,675	1,722,308	2,068,350	2,294,458
Other comprehensive income (loss), net of taxes		(26,003)	4,580	191,956	174,007	177,661
Total comprehensive income (loss)		971,622	1,409,255	1,914,264	2,242,357	2,472,119
Earnings per Share (NT\$)		5.98	7.73	9.48	11.38	12.63

(II) The names of CPA and their opinions for the most recent five years

Year	CPA	Opinion and content
2017	KPMG / Yiu-Kwan Au & Kuan-Ying Kuo	Unqualified opinion
2018	KPMG / Yiu-Kwan Au & Kuan-Ying Kuo	Unqualified opinion
2019	KPMG / Yiu-Kwan Au & Szu-Chuan Chien	Unqualified opinion
2020	KPMG / Yiu-Kwan Au & Szu-Chuan Chien	Unqualified opinion
2021	KPMG / Yiu-Kwan Au & Szu-Chuan Chien	Unqualified opinion

## II. Financial analysis for the most recent five years

### (I) Financial Analysis – IFRS (Consolidated)

Item analyzed		Year	Financial analysis for the most recent five years				
			2017	2018	2019	2020	2021
Financial structure	Ratio of debts to assets (%)		49.02	50.19	51.47	50.64	52.81
	Ratio of long-term capital to property, plant, and equipment (%)		247.41	269.28	309.65	366.57	371.88
Liquidity	Current ratio (%)		151.69	147.87	148.02	152.87	146.80
	Quick ratio (%)		110.73	113.26	109.67	118.61	117.55
	Interest coverage ratio		53.04	73.54	73.00	95.20	89.81
Operating ability	Receivables turnover rate (times)		6.21	5.56	5.34	5.72	5.89
	Average collection days for receivables		58.77	65.64	68.35	63.81	61.96
	Inventory turnover rate (times)		7.60	8.46	8.16	8.57	10.28
	Payable turnover rate (times)		5.20	5.52	5.07	5.46	5.53
	Average days for sales		48.02	43.14	44.73	42.59	35.50
	Property, plant and equipment turnover rate (times)		6.60	7.03	7.68	9.15	10.51
	Total asset turnover rate (times)		1.53	1.52	1.47	1.51	1.61
Profitability	Return on assets (%)		7.25	8.73	9.44	10.16	9.99
	Return on equity (%)		14.28	17.09	18.95	20.53	20.48
	Ratio of profit before income tax to paid-in capital (%)		72.55	98.79	121.53	140.86	167.30
	Profit margin (%)		4.63	5.68	6.34	6.64	6.14
	Earnings per share (NT\$)		5.98	7.73	9.48	11.38	12.63
Cash flow	Cash flow ratio (%)		12.74	14.13	20.12	21.25	22.56
	Cash flow adequacy ratio (%)		68.29	70.55	74.45	88.70	98.89
	Cash flow reinvestment ratio (%)		-0.07	3.50	7.43	6.75	8.00
Leverage	Operating leverage		2.05	1.95	1.88	1.85	1.81
	Financial leverage		1.02	1.02	1.02	1.01	1.01
Explanations on changes in various financial ratios in the most recent two years : The variance is less than 20%.							

Note 1: The financial data for the above years has been audited and attested by CPAs.

Note 2: The formulas for financial analysis calculations are as follows:

(1) Financial structure:

- a. Debt to asset ratio = Total Liabilities / Total Assets
- b. Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

(2) Liquidity:

- a. Current Ratio = Current Assets / Current Liabilities
- b. Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities
- c. Time interest earned = net income before income tax and interest expense / current interest expense.

(3) Operating ability:

- a. Average Collection Turnover = Net Sales / Average Trade Receivables (including all accounts receivable and all notes receivable resulting from trade)
- b. Average Collection Days = 365 / Average Collection Turnover
- c. Inventory turnover ratio = cost of goods sold / average amount of inventory.
- d. Average Payables Turnover = Cost of Sales / Average Trade Payables (including all accounts payable and all notes payable resulting from trade)
- e. Average Inventory Turnover Days = 365 / Average Inventory Turnover
- f. Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
- g. Fixed assets turnover ratio = net sales / total average fixed assets.

(4) Profitability:

- a. Return on Total Assets = (Net Income + Interest Expenses \* (1-Effective Tax Rate)) / Average Total Assets
- b. Return on Equity = Net Income / Average Equity
- c. Net profit margin = after-tax profit / net operating income.
- d. Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

(5) Cash flows:

- a. Cash flow ratio = new cash flows from operating activities / current liabilities.
- b. Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
- c. Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other noncurrent assets + working capital).

(6) Leverage:

- a. Operating leverage = (net operating revenue – variable operating cost and expenses) / operating profit.
- b. Financial leverage = operating profit / (operating profit – interest expense).



## (II) Financial Analysis-IFRS (Standalone)

Item analyzed		Year	Financial analysis for the most recent five years				
		2017	2018	2019	2020	2021	
Financial structure	Ratio of debts to assets (%)	33.44	30.93	35.51	35.56	34.99	
	Ratio of long-term capital to property, plant, and equipment (%)	341.76	549.49	425.06	515.15	570.70	
Liquidity	Current ratio (%)	137.05	139.59	128.68	133.29	124.97	
	Quick ratio (%)	95.12	93.00	92.29	96.80	90.97	
	Interest coverage ratio	191.47	772.18	456.27	386.74	277.34	
Operating ability	Receivables turnover rate (times)	6.90	6.86	6.80	6.32	6.82	
	Average collection days for receivables	52.89	53.23	53.70	57.80	53.49	
	Inventory turnover rate (times)	8.87	9.05	10.08	10.06	11.06	
	Payable turnover rate (times)	5.55	6.11	6.19	5.82	6.61	
	Average days for sales	41.15	40.32	36.21	36.29	33.01	
	Property, plant and equipment turnover rate (times)	6.31	6.48	7.44	8.71	10.66	
	Total asset turnover rate (times)	1.29	1.28	1.33	1.27	1.34	
Profitability	Return on assets (%)	9.22	11.83	12.72	13.31	13.44	
	Return on equity (%)	14.29	17.41	19.06	20.60	20.70	
	Ratio of profit before income tax to paid-in capital (%)	66.95	93.33	112.93	128.08	146.79	
	Profit margin (%)	6.82	9.24	9.52	10.42	9.96	
	Earnings per share (NT\$)	5.98	7.73	9.48	11.38	12.63	
Cash flow	Cash flow ratio (%)	19.58	27.50	34.35	32.86	34.65	
	Cash flow adequacy ratio (%)	68.39	64.59	68.82	72.19	78.72	
	Cash flow reinvestment ratio (%)	-1.89	1.85	5.91	4.61	3.79	
Leverage	Operating leverage	1.70	1.65	1.68	1.78	1.83	
	Financial leverage	1.01	1.00	1.00	1.00	1.01	
<p>Explanations on changes in various financial ratios in the most recent two years :</p> <p>1. Interest coverage ratio: The decrease was due to increase of interest expenses of financing for business needs.</p> <p>2. Property, plant and equipment turnover rate (times): The increase was caused by increased in revenues in 2021.</p>							

Note 1: The financial data for the above years has been audited by CPAs.

### III · Audit Committee's Report for the Most Recent Year

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

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements and proposal for Earnings Distribution. Consolidated and parent company only Financial Statements have been audited and certified by Au, Yiu Kwan, CPA, and Chien, Szu Chuan, CPA, of KPMG and audit reports relating to the Financial Statements have been issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TOPCO SCIENTIFIC CO., LTD. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

TOPCO SCIENTIFIC CO., LTD.

Chairman of the Audit Committee: Chen Linsen

*Chen Linsen*

March 15, 2022

**IV 、 Financial statements for the most recent year (Page 114)**

**V 、 Financial statements of the parent company for the most recent year audited by the CPA (Page 114)**

**VI 、 The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of the annual report: None**

## Chapter 7 Review of Financial Conditions, Operating Results, and Risk Management

### I · Financial position analysis:

#### Comparative analysis of financial status

Unit : NT\$ thousands

Item	Year	2021	2020	Difference	
				Amount	%
Current assets		16,897,367	14,434,470	2,462,897	17
Property, plant and equipment		3,674,432	3,458,339	216,093	6
Intangible assets		516,011	52,223	463,788	888
Other assets		4,086,633	3,506,683	579,950	17
Total assets		25,174,443	21,451,715	3,722,728	17
Current liabilities		11,510,093	9,442,241	2,067,852	22
Non-current liabilities		1,785,702	1,421,160	364,542	26
Total liabilities		13,295,795	10,863,401	2,432,394	22
Capital		1,816,996	1,816,996	0	0
Capital surplus		2,345,202	2,340,779	4,423	0
Retained earnings		6,604,677	5,766,816	837,861	15
Other Equity and Non-controlling interests		1,111,773	663,723	448,050	68
Total equity		11,878,648	10,588,314	1,290,334	12
Explanation for Variance (if the variance is 20% or more):					
1. Increase in intangible assets, current liabilities, and other equity and non-controlling interests: The increase was due to the acquisition of subsidiaries in 2021.					
2. Increase in non-current liabilities: The increase was caused by the increase of long-term debt for the business needs.					

## II、Financial performance

### (I)Financial performance analysis

Unit : NT\$ thousands

	2021	2020	Difference	
			Amount	%
Operating revenues	42,668,966	36,167,994	6,500,972	18
Operating costs	37,456,762	31,863,244	5,593,518	18
Unrealized profit (Loss)	292	292	0	0
Gross profit	5,212,496	4,305,042	907,454	21
Operating expenses	2,660,579	2,243,331	417,248	19
Operating income	2,551,917	2,061,711	490,206	24
Non-operating income and expenses	487,932	497,715	(9,783)	(2)
Profit from continuing operations before tax	3,039,849	2,559,426	480,423	19
Income tax expenses	738,889	494,101	244,788	50
Profit	2,300,960	2,065,325	235,635	11
Explanation for Variance (if the variance is 20% or more): The increase of gross profit, operating income and income tax expenses was mainly due to increase of revenues.				

(II)Expected sales volume and its basis, potential impact on the company's future financial position and business operations, and response plan :

The revenue will continue to grow in 2022 based on the current status of orders receiving.

## III、Cash flow

Analysis of changes in cash flow in 2021

Unit : NT\$ thousands

Cash and cash Equivalents, Beginning of Year (A)	Net cash Flow from operating activities (B)	Cash Outflow (C)	Cash Surplus(Deficit) Cash Balance (A)+(B)+(C)	Remedial measures for cash deficit	
				Investment plan	Financial plan
3,371,555	2,596,866	(2,216,857)	3,751,564	-	-
1. Analysis of changes in cash flow in 2020 : (1) Operating activities: The net cash inflow from operating activities was NT\$2.5 billion. The cash inflow remained steady primarily due to stable profits. (2) Investing activities: The net cash outflow from investing activities was NT\$0.9 billion primarily the purchase of property, plant and equipment, common stocks and acquisition of subsidiaries. (3) Financing activities: The net cash outflow from financing activities was NT\$1.2 billion, mainly resulting from payment of cash dividend. (4) Effect of exchange rate changes on cash and cash equivalent: Increased NT\$30 million. 2. Remedy for cash deficit and liquidity analysis: Not applicable to TOPCO 3. Liquidity analysis: The current ratio is 146.80% and in good financial health.					

IV、Effect of major capital spending on financial position and business operations: None.

**V · Investment policy in the recent year, main reason of investment gain or loss, improvement plan and future investment plan.**

Unit : NT\$ thousands

item name	Investment Gain ( Loss)	Business strategy	Main reason of investment gain or loss	Improvement plan	Investment plan in the future
Topco Quartz Co.,Ltd	386,333	To maintain its better quality than competitors	Its business and profitability are both stable.	Quality enhancement	Business oriented
Fortune Co.,Ltd	30,799	To focus on its waste disposal Related business	Its business and profitability are both stable.	Efficiency enhancement	Business oriented
Yilan Anyong Lohas Co., Ltd.	(19,102)	To make the diamond grade green building a multi-functional tourism factory(technology ,entertainment,culture and delicious food)	With the adjustment of business strategy, the loss is reduced.	Business positioning and tourism sales channel increasing	Business oriented
Anyong Freshmart, INC.	(28,020)	To be the leader of health oriented compound supermarket	The number of branches dose not reach the economic scale.	Open new stores and strengthening on-line businesses	Business oriented
Anyong Biotechnology, INC.	(41,537)	To emphasize the excellent qualities of the CAS frozen aquatic products	The production volume dose not reach the economic scale.	To expand its export business	Business oriented

**VI · Analysis of Risk Management :**

(I)Impact of interest rate/exchange rate fluctuations and inflation on the Company's profit and loss and future countermeasures :

1. Interest rate fluctuation:

The Company's interest rate risks primarily originate from financial assets and liabilities that are on variable interest rates. Calculated on the basis of the Company's open positions as at 31 December, 2021, an increase/decrease of 0.25% in interest rate will result in an increase/decrease of NT\$ 4,341 thousand in the Company's before tax income on 31 December, 2021.

In an effort to risk interest rate risks, the Company constantly monitors interest rate fluctuations and are in close contact with financial institutions to secure the more favorable interest rates where possible.

2. Exchange rate fluctuation:

The Company's exchange rate risks primarily originate from our business operations, predominantly in the exchange rate fluctuations in USD and JPY. Calculated on the basis of the Company's open positions as at 31 December, 2021, where there was an 5% appreciation/depreciation in the USD and JPY against our main functional currency, the Company's before tax income will decrease/increase by NT\$67,434 thousand on 31 December 2021.

In an effort to reduce exchange rate risks, the Company undertakes foreign exchange transactions with the primary purpose of fulfilling the foreign currency requirements arising from the Company's purchase and sale of goods and does not do so for

speculating purposes.

3. Inflation:

The transaction cycle of the Company's business activities is short, and no significant inflation was reported in the domestic or global economy therefore was no significant impact on the Company's profit or loss as a result of inflation.

(II) Policies for high-risk, high-leverage investments, loan to others, endorsements, guarantees, and derivatives transaction, main reasons for the profits or losses generated thereby, and countermeasures :

1. The company has not engaged in high-risk investments or investments with a high-gearing ratio.
2. Loan to others and endorsements and guarantees provided by the Company to others are handled in accordance with the Company's "Procedures for Loan to Others and Endorsements and Guarantees" . A logbook has been maintained in accordance with regulatory requirements for regular inspection to manage risks.
3. Derivative transactions undertaken by the Company were primarily to hedge against the risks arising from business related foreign currency transactions and are not for speculating purposes.

(III) Research and development (R&D) projects and estimated R&D expenditures:

The Topco Scientific Group will continue our past R&D momentum and devote resources to the R&D of new product and technology. Especially given that explosive growth is expected in the future AI, 5G, electric car and autopilot driving markets, the demand for advancement in the semiconductor and photoelectric process technology will certainly increase as well as the demand for semiconductor and photoelectric products. The Group will develop the corresponding application materials to meet customer demands; and on the other hand, will maintain our commitment to promoting energy thus further invest in the R&D of green technology and technology related the circular economy. Total budget for R&D expenditure for 2022 was NT\$ 104,052 thousand, representing an increase of 2.8% against 2021.

(IV) Impacts of changes in domestic and foreign government policies and laws on the Company's financial operations, and future countermeasures:

The Company's conducts business in accordance with the relevant laws and regulations, closely monitors the relevant updates and consult with professional agencies and experts for advice. The Company also participates in training, workshops, and seminars to stay on top of updates on important policies to respond with agility to changes.

(V) Impacts of industry and technology changes to the Company's financial operations, and future countermeasures:

The Company has solid finances and offers a wide array of products therefore is sheltered from the impacts of industry and technology changes. The countermeasures taken below are aimed at mitigating risks arising from cyclical fluctuations and improving operating performance:

1. Extensively source industry news, interpret information, judge business fluctuations and industry trends to adjust business strategies in a timely manner.
2. Closely monitor customer requirements and product trends to develop potential products, adding new products to the existing line of products being distributed.
3. Cybersecurity risk management please refer to Page 85.

(VI) Impacts of changes in corporate image on the company's crisis management and future Countermeasures:

The Company maintains a sound corporate image. There has been no harmful media report on the Company.

(VII) Expected benefits and potential risks related to mergers and acquisitions: None as there has been no merger or acquisition taken place.

- (VIII) Expected benefits and potential risks of capacity expansion: None as the Company has not expanded its production facility.
- (IX) Risk of procurement and sales concentration, and future countermeasures:
1. Purchase: constantly monitor the inventory level to increase the inventory turnover rate and reduce the risks of inventory buildup. Actively searching for other suppliers to diversify risks associated with concentration of product suppliers.
  2. Sale: maintain sound customer relationship, closely monitor of customer requirements and act proactively to avoid concentration of supply of goods to customers.
- (X) Impacts and risks arising from major transfer or replacement of shares by Directors, Supervisors, or shareholders with over 10% of shares in the Company:  
The Company does not have major shareholders who hold a stake of greater than 10 percent. There has been no major transfer of shares owned by any director or supervisor.
- (XI) Impact of change in Company management and associated risks: None.
- (XII) Litigious or non-litigious matters  
Any major litigious, non-litigious or administrative disputes that involve the Company and/or any company director, any company supervisor, the managing director, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company and have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities up until the publication date of the Annual Report: None.
- (XIII) Other significant risks and countermeasures: None.

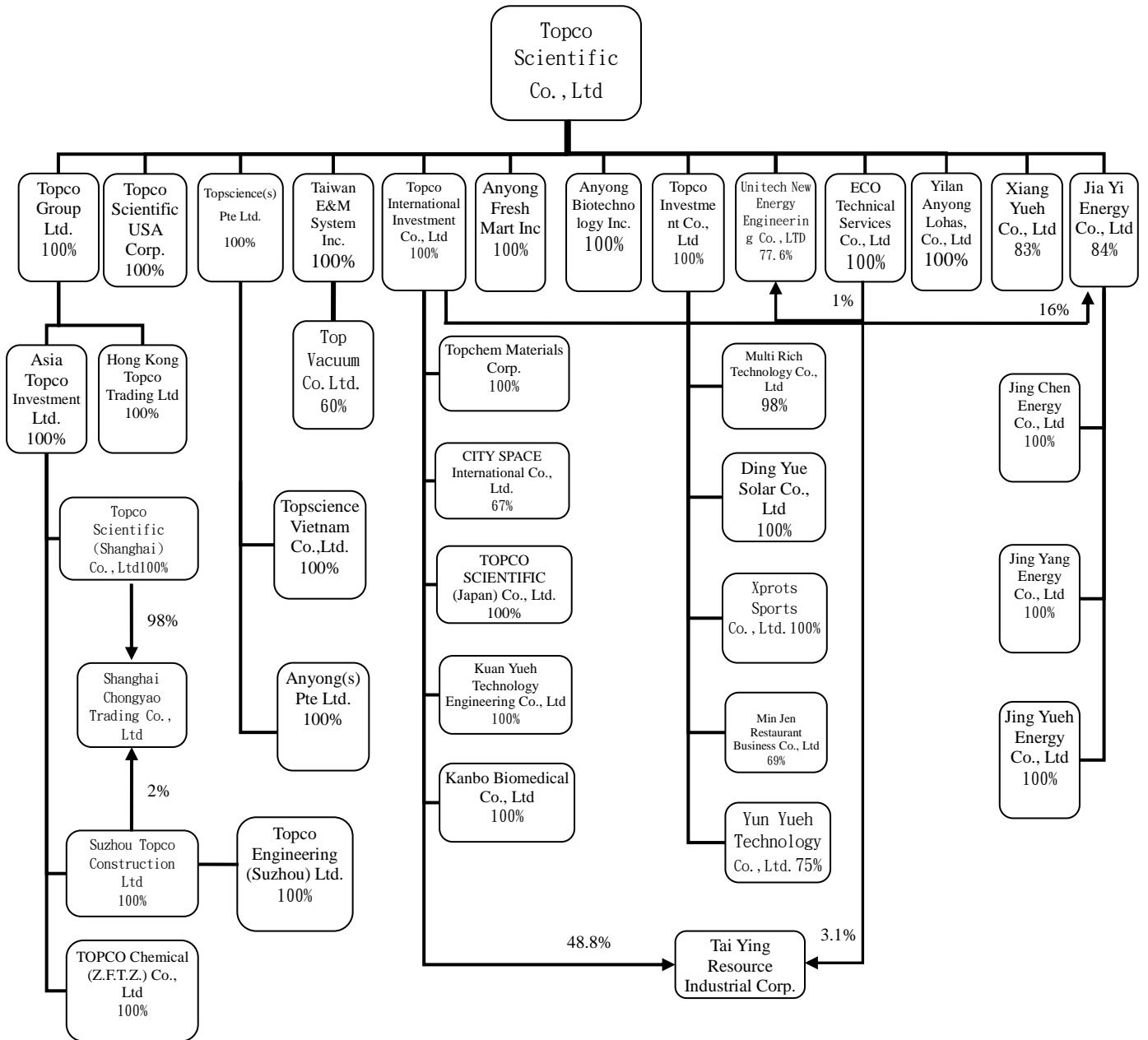
**VII • Other important matters: None**



## Chapter 8 Special Disclosure

### I. Information about affiliates

#### (I) Organization chart of affiliates (Dec.31,2021)



## (II) Summary of Affiliated Companies

Unit:NT\$(US\$,JPY,RMB,EUR,SGD,VND) thousands  
As of Dec.31,2021

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Activities
Taiwan E&M System Inc.	11/1/2001	1F, 16, Zhanye 2 <sup>nd</sup> Rd., Hsinchu Science Park, Hsinchu City, Taiwan	NT\$425,000	Sales of electronic material
Topco International Investment Co., Ltd.	9/9/2005	2F, No. 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$504,927	Investment
Topco Investment Co., Ltd.	9/12/2005	2F, No. 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$110,000	Investment
Topco Scientific(Japan) Co., Ltd.	10/24/2006	TOC Bldg, 7-22-17 Nishi-Gotanda, Shinagawa-Ku, Tokyo, Japan	JPY 50,000	Sales of facilities of semiconductor and clean room
Topco Group Ltd.	3/11/2003	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	US\$15,518	Investment
City Space International Co., Ltd.	12/22/2005	11F-2, No. 6, Sec. 1 XinSheng S. Rd., ZhongZheng Dist., Taipei City, Taiwan	NT\$19,000	Wholesale and sales of cosmetic
Asia Topco Investment Ltd.	3/20/2003	3rd Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius	US\$13,086	Investment
Topscience (S) Pte Ltd.	5/10/1997	140 Paya Lebar Rd, #08-03, AZ@Paya Lebar, Singapore	SGD 3,153	Sales of parts of semiconductor and optoelectronic industries
Topscience Vietnam Co., Ltd.	6/19/2019	11 <sup>th</sup> Floor, 14 Lang Ha street, Thanh Cong ward, Ba Dinh dist., Hanoi, Vietnam	VND29,912,500	Sales of parts of semiconductor and optoelectronic industries
Anyong(s) Pte. Ltd.	10/18/2018	140 Paya Lebar Rd, #08-03, AZ@Paya Lebar, Singapore	SGD 0.002	Wholesale of fishery products
Topco Scientific (Shanghai) Co., Ltd.	7/10/2003	D11 3F, No. 231 North Fute Rd., Pilot Free Trade Zone, Shanghai, China	RMB 61,978	Wholesale of semiconductor material and electronic material
Shanghai Chongyao Trading Co., Ltd.	8/22/2012	Room 1002, 10F, Building 5, No. 2388 ChenHang Rd., Minhang Dist., Shanghai City, China	RMB 13,000	Wholesale of semiconductor material and electronic material
Topco Chemical (Z.F.T.Z.) Co., Ltd.	5/5/2017	Room 1923 Petrochemical Trading Building Zhangjiagang Free Trade	RMB 3,000	Wholesale and sales of chemical products

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Activities
		Zone, Suzhou, Suzhou City Jiangsu Province, China		
Hong Kong Topco Trading Limited	10/9/2008	Unit(SH)2,LG 1,Mirror Tower, 61 Mody Road, Tsim Sha Tsui, Kowloonn,Hong Kong	US\$1,500	Wholesale of semiconductor material and electronic material
Topco Engineering (Suzhou)Ltd	8/12/2019	Room 512, Yuanhe building, 959 Jiayuan Road, Xiangcheng District, Suzhou City Jiang Su Province, China	RMB20,000	Water purification and cleanroom construction
Suzhou Topco Construction Ltd.	2/24/2005	Room 508, No. 959, Jia Yuan Rd., Xiangcheng Dist., Suzhou City Jiang Su Province, China	RMB20,786	Water purification and cleanroom construction
ECO Technical Services Co., Ltd.	9/8/2008	4F, No. 483, Sec. 2 Tiding Blvd., Neihu dist., Taipei City, Taiwan	NT\$375,000	Water purification and construction of dust-proof room
Kuan Yueh Technology Engineering Co., Ltd.	10/9/2008	3F-10, No. 12 Fuxing 4 <sup>th</sup> Rd., Qianghen Dist., Kaohsiung City, Taiwan	NT\$164,390	Development of renewable energy projects
Jia Yi Energy Co., Ltd.	10/13/2008	3F-10, No. 12 Fuxing 4 <sup>th</sup> Rd., Qianghen Dist., Kaohsiung City, Taiwan	NT\$283,293	Manufacture of machinery and electronic spare parts
Kanbo Biomedical Co., Ltd.	5/25/2010	5F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$10,000	Sales of health food products
Anyong Fresh Mart Inc.	11/9/2012	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$308,000	Wholesale and retail sales of fishery and food products
Anyong Biotechnology Inc.	4/11/2012	No. 10, Nanliao Rd., Mituo dist., Kaohsiung City, Taiwan	NT\$250,000	Aquaculture and strategic partnership with fish processing
Jing Chen Energy Co., Ltd.	1/20/2011	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$75,855	Development of renewable energy projects
Jing Yang Energy Co., Ltd.	5/11/2012	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$71,951	Development of renewable energy projects
Topchem Materials Corp.	5/11/2012	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$55,000	Antifouling surface protection, light-blocking material and the manufacture of other chemicals

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Activities
Multi Rich Technology Co., Ltd.	1/20/1999	3F., No. 28, Ln. 513, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$21,000	Wholesale of fishery products
Xiang Yueh Co., Ltd.	5/27/2014	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$56,900	Waste disposal
Jing Yueh Energy Co., Ltd.	12/8/2014	4F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$75,131	Development of renewable energy projects
Ding Yue Solar Co., Ltd.	9/21/2015	3F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$9,000	Development of renewable energy projects
Yilan Anyong Lohas, Co., Ltd.	5/5/2016	No. 415, Sec. 2, zhongshan Rd., Suao Towership, Yilan County, Taiwan	NT\$217,000	Restaurant and retail sales of food products
Xports Sports Co., Ltd.	10/14/2016	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$4,500	Sports service
Min Jen Restaurant Business Co., Ltd.	7/20/2017	4F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$25,000	Restaurant
Top Vacuum Co., Ltd	5/5/2000	No. 2, Ln. 94, Qianjia Rd., East Dist., Hsinchu City, Taiwan	NT\$100,000	Vacuum pump equipment maintenance
Yun Yueh Technology Co., Ltd	7/15/2021	No. 168-7, Anhe Rd., Xitun Dist., Taichung City, Taiwan	NT\$865	Aquaculture and wholesale and sales of fishery products
Tai Ying Resource Industrial Crop.	10/2/2012	No. 83-1, Xinle St., Gangshan Dist., Kaohsiung City, Taiwan	NT\$220,000	Waste Disposal Industry
Unitech New Energy Engineering Co., Ltd	10/20/1989	No. 77-17, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$10,000	Environment-related engineering planning, assessment, supervision and monitoring
Topco Scientific USA Corp.	5/18/2021	295 W Azalea Dr., Chandler, AZ 85248, USA	US\$500	Wholesale of semiconductor material

(III) Shareholders in common of TOPCO and Its subsidiaries with Deemed Control and Subordination: None

(IV) Business scope of the Company and its Affiliated Companies :

Business scope of TOPCO and its affiliates include the trading of electronics products, high technology products and related materials and facilities, pollution prevention equipment, the design and installation of water purification and recycling systems, solar energy materials and providing solar energy system integration services, wholesale of fishery products, retail sales of food products, waste disposal industry, and environment-related engineering planning, assessment, supervision and monitoring, etc.

## (V) Directors, Supervisors, and Presidents of Affiliated Companies :

Unit: Share  
As of Dec.31,2021

Name of Business	Title	Name	Share holding	
			Shares	%
Taiwan E&M System Inc	Chairman	TOPCO Scientific Co., Ltd Rep: Simon Tseng	42,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Daniel Wu	42,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Martin Chang	42,500,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	42,500,000	100%
Topco International Investment Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Charles Lee	50,492,720	100%
	Director	TOPCO Scientific Co., Ltd Rep: Simon Tseng	50,492,720	100%
	Director	TOPCO Scientific Co., Ltd Rep: James Wang	50,492,720	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	50,492,720	100%
Topco Investment Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Joyce Lu	11,000,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Charles Lee	11,000,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Simon Tseng	11,000,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	11,000,000	100%
CITY SPACE International Co., Ltd	Chairman	Topco International Investment Co., Ltd Rep: Della Huang	1,266,667	66.67%
	Director	Topco International Investment Co., Ltd Rep: Gianni Chen	1,266,667	66.67%
	Director	Kent Liao	129,251	6.80%
	Supervisor	Chihkai Chang	-	-
TOPCO SCIENTIFIC (Japan) Co., Ltd	Chairman	J.W. Kuo	-	-
	Director	Simon Tseng	-	-
	Director	Johnny Huang	-	-
	Director	HIRATA MITSUHIRO	-	-
	Supervisor	Joyce Lu	-	-
			Topco Int'l Investment hold 5000 shares	100%
TOPCO GROUP LTD.	Director	TOPCO Scientific Co., Ltd Rep: Joyce Lu	15,518,000	100%

Name of Business	Title	Name	Share holding	
			Shares	%
TOPSCIENCE (S) PTE LTD	Chairman Director Director	Charles Lee Dennis Chen Daniel Yang	- - -	- - -
			Topco invests NT\$336,107,634	100%
Topsience Vietnam Co., Ltd	Chairman Director Director	Daniel Yang Reggie Liu Chris Cheng	- - -	- - -
			Topsience(s) Pte invests VND29,912,500,000	100%
Anyong(s) Pte. Ltd	Director	Daniel Yang	-	-
			Topsience(s) Pte invests SGD2	100%
ASIA TOPCO INVESTMENT LTD.	Director	TOPCO GROUP LTD. Rep: Joyce Lu	13,086,059	100%
Topco Scientific (Shanghai) Co., Ltd	Chairman Director Director Supervisor	Simon Tseng Charles Lee Eugene Lee Joyce Lu	- - - -	- - - -
			ASIA Topco Investment invests USD6,800,000	100%
Shanghai Chongyao Trading Co., Ltd	Chairman Director Director Supervisor	Jeffery Pan Steve Tan Simon Tseng Eugene Lee	- - - -	- - - -
			Topco Scientific (Shanghai) invests RMB12,700,000	98%
			Suzhou Topco Construction invests RMB300,000	2%
Hong Kong Topco Trading Limited	Chairman Director	Simon Tseng Eugene Lee	- -	- -
			ASIA Topco Investment holds 1,500,001 shares	100%
Topco Engineering (Suzhou) Ltd	Director Supervisor	Steve Tan Dongmeng Wu	- -	- -
			Suzhou Topco Construction invests RMB20,000,000	100%

Name of Business	Title	Name	Share holding	
			Shares	%
Topco Suzhou Construction Ltd	Chairman	Jeffery Pan	-	-
	Director	Eugene Lee	-	-
	Director	James Wang	-	-
	Supervisor	Gianni Chen	-	-
			ASIA Topco Investment invests USD2,700,000	100%
TOPCO Chemical (Z.F.T.Z.) Co., Ltd	Chairman	Steve Tan	-	-
	Supervisor	Joyce Lu	-	-
			ASIA Topco Investment invests USD442,844	100%
ECO Technical Services Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Robert Lai	37,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: James Wang	37,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Johnny Huang	37,500,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Gianni Chen	37,500,000	100%
Kuan Yueh Technology Engineering Co., Ltd	Director	Topco International Investment Co., Ltd Rep: Charles Lee	16,439,007	100%
	Supervisor	Topco International Investment Co., Ltd Rep: Della Huang	16,439,007	100%
Jia Yi Energy Co., Ltd	Chairman	Topco International Investment Co., Ltd Rep: IngSan Huang	4,584,598	16.18%
	Director	Topco International Investment Co., Ltd Rep: Robert Lai	4,584,598	16.18%
	Director	Topco International Investment Co., Ltd Rep: Johnny Huang	4,584,598	16.18%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	23,744,716	83.82%
Kanbo Biomedical Co., Ltd	Director	Topco International Investment Co., Ltd Rep: Simon Tseng	1,000,000	100%
Anyong Biotechnology Inc	Chairman	TOPCO Scientific Co., Ltd Rep: J.W. Kuo	25,000,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Simon Tseng	25,000,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Henry Ho	25,000,000	100%
	Supervisor	Topco International Investment Co., Ltd Rep: Della Huang	25,000,000	100%

Name of Business	Title	Name	Share holding	
			Shares	%
Anyong Fresh Mart Inc	Chairman	TOPCO Scientific Co., Ltd Rep: Simon Tseng	30,800,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Robert Lai	30,800,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Joyce Lu	30,800,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	30,800,000	100%
Jing Chen Energy Co., Ltd	Director	Jia Yi Energy Co., Ltd Rep: Johnny Huang	7,585,540	100%
Jing Yang Energy Co., Ltd	Director	Jia Yi Energy Co., Ltd Rep: Johnny Huang	7,195,100	100%
Topchem Materials Co., Ltd	Chairman	Topco International Investment Co., Ltd Rep: Charles Lee	5,500,000	100%
	Director	Topco International Investment Co., Ltd Rep: Dennis Chen	5,500,000	100%
	Director	Topco International Investment Co., Ltd Rep: Daniel Yang	5,500,000	100%
	Supervisor	Topco International Investment Co., Ltd Rep: Della Huang	5,500,000	100%
Multi Rich Technology Co., Ltd	Director	Topco Investment Co., Ltd Rep: Daniel Liu	2,050,000	97.62%
	Supervisor	Della Huang	-	-
Xiang Yueh Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Robert Lai	4,690,000	82.43%
	Director	TOPCO Scientific Co., Ltd Rep: Steve Tan	4,690,000	82.43%
	Director	Enviro-innovate tech Co., Ltd. Rep: Shih-Hsien Wang	1,000,000	17.57%
	Supervisor	Della Huang	-	-
Ding Yue Solar Co., Ltd	Director	Topco Investment Co., Ltd Rep: Johnny Huang	900,000	100%
	Supervisor	Topco Investment Co., Ltd Rep: Della Huang	900,000	100%
Jing Yueh Energy Co., Ltd	Director	Topco International Investment Co., Ltd Rep: Johnny Huang	7,513,077	100%



Name of Business	Title	Name	Share holding	
			Shares	%
Yilan Anyong Lohas, Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: JinZhu Wong	21,700,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: J.W. Kuo	21,700,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Simon Tseng	21,700,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	21,700,000	100%
Xports Sports Co., Ltd	Director	Topco Investment Co., Ltd Rep: Allen Chen	450,000	100%
Min Jen Restaurant Business Co., Ltd	Director	Topco Investment Co., Ltd Rep: Daniel Liu	1,718,500	68.75%
	Supervisor	Della Huang	-	-
Top Vacuum Co., Ltd	Chairman	Taiwan E&M System Inc Rep: Daniel Wu	6,000,000	60%
	Director	Taiwan E&M System Inc Rep: Martin Chang	6,000,000	60%
	Director	Guan Lin Investment Co., Ltd. Rep: Martin Chen	3,600,000	36%
	Supervisor	Julia Ku	40,000	0.4%
Yun Yueh Technology Co., Ltd	Chairman	Topco Investment Co., Ltd Rep:Robert Lai	75,000	75%
	Director	Topco Investment Co., Ltd Rep:CY Tung	75,000	75%
	Director	CHEN-YANG Biotechnology Co., Ltd Rep:Sam Huang	25,000	25%
	Supervisor	Chihkai Chang	-	-
Tai Ying Resource Industrial Crop	Chairman	Topco International Investment Co., Ltd Rep: Henry Ho	10,736,000	48.8%
	Director	Topco International Investment Co., Ltd Rep: James Wang	10,736,000	48.8%
	Director	HungChieh Huang	1,400,000	6.36%
	Director	WenFu Huang	700,000	3.18%
	Director	Topco International Investment Co., Ltd Rep:Robert Lai	10,736,000	48.8%
	Supervisor	ECO Technical Services Co., Ltd Rep: Joyce Lu	670,000	3.05%

Name of Business	Title	Name	Share holding	
			Shares	%
Unitech New Energy Engineering Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Robert Lai	776,000	77.60%
	Director	TOPCO Scientific Co., Ltd Rep: KuangMei Lo	776,000	77.60%
	Director	TOPCO Scientific Co., Ltd Rep: YuRing Shien	776,000	77.60%
	Supervisor	ECO Technical Services Co., Ltd Rep: Joyce Lu	10,000	1%
Topco Scientific USA Corp	Director	TOPCO Scientific Co., Ltd Rep: Daniel Wu	TOPCO Scientific Co., Ltd invests NT\$13,877,150	100%

Note: The company is a limited company.

## (VI) Affiliated company's Operating Results

Unit:NT\$(US\$,JPY, RMB, EUR,SGD, VND) thousand ; Share  
Dec.31,2021

Name of Business	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Profit (loss)	EPS (NT\$)
Taiwan E&M System Inc	425,000	600,588	89,755	510,833	375,233	65,800	62,162	1.46
Topco International Investment Co., Ltd	504,927	554,777	115	554,662	0	(169)	70,717	1.4
Topco Investment Co., Ltd	110,000	87,226	50	87,176	0	(75)	(14,034)	(1.28)
CITY SPACE International Co., Ltd	19,000	51,946	23,297	28,649	45,771	6,268	6,321	3.33
TOPCO SCIENTIFIC(Japan) Co., Ltd	15,093	11,769	8,855	2,914	5,834	251	395	-
TOPCO GROUP LTD.	429,538	2,407,697	0	2,407,697	0	(94)	738,441	1.70
TOPSCIENCE (S) PTE LTD	64,519	738,062	368,529	369,533	1,187,113	47,398	38,191	0.58
Topscience Vietnam Co., Ltd	35,719	29,943	2,301	27,641	20,323	(2,785)	(2,833)	-
Anyong(s) Pte. Ltd	0	0	0	0	0	0	0	-
ASIA TOPCO INVESTMENT LTD.	362,222	2,242,988	0	2,242,988	0	(408)	708,464	1.93
Hong Kong Topco Trading Ltd	41,520	219,968	70,363	149,605	414,133	31,711	30,041	-
Topco Scientific (Shanghai) Co., Ltd	269,234	4,551,035	3,145,126	1,405,909	11,065,976	709,973	551,668	-
Shanghai Chongyao Trading Co., Ltd	56,472	294,899	47,304	247,595	79,686	26,074	8,960	-
Suzhou Topco Construction Ltd	90,294	1,658,861	1,020,045	638,816	2,020,279	149,356	129,333	-
TOPCO Chemical (Z.F.T.Z.) Co., Ltd	12,070	210,799	59,133	151,666	213,656	83,752	59,542	-
ECO Technical Services Co., Ltd	375,000	844,853	451,311	393,542	1,560,688	13,374	9,213	0.25
Kuan Yueh Technology Engineering Co., Ltd	164,390	926,021	740,591	185,430	83,384	30,327	16,887	1.03
Jia Yi Energy Co., Ltd	283,293	332,838	37,454	295,384	121,697	1,887	1,007	0.04
Kanbo Biomedical Co., Ltd	10,000	1,390	30	1,360	0	(32)	(32)	(0.03)
Topco Engineering (Suzhou) Ltd	86,880	164,402	70,391	94,011	228,899	13,929	9,331	-
Anyong Biotechnology Inc	250,000	115,647	27,245	88,402	84,250	(42,517)	(41,537)	(1.66)
Anyong Fresh Mart Inc	308,000	213,751	122,515	91,236	330,582	(26,530)	(28,027)	(0.91)
Jiang Chen Energy Co., Ltd	75,855	138,329	73,495	64,834	20,533	6,080	1,197	0.16
Jing Yang Energy Co., Ltd	71,951	176,327	108,434	67,893	23,116	5,682	(8,949)	(1.24)
Topchem Materials Corp	55,000	263,510	177,300	86,210	587,277	30,989	24,951	4.54
Multi Rich	21,000	2,344	132	2,212	0	(763)	(756)	(0.36)

Name of Business	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Profit (loss)	EPS (NT\$)
Technology Co., Ltd								
Xiang Yueh Co., Ltd	56,900	39,377	7,407	31,970	0	(21,420)	(21,499)	(3.78)
Ding Yue Solar Co., Ltd	9,000	4,275	218	4,057	0	(89)	(76)	(0.08)
Jing Yueh Energy Co., Ltd	75,131	255,812	170,690	85,122	33,967	12,335	7,342	0.98
Yilan Anyong Lohas, Co., Ltd	217,000	51,689	13,575	38,114	42,715	(23,209)	(19,103)	(0.88)
Xports Sports Co., Ltd	4,500	4,884	497	4,387	97	(99)	(86)	(0.19)
MinJen Restaurant Business Co., Ltd	25,000	4,984	3,725	1,259	1	(8,305)	(18,069)	(7.23)
Top Vacuum Co., Ltd	100,000	125,234	46,755	78,479	115,383	14,552	15,483	1.55
Yun Yueh Technology Co., Ltd	865	840	0	840	0	(25)	(25)	(0.29)
Tai Ying Resource Industrial Corp.	220,000	280,283	47,210	233,073	156,584	45,509	26,189	1.19
Unitech New Energy Engineering Co., Ltd	10,000	435,477	271,607	163,870	856,636	174,978	142,267	142.27
Topco Scientific USA Corp.	13,877	13,080	0	13,080	0	(770)	(770)	(0.55)

**II. Private Placement Securities in 2019 and as of the date of this Annual Report's publication: None**

**III. Shares Acquired or Disposed by Subsidiaries in 2019 and as of this Annual Report's publication: None**

**IV. Other Required Supplementary Notes: None**

**V. Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed that have occurred in the most recent year up to the publication date of this Annual Report: None.**

Appendix 1 Financial statements for the most recent year  
(AP1-1~AP1-92)

Appendix 2 Financial statements of the parent company for the most recent year audited  
by the CPA (AP2-1~AP2-81)

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

**Consolidated Financial Statements**

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

Address: 6F., No. 483, Sec. 2, Tiding Blvd., Neihu District, Taipei City  
Telephone: 02-87978020

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.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of significant accounting policies	11~31
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	31~32
(6) Explanation of significant accounts	32~77
(7) Related-party transactions	78~80
(8) Pledged assets	81
(9) Commitments and contingencies	81
(10) Losses Due to Major Disasters	81
(11) Subsequent Events	81
(12) Other	82
(13) Other disclosures	
(a) Information on significant transactions	82~87
(b) Information on investees	87~89
(c) Information on investment in mainland China	90
(d) Major shareholders	90
(14) Segment information	91~92

## 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





安侯建業聯合會計師事務所  
KPMG

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AP1- 4

## 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 Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>					<b>Liabilities and Equity</b>				
<b>Current assets:</b>					<b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 3,751,564	15	3,371,555	16	2100 Short-term borrowings (note 6(p))	\$ 1,452,782	6	1,395,195	7
1110 Current financial assets at fair value through profit or loss (note 6(b))	329,565	1	434,918	2	2120 Current financial liabilities at fair value through profit or loss (note 6(b))	302	-	711	-
1140 Current contract assets (note 6(y))	918,686	4	487,677	2	2130 Current contract liabilities (note 6(y))	779,085	3	497,899	2
1170 Notes and accounts receivable, net (note 6(d))	6,965,296	28	5,573,659	26	2170 Notes and accounts payable	4,997,829	20	4,232,495	20
1180 Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	93,550	-	105,595	-	2180 Notes and accounts payable to related parties (note 7)	2,611,490	10	1,713,673	8
1476 Other current financial assets (notes 6(c), 6(o) and 8)	1,093,217	4	1,000,545	5	2200 Other current financial liabilities (note 6(i))	940,209	4	684,851	3
1300 Inventories, net (note 6(f))	3,336,418	13	3,195,814	15	2250 Current provisions (note 6(s))	66,350	-	169,025	1
1479 Other current assets, others	409,071	2	264,707	1	2280 Current lease liabilities (note 6(r))	93,229	-	93,532	-
	<u>16,897,367</u>	<u>67</u>	<u>14,434,470</u>	<u>67</u>	2320 Long-term borrowings, current portion (note 6(q))	102,351	-	65,747	-
<b>Non-current assets:</b>					2365 Current refund liabilities	16,044	-	27,224	-
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	265,417	1	85,857	-	2399 Other current liabilities	450,422	2	561,889	3
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,212,851	5	1,004,425	5		<u>11,510,093</u>	<u>45</u>	<u>9,442,241</u>	<u>44</u>
1550 Investments accounted for using equity method (note 6(g))	1,844,403	7	1,786,506	8	<b>Non-Current liabilities:</b>				
1600 Property, plant and equipment (note 6(k))	3,505,682	14	3,276,146	15	2540 Long-term borrowings (note 6(q))	748,314	3	523,159	2
1755 Right-of-use assets (note 6(l))	464,543	2	454,843	2	2580 Non-current lease liabilities (note 6(r))	373,814	2	364,270	2
1760 Investment property, net (notes 6(m) and 8)	168,750	1	182,193	1	2670 Deferred tax liabilities and others (note 6(i) and 6(v))	486,620	2	327,775	2
1780 Total intangible assets (note 6(i) and 6(n))	516,011	2	52,223	-	2640 Non-current net defined benefit liabilities	176,954	1	205,956	1
1840 Deferred tax assets (notes 6(u))	95,283	-	116,951	1		<u>1,785,702</u>	<u>8</u>	<u>1,421,160</u>	<u>7</u>
1900 Other non-current assets (note 6(o) and 8)	204,136	1	58,101	1	<b>Total liabilities</b>	<u>13,295,795</u>	<u>53</u>	<u>10,863,401</u>	<u>51</u>
	<u>8,277,076</u>	<u>33</u>	<u>7,017,245</u>	<u>33</u>	<b>Equity attributable to owners of parent:</b>				
<b>Total assets</b>	<u>\$ 25,174,443</u>	<u>100</u>	<u>21,451,715</u>	<u>100</u>	3100 Ordinary shares (note 6(w))	1,816,996	7	1,816,996	8
					3200 Capital surplus (note 6(w))	2,345,202	10	2,340,779	11
					3300 Retained earnings (note 6(w))	6,604,677	26	5,766,816	27
					3400 Other equity (note 6(w))	829,697	3	649,036	3
						<u>11,596,572</u>	<u>46</u>	<u>10,573,627</u>	<u>49</u>
					3610 Non-controlling interests	282,076	1	14,687	-
					<b>Total equity</b>	<u>11,878,648</u>	<u>47</u>	<u>10,588,314</u>	<u>49</u>
					<b>Total liabilities and equity</b>	<u>\$ 25,174,443</u>	<u>100</u>	<u>21,451,715</u>	<u>100</u>

(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	%
<b>Operating Revenues: (notes 6(y) and 7)</b>				
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>
<b>Operating revenue, net</b>	<b>42,668,966</b>	<b>100</b>	<b>36,167,994</b>	<b>100</b>
<b>Operating costs: (notes 6(f), 6(u), 7 and 12)</b>				
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>
<b>Gross profit</b>	<b>5,212,496</b>	<b>12</b>	<b>4,305,042</b>	<b>12</b>
<b>Operating expenses: (notes 6(v), 6(z), 7 and 12)</b>				
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>
<b>Total operating expenses</b>	<b>2,660,579</b>	<b>6</b>	<b>2,243,331</b>	<b>6</b>
<b>Net operating income</b>	<b>2,551,917</b>	<b>6</b>	<b>2,061,711</b>	<b>6</b>
<b>Non-operating income and expenses:</b>				
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
<b>Profit before tax</b>	<b>3,039,849</b>	<b>7</b>	<b>2,559,426</b>	<b>7</b>
7950 Less: Income tax expenses (note 6(v))	<u>738,889</u>	<u>2</u>	<u>494,101</u>	<u>1</u>
<b>Profit</b>	<b>2,300,960</b>	<b>5</b>	<b>2,065,325</b>	<b>6</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
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	-
<b>Items that will be reclassified to profit or loss</b>				
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 <b>Other comprehensive income</b>	<b>177,661</b>	<b>1</b>	<b>174,007</b>	<b>-</b>
<b>Comprehensive income</b>	<b>\$ 2,478,621</b>	<b>6</b>	<b>2,239,332</b>	<b>6</b>
<b>Profit, attributable to:</b>				
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>
	<b>\$ 2,300,960</b>	<b>5</b>	<b>2,065,325</b>	<b>6</b>
<b>Comprehensive income attributable to:</b>				
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>
	<b>\$ 2,478,621</b>	<b>6</b>	<b>2,239,332</b>	<b>6</b>
<b>Earnings per share: (note 6(x))</b>				
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

	Retained earnings					Other equity		Total other equity	Total equity to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
<b>Balance at January 1, 2020</b>	\$ 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
<b>Balance at December 31, 2020</b>	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
<b>Balance at December 31, 2021</b>	\$ 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
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 3,039,849	2,559,426
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
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)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(78,951)</u>	<u>(201,328)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
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
<b>Total changes in operating assets</b>	<u>(1,584,501)</u>	<u>(364,132)</u>
<b>Changes in operating liabilities:</b>		
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)
<b>Total changes in operating liabilities</b>	<u>1,443,993</u>	<u>335,856</u>
<b>Total changes in operating assets and liabilities</b>	<u>(140,508)</u>	<u>(28,276)</u>
<b>Total adjustments</b>	<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)
<b>Net cash flows from operating activities</b>	<u>2,596,866</u>	<u>2,006,645</u>
<b>Cash flows from (used in) investing activities:</b>		
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)
<b>Net cash flows used in investing activities</b>	<u>(948,993)</u>	<u>(873,456)</u>
<b>Cash flows from (used in) financing activities:</b>		
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
<b>Net cash flows used in financing activities</b>	<u>(1,237,405)</u>	<u>(902,032)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(30,459)</u>	<u>6,768</u>
<b>Net increase in cash and cash equivalents</b>	380,009	237,925
<b>Cash and cash equivalents at the beginning of period</b>	3,371,555	3,133,630
<b>Cash and cash equivalents at the end of period</b>	<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”

(Continued)

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

- (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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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”

(Continued)

**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.

(Continued)

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

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.

(Continued)

**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			
"	Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	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%	

(Continued)

**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%	-%	

(Continued)

**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.

(Continued)

**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.

(Continued)



**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.

(Continued)

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

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.

(Continued)

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

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.

(Continued)

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

(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.

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

(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.

(Continued)

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

(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.

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

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**  
**Notes to the Consolidated Financial Statements**

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.

(Continued)



**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.

(Continued)

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

(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.

(Continued)

**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).

(Continued)

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

(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.

(Continued)

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

(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.

(Continued)

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

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.

(Continued)

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

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.

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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>
	<b><u>\$ 3,751,564</u></b>	<b><u>3,371,555</u></b>

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.

(Continued)



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

## (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><b>\$ 594,982</b></u>	<u><b>520,775</b></u>
Current	\$ 329,565	434,918
Non-current	<u>265,417</u>	<u>85,857</u>
	<u><b>\$ 594,982</b></u>	<u><b>520,775</b></u>
Held-for-sale financial liabilities:		
Derivatives not for hedging		
Forward exchange contracts	\$ <u>302</u>	<u>711</u>
	<u><b>\$ 302</b></u>	<u><b>711</b></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).

(Continued)

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

(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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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><b>\$ 7,058,846</b></u>	<u><b>5,679,254</b></u>
Notes and accounts receivable, net	<u><b>\$ 6,965,296</b></u>	<u><b>5,573,659</b></u>
Notes and accounts receivable due from related parties, net	<u><b>\$ 93,550</b></u>	<u><b>105,595</b></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.

(Continued)

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

The loss allowance provisions were determined as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
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
	<b>\$ 7,088,882</b>		<b>30,036</b>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
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
	<b>\$ 5,693,112</b>		<b>13,858</b>

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

	<b>2021</b>	<b>2020</b>
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	<b>\$ 30,036</b>	<b>13,858</b>

(e) Other receivables

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

(Continued)

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

## (f) Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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
	<b><u>\$ 3,336,418</u></b>	<b><u>3,195,814</u></b>

The details of the cost of sales were as follows:

	<b>2021</b>	<b>2020</b>
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
	<b><u>33,587,840</u></b>	<b><u>27,846,974</u></b>

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:

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

- (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.

(Continued)

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

- (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.

(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	\$	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	<b>\$</b>	<b><u>64,035</u></b>

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))	<b>\$</b>	<b><u>6,614</u></b>

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.

(Continued)

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

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).

(Continued)

**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))	<b>\$</b>	<b><u>179,816</u></b>

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	\$	<b><u>37,000</u></b>
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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	<b>\$</b>	<b><u>257,398</u></b>

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))	<b>\$</b>	<b><u>39,821</u></b>

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.

(Continued)

**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><b>31,133</b></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).

(Continued)

**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
<b>Cost:</b>				
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>
<b>Depreciation and impairments loss:</b>				
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>
<b>Carrying amounts:</b>				
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>

(Continued)

**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:

<b>Cost:</b>	<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>

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b>Depreciation:</b>				
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>
<b>Carrying amount:</b>				
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>
<b>Cost:</b>	
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>
<b>Accumulated depreciation and impairment losses:</b>	
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>

(Continued)

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

	<b>Buildings</b>
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	<b>\$ 46,752</b>
<b>Carrying amount:</b>	
Balance at December 31, 2021	<b>\$ 168,750</b>
Balance at January 1, 2020	<b>\$ 126,075</b>
Balance at December 31, 2020	<b>\$ 182,193</b>
<b>Fair value:</b>	
Balance at December 31, 2021	<b>\$ 230,355</b>
Balance at December 31, 2020	<b>\$ 224,325</b>

- (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 valuated 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:

	<b>Goodwill</b>	<b>Unrealized orders</b>	<b>Customer relationship</b>	<b>Others</b>	<b>Total</b>
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	<b>\$ 226,251</b>	<b>86,275</b>	<b>125,183</b>	<b>78,302</b>	<b>516,011</b>
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	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>52,223</b>	<b>52,223</b>

(Continued)

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

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).

(Continued)

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

## (q) Long-term borrowings

The details were as follows:

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
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>

<b>December 31, 2020</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
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:

<b>Period</b>	<b>Amount</b>
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.

(Continued)



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

## (r) Lease liabilities

The lease liabilities of the Group were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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:

	<b>2021</b>	<b>2020</b>
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:

	<b>2021</b>	<b>2020</b>
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.

(Continued)

**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>

(Continued)

**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:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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:

	<b>2021</b>	<b>2020</b>
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>

(Continued)

**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:

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

(Continued)

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

(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>

(Continued)

**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:

	<b>2021</b>	<b>2020</b>
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><b>\$ 738,889</b></u>	<u><b>494,101</b></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:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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><b>\$ 327,342</b></u>	<u><b>294,469</b></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.

(Continued)

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

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><u>\$ 1,480,446</u></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>
<b>Deferred tax assets:</b>					
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**

	<b>Foreign investment income under equity method</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax liabilities:</b>			
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><b>\$ 380,340</b></u>	<u><b>5,244</b></u>	<u><b>385,584</b></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><b>\$ 313,236</b></u>	<u><b>3,717</b></u>	<u><b>316,953</b></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:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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><b>\$ 2,345,202</b></u>	<u><b>2,340,779</b></u>

(Continued)

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

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.

(Continued)

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

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
<b>Balance at January 1, 2021</b>	\$ (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
<b>Balance at December 31, 2021</b>	<u>\$ (127,797)</u>	<u>957,494</u>	<u>829,697</u>

(Continued)

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
<b>Balance at January 1, 2020</b>	\$ (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
<b>Balance at December 31, 2020</b>	<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>
<b>Basic earnings per share:</b>		
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>
<b>Diluted earnings per share:</b>		
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>

(Continued)

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

## (y) Revenue from contracts with customers

## (i) Details of revenue

	<b>2021</b>			
	<b>Semiconductor and electronics divisions</b>	<b>Environmental engineering group</b>	<b>Other divisions</b>	<b>Total</b>
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>
	<b><u>\$ 37,736,968</u></b>	<b><u>3,929,152</u></b>	<b><u>1,002,846</u></b>	<b><u>42,668,966</u></b>
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>
	<b><u>\$ 37,736,968</u></b>	<b><u>3,929,152</u></b>	<b><u>1,002,846</u></b>	<b><u>42,668,966</u></b>
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>
	<b><u>\$ 37,736,968</u></b>	<b><u>3,929,152</u></b>	<b><u>1,002,846</u></b>	<b><u>42,668,966</u></b>
	<b>2020</b>			
	<b>Semiconductor and electronics divisions</b>	<b>Environmental engineering group</b>	<b>Other divisions</b>	<b>Total</b>
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>
	<b><u>\$ 31,210,696</u></b>	<b><u>4,373,510</u></b>	<b><u>583,788</u></b>	<b><u>36,167,994</u></b>
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>
	<b><u>\$ 31,210,696</u></b>	<b><u>4,373,510</u></b>	<b><u>583,788</u></b>	<b><u>36,167,994</u></b>

(Continued)

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

	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.

(Continued)

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

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>

(Continued)

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

(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>

(Continued)



**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>
<b>December 31, 2021</b>					
<b>Non-derivative financial liabilities</b>					
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>

(Continued)

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>December 31, 2020</b>					
<b>Non-derivative financial liabilities</b>					
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.

(Continued)

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

## (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
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
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

(Continued)

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

	<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)

(Continued)

**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	
<b>Financial assets at fair value through profit or loss</b>					
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
<b>Financial assets measured at amortized cost</b>					
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>				

(Continued)

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

	<b>December 31, 2021</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial liabilities at fair value through profit and loss</b>					
Derivative financial liabilities	<u>302</u>	-	302	-	302
<b>Financial liabilities measured at amortized cost</b>					
Long-term and short-term borrowings	\$ 2,303,447	-	-	-	-
Notes and accounts payable (including related parties)	7,609,319	-	-	-	-
Accrued expenses and other payables	940,209	-	-	-	-
Lease liabilities (including current and non-current)	<u>467,043</u>	-	-	-	-
Subtotal	<u>11,320,018</u>				
Total	<u><b>\$ 11,320,320</b></u>				
	<b>December 31, 2020</b>				
		<b>Fair value</b>			
	<b>Book value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 434,918	434,918	-	-	434,918
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted common shares	50,382	-	-	50,382	50,382
Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>35,475</u>	-	-	35,475	35,475
Subtotal	<u>520,775</u>				
Financial assets at fair value through other comprehensive income	<u>1,004,425</u>	-	-	1,004,425	1,004,425

(Continued)

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

	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
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><b>\$ 11,631,531</b></u>				
<b>Financial liabilities at fair value through profit and loss</b>					
Derivative financial liabilities	\$ <u>711</u>	-	711	-	711
<b>Financial liabilities measured at amortized cost</b>					
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><b>\$ 9,073,633</b></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.

(Continued)

**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>

(Continued)



**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

(Continued)

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

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
<b>December 31, 2021</b>						
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
<b>December 31, 2020</b>						
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.

(Continued)

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

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).

(Continued)

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

(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.

(Continued)

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

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:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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:

	<b>January 1, 2021</b>	<b>Cash flows</b>	<b>Non-cash changes</b>				<b>December 31, 2021</b>
			<b>Acquisition through businesses combination</b>	<b>Additions of leases</b>	<b>Cancellation of leases</b>	<b>Foreign exchange movement</b>	
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>

	<b>January 1, 2020</b>	<b>Cash flows</b>	<b>Non-cash changes</b>			<b>December 31, 2020</b>
			<b>Additions of leases</b>	<b>Cancellation of leases</b>	<b>Foreign exchange movement</b>	
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>

(Continued)

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

**(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	2,934	3,284
	<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	40,405	32,653
	<u>\$ 129,409</u>	<u>161,630</u>

(Continued)

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

- 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.

(Continued)

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

## (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><u>\$ 93,550</u></u>	<u><u>105,595</u></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><u>\$ 2,611,490</u></u>	<u><u>1,713,673</u></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.

(Continued)

**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.

(Continued)

**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	-	

(Continued)

**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)%	

(Continued)

**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 %

(Continued)

**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

(Continued)

**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
								<b>6,929,475</b>		<b>1,226,061</b>			
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

(Continued)



**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	
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.

(Continued)

**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

(Continued)

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

**(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:

	<b>Semiconductor and electronics division</b>	<b>Environmental engineering group</b>	<b>Other divisions</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>2021</b>					
<b>Revenue</b>					
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	-	-	-	-	-
<b>Total revenue</b>	<b>\$ 37,894,145</b>	<b>3,936,486</b>	<b>1,229,430</b>	<b>(391,095)</b>	<b>42,668,966</b>
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
<b>Reportable segment profit or loss</b>	<b>\$ 2,448,617</b>	<b>211,308</b>	<b>379,924</b>	<b>-</b>	<b>3,039,849</b>
<b>2020</b>					
<b>Revenue</b>					
Revenue from external customers	\$ 31,210,696	4,373,510	583,788	-	36,167,994
Revenue from segments	-	-	-	-	-
Interest expense	-	-	-	-	-
<b>Total revenue</b>	<b>\$ 31,210,696</b>	<b>4,373,510</b>	<b>583,788</b>	<b>-</b>	<b>36,167,994</b>
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
<b>Reportable segment profit</b>	<b>\$ 2,060,597</b>	<b>238,843</b>	<b>259,986</b>	<b>-</b>	<b>2,559,426</b>

(Continued)

**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	<b>2021</b>	<b>2020</b>
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>
	<b><u>\$ 42,668,966</u></b>	<b><u>36,167,994</u></b>

## 2) Non-current assets:

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

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:

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

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

**TOPCO SCIENTIFIC CO., LTD.**

**Financial Statements**

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

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## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~24
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	25
(6) Explanation of significant accounts	25~59
(7) Related-party transactions	59~64
(8) Pledged assets	64
(9) Commitments and contingencies	65
(10) Losses Due to Major Disasters	65
(11) Subsequent Events	65
(12) Other	65~66
(13) Other disclosures	
(a) Information on significant transactions	66~69
(b) Information on investees	70~72
(c) Information on investment in mainland China	72~73
(d) Major shareholders	73
(14) Segment information	73
List of major account titles	74~81



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AP2-3

## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of Topco Scientific Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### 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 Financial Statements section of our report. We are independent of the Company 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 for our opinion.

### Other Matter

We did not audit the financial statements for certain investments accounted for using equity method in the financial statements of the Company for 2021 and 2020. The investments accounted for using equity method constituted 10.21% and 10.22% of the total assets as of December 31, 2021 and 2020; and the share of profits of associates and joint ventures accounted for using equity method constituted 15.64% and 16.13% of profits 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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(o) "Revenue" for accounting policies related to revenue recognition; and note 6(u) "Revenue" for details of revenue.

#### Description of Key Audit Matters:

Due to the wide variety of the Company's products, different transactions were generated according to customers and product portfolio. Identification of revenue recognition has significant influence on the financial statements of the Company. 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 Company are in accordance with the related standards. In addition, we examined the sales contracts between the Company and its customers to understand their trading modality and conditions, evaluating and comparing if revenue recognition is consistent with the terms of the contracts; 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)(f) "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 Company 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 Company'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 Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD.**

**Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 389,457	2	1,045,224	6	2100	Short-term borrowings (note 6(n))	\$ 1,300,000	7	1,255,962	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	6,425	-	7,409	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	302	-	711	-
1170	Notes and accounts receivable, net (note 6(d))	3,385,944	19	3,149,145	19	2130	Current contract liabilities (note 6(u))	180,755	1	59,301	-
1180	Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	117,874	1	96,435	1	2170	Notes and accounts payable	3,010,343	17	2,903,742	18
1476	Other current financial assets (notes 6(e), 6(m) and 7, 8)	1,023,441	6	646,176	4	2180	Notes and accounts payable to related parties (note 7)	214,944	1	233,280	2
1311	Inventories, net (note 6(f))	1,881,788	10	1,882,299	12	2200	Other current financial liabilities	610,483	4	500,719	3
1479	Other current assets, others	162,670	1	126,629	1	2251	Current provisions (note 6(p))	773	-	836	-
		<u>6,967,599</u>	<u>39</u>	<u>6,953,317</u>	<u>43</u>	2280	Current lease liabilities (note 6(o))	31,248	-	33,573	-
Non-current assets:						2365	Current refund liabilities	14,434	-	27,224	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	248,329	1	69,705	-	2399	Other current liabilities	212,064	1	201,459	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,189,933	7	976,691	6			<u>5,575,346</u>	<u>31</u>	<u>5,216,807</u>	<u>32</u>
1550	Investments accounted for using equity method (notes 6(g), 6(h), 6(i), 6(j) and 7)	6,929,475	39	5,929,239	36	<b>Non-Current liabilities:</b>					
1600	Property, plant and equipment (notes 6(k) and 7)	2,148,800	12	2,172,346	13	2570	Deferred tax liabilities and others (note 6(r))	401,828	2	313,836	2
1755	Right-of-use assets (note 6(l))	117,766	1	130,827	1	2580	Non-current lease liabilities (note 6(o))	87,827	1	97,360	1
1840	Deferred tax assets (note 6(r))	87,573	-	116,236	1	2640	Non-current net defined benefit liabilities (note 6(q))	176,954	1	205,956	1
1900	Other non-current assets (notes 6(m) and 8)	149,052	1	59,225	-			<u>666,609</u>	<u>4</u>	<u>617,152</u>	<u>4</u>
		<u>10,870,928</u>	<u>61</u>	<u>9,454,269</u>	<u>57</u>		<b>Total liabilities</b>	<u>6,241,955</u>	<u>35</u>	<u>5,833,959</u>	<u>36</u>
<b>Total assets</b>		<u>\$ 17,838,527</u>	<u>100</u>	<u>16,407,586</u>	<u>100</u>	<b>Equity attributable to owners of parent:</b>					
						3100	Ordinary shares (note 6(s))	1,816,996	10	1,816,996	11
						3200	Capital surplus (note 6(s))	2,345,202	13	2,340,779	14
						3300	Retained earnings (note 6(s))	6,604,677	37	5,766,816	35
						3400	Other equity (note 6(s))	829,697	5	649,036	4
							<b>Total equity</b>	<u>11,596,572</u>	<u>65</u>	<u>10,573,627</u>	<u>64</u>
						<b>Total liabilities and equity</b>		<u>\$ 17,838,527</u>	<u>100</u>	<u>16,407,586</u>	<u>100</u>

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD.**

**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	%
<b>Operating Revenues: (notes 6(u) and 7)</b>					
4110	Net sales revenue	\$ 23,028,918	96	19,845,787	96
4800	Other operating revenue	<u>887,646</u>	<u>4</u>	<u>762,028</u>	<u>4</u>
	<b>Operating revenue, net</b>	<u>23,916,564</u>	<u>100</u>	<u>20,607,815</u>	<u>100</u>
<b>Operating costs: (notes 6(f), 7 and 12)</b>					
5110	Cost of sales	20,810,921	87	17,812,192	86
5800	Other operating costs	<u>221,273</u>	<u>1</u>	<u>171,235</u>	<u>1</u>
		<u>21,032,194</u>	<u>88</u>	<u>17,983,427</u>	<u>87</u>
	<b>Gross profit</b>	<u>2,884,370</u>	<u>12</u>	<u>2,624,388</u>	<u>13</u>
<b>Operating expenses: (notes 7 and 12)</b>					
6100	Selling expenses	584,635	2	534,389	3
6200	Administrative expenses	921,139	4	809,846	4
6300	Research and development expenses	<u>23,037</u>	<u>-</u>	<u>18,595</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>1,528,811</u>	<u>6</u>	<u>1,362,830</u>	<u>7</u>
	<b>Net operating income</b>	<u>1,355,559</u>	<u>6</u>	<u>1,261,558</u>	<u>6</u>
<b>Non-operating income and expenses:</b>					
7100	Total interest income	1,329	-	3,880	-
7101	Other income (notes 6(b), 6(c) and 6(w))	72,091	-	82,397	-
7102	Other gains and losses (notes 6(h), 6(i), 6(j) and 6(w))	21,845	-	42,254	-
7105	Financial costs	(9,652)	-	(6,033)	-
7060	Share of profits of subsidiaries, and joint ventures accounted for using equity method (note 6(g))	<u>1,226,061</u>	<u>5</u>	<u>943,092</u>	<u>5</u>
		<u>1,311,674</u>	<u>5</u>	<u>1,065,590</u>	<u>5</u>
7900	<b>Profit from continuing operations before tax</b>				11
		2,667,233	11	2,327,148	
7950	Less: Income tax expenses (benefits) (note 6(q))	<u>372,775</u>	<u>1</u>	<u>258,798</u>	<u>1</u>
	<b>Profit</b>	<u>2,294,458</u>	<u>10</u>	<u>2,068,350</u>	<u>10</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(3,670)	-	(14,203)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	213,242	-	170,454	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss	(4,880)	-	11,211	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss	<u>(734)</u>	<u>-</u>	<u>(2,841)</u>	<u>-</u>
		<u>205,426</u>	<u>-</u>	<u>170,303</u>	<u>1</u>
8360	<b>Items that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(37,551)	-	4,635	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that will be reclassified to profit or loss	2,276	-	(4)	-
8399	Less: Income tax related to items that will be reclassified to profit or loss	<u>(7,510)</u>	<u>-</u>	<u>927</u>	<u>-</u>
	Items that will be reclassified to profit or loss	<u>(27,765)</u>	<u>-</u>	<u>3,704</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>177,661</u>	<u>-</u>	<u>174,007</u>	<u>1</u>
	<b>Comprehensive income</b>	<u>\$ 2,472,119</u>	<u>10</u>	<u>2,242,357</u>	<u>11</u>
<b>Earnings per share: (note 6(t))</b>					
9750	Basic earnings per share (NT Dollars)	<u>\$ 12.63</u>		<u>11.38</u>	
	Diluted earnings per share (note 6(t))				
9850	Diluted earnings per share (NT Dollars)	<u>\$ 12.53</u>		<u>11.29</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD.**

**Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Other equity		Total equity
				Unappropriated retained earnings	Total retained earnings		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	
<b>Balance at January 1, 2020</b>	\$ 1,816,996	2,340,676	1,268,300	3,649,048	4,917,348	(103,736)	540,930	437,194	9,512,214
Profit for the year ended December 31, 2020	-	-	-	2,068,350	2,068,350	-	-	-	2,068,350
Other comprehensive income	-	-	-	(11,377)	(11,377)	3,704	181,680	185,384	174,007
Total comprehensive income	-	-	-	2,056,973	2,056,973	3,704	181,680	185,384	2,242,357
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	172,231	(172,231)	-	-	-	-	-
Cash dividends	-	-	-	(1,181,047)	(1,181,047)	-	-	-	(1,181,047)
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
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
Profit for the year ended December 31, 2021	-	-	-	2,294,458	2,294,458	-	-	-	2,294,458
Other comprehensive income	-	-	-	(3,000)	(3,000)	(27,765)	208,426	180,661	177,661
Total comprehensive income	-	-	-	2,291,458	2,291,458	(27,765)	208,426	180,661	2,472,119
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	203,051	(203,051)	-	-	-	-	-
Cash dividends	-	-	-	(1,453,597)	(1,453,597)	-	-	-	(1,453,597)
Changes in ownership interests in subsidiaries	-	2,369	-	-	-	-	-	-	2,369
Changes in equity of associates and joint ventures accounted for using equity method	-	2,051	-	-	-	-	-	-	2,051
Gain on attribute right	-	3	-	-	-	-	-	-	3
<b>Balance at December 31, 2021</b>	\$ <u>1,816,996</u>	<u>2,345,202</u>	<u>1,643,582</u>	<u>4,961,095</u>	<u>6,604,677</u>	<u>(127,797)</u>	<u>957,494</u>	<u>829,697</u>	<u>11,596,572</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

## TOPCO SCIENTIFIC CO., LTD.

## Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 2,667,233	2,327,148
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	152,513	132,078
Amortization expense	20,965	10,362
Expected credit loss	173	230
Net loss (gain) on financial assets at fair value through profit or loss	(28,864)	2,186
Interest expense	9,652	6,033
Interest income	(1,329)	(3,880)
Dividend income	(36,932)	(38,100)
Gain on disposal of subsidiaries	(20,067)	-
Loss on disposal of investments accounted for using equity method	3,139	-
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	(1,226,061)	(943,092)
Net gains on disposal of property, plant and equipment	-	(98,493)
Others	30	97
<b>Total adjustments to reconcile profit (loss)</b>	<b>(1,126,781)</b>	<b>(932,579)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in notes and accounts receivable	(258,411)	(206,500)
Decrease (increase) in inventories	511	(222,880)
Decrease in financial assets at fair value through profit or loss	984	965
Increase in other current assets	(53,371)	(28,402)
Decrease (increase) in other current financial assets	(60,772)	10,598
<b>Total changes in operating assets</b>	<b>(371,059)</b>	<b>(446,219)</b>
<b>Changes in operating liabilities:</b>		
Increase in notes and accounts payable	88,265	95,317
Increase (decrease) in contract liabilities	121,454	(105,722)
Increase in other current financial liabilities	88,450	64,571
Decrease in current provisions	(63)	(30)
Decrease in current refund liabilities	(12,790)	(30,513)
(Decrease) increase in other current liabilities	(3,482)	62,853
Decrease in net defined benefit liabilities	(32,672)	(12,943)
<b>Total changes in operating liabilities</b>	<b>249,162</b>	<b>73,533</b>
<b>Total changes in operating assets and liabilities</b>	<b>(121,897)</b>	<b>(372,686)</b>
<b>Total adjustments</b>	<b>(1,248,678)</b>	<b>(1,305,265)</b>
Cash inflow generated from operations	1,418,555	1,021,883
Interest received	1,291	4,095
Interest paid	(9,947)	(5,862)
Dividends received	776,537	1,026,690
Income taxes paid	(254,677)	(332,371)
<b>Net cash flows from operating activities</b>	<b>1,931,759</b>	<b>1,714,435</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	2,184
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	4,384
Acquisition of financial assets at fair value through profit or loss	(167,841)	(6,532)
Proceeds from liquidation of financial assets at fair value through profit or loss	777	-
Proceeds from capital reduction of financial assets through profit on loss	16,895	-
Acquisition of investments accounted for using equity method	(555,390)	(746,277)
Proceeds from disposal of investments accounted for using equity method	64,579	28,927
Proceeds from capital reduction of investments accounted for using equity method	-	37,400
Acquisition of property, plant and equipment	(84,173)	(135,324)
Proceeds from disposal of property, plant and equipment	-	353,304
Increase in refundable deposits	(83,986)	(1,305)
Acquisition of intangible assets	(9,038)	(2,999)
Increase in restricted assets	(316,465)	(632,124)
<b>Net cash flows from (used in) investing activities</b>	<b>(1,134,642)</b>	<b>(1,098,362)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	44,038	560,962
Cash dividends paid	(1,453,597)	(1,181,047)
Payment of lease liabilities	(43,328)	(40,654)
Others	3	103
<b>Net cash flows from (used in) financing activities</b>	<b>(1,452,884)</b>	<b>(660,636)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(655,767)</b>	<b>(44,563)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,045,224</b>	<b>1,089,787</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 389,457</b>	<b>1,045,224</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the 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 engages 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, providing solar energy system integration services and the operation power of solar stations.

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

These financial statements were authorized 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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 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”

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

- (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 Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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 Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company 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 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”

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the 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;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets, less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The 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) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company 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:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent 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 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 Company disposes of any 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 interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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 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

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(iv) The Company 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.

(e) 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.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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.

(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 Company 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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 Company 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 Company'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 Company 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.

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 Company 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 Company 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

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

The Company 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 Company 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 Company is exposed to credit risk.

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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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 asset 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

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

- 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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company 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 instrument

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.

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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 Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Company 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 Company 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.

(g) 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.

(h) Investment in associates

Associates are those entities in which the Company 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 financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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

When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company 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 Company's proportionate interest in the net assets of the associate. The Company 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 Company'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.

(i) Investment in subsidiary

When preparing parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statements are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(j) 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 Company.

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings: 1~51 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 appropriate.

(k) Lease

At inception of a contract, the Company 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 Company 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 Company's incremental borrowing rate. Generally, the Company 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;

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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 Company'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 an 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.

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 Company 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 Company 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.

The Company 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 — assets,, including office equipment, IT equipment and other equipment. The Company 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 Company 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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.

(ii) As a lessor

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Company 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

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

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, 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.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company 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.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

(i) Sale of goods

The Company sells of semiconductor material and electronic material. The Company 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 Company has objective evidence that all criteria for acceptance have been satisfied.

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

The Company 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 refund 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 Company has a right to an amount of consideration that is unconditional.

(ii) Commissions

When the Company 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 Company.

(iii) 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.

(iv) Financing components

The Company 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 Company does not adjust any of the transaction prices for the time value of money.

(p) 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 Company'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 obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, 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.

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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 Company 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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

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

A liability is recognized for the amount expected to be paid if the Company 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.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements 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.

(r) 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:

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

- (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 Company 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.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company 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.

The 5% surtax on the Company's 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.

(s) Earnings per share

The Company 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 the ordinary shareholders of the Company divided by 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 weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee compensation not yet approved by the Board of directors.

(t) Operating segments

The operating segment information is disclosed in the consolidated financial statements. Therefore, the Company will not disclose the operating segment information in the parent-company-only financial statements.

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of by Financial Reports by Securities Issuers, 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.

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:

The loss allowance of Accounts receivable

The Company 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 Company 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).

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	\$ 1,922	1,774
Checking accounts and demand deposits	332,175	396,954
Time deposits	<u>55,360</u>	<u>646,496</u>
	<b><u>\$ 389,457</u></b>	<b><u>1,045,224</u></b>

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

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (b) Financial assets at fair value through profit or loss

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Mandatorily measured at fair value through profit or loss:		
Beneficiary certificate-Funds	\$ 6,425	7,409
Listed common shares	154,181	-
Unlisted common shares	37,128	34,230
Foreign unlisted funds	57,020	35,475
	<b>\$ 254,754</b>	<b>77,114</b>
Current	\$ 6,425	7,409
Non-current	248,329	69,705
	<b>\$ 254,754</b>	<b>77,114</b>
Held-for-trading financial liabilities:		
Derivative instrument not used for hedging		
Forward exchange contracts	\$ 302	711
	<b>\$ 302</b>	<b>711</b>

## (i) Derivative financial instrument

The purpose of trading derivatives not for hedging is to avoid the exposure of currency exchange rate risk arising from operation. The Company 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:**

	<b>December 31, 2021</b>		
	<b>in thousand</b>	<b>currency</b>	<b>period</b>
Forward exchange sold	SGD 3,000	SGD to NTD	2021.2.24
	<b>December 31, 2020</b>		
	<b>in thousand</b>	<b>currency</b>	<b>period</b>
Forward exchange sold	USD 1,800	USD to NTD	2021.2.1~2021.2.8

- (ii) During the years ended December 31, 2021 and 2020, the dividends of \$2,332 and \$2,100, 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 Company.
- (iii) The Company's information of market risk, please refer to note 6(x).
- (iv) As of December 31, 2021 and 2020, the Company did not provide financial assets as collateral for its loans.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income		
Domestic unlisted stock	<b>\$ <u>1,189,933</u></b>	<b><u>976,691</u></b>

The Company 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 Company intends to hold for long term strategic purposes.

During the years ended December 31, 2021 and 2020, the dividends of \$34,600 and \$36,000, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized as other income by the Company.

Part of companies invested by the Company, which were measured at fair value through other comprehensive income, had completed their liquidation procedures in 2020. Therefore, the Company had disposed the financial assets with a fair value of \$4,384 and an accumulated disposal loss of \$26,431. The loss had been transferred to retained earnings from other equity.

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

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

(d) Notes and accounts receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes receivable from operating activities	\$ 32,305	17,621
Accounts receivable from measured as amortized cost	3,476,038	3,232,311
Less: loss allowance	<u>4,525</u>	<u>4,352</u>
	<b>\$ <u>3,503,818</u></b>	<b><u>3,245,580</u></b>
Notes and accounts receivable, net	<b>\$ <u>3,385,944</u></b>	<b><u>3,149,145</u></b>
Notes and accounts receivable due from related parties, net	<b>\$ <u>117,874</u></b>	<b><u>96,435</u></b>

The Company 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 according to the historical credit loss experience as well as incorporated forward looking information, such as the reasonable prediction of future economic situation.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

The loss allowance provisions in Taiwan were determined as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,390,421	0.1%	3,015
Overdue 0-30 days	111,803	1.0%	1,118
Overdue 31-60 days	1,964	3.0%	59
Overdue 61-90 days	1,641	5.0%	82
Overdue over 91 days	2,514	10.0%	251
	<b>\$ 3,508,343</b>		<b>4,525</b>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,116,673	0.1%	2,683
Overdue 0-30 days	125,601	1.0%	1,256
Overdue 31-60 days	4,755	3.0%	143
Overdue 61-90 days	403	5.0%	20
Overdue over 91 days	2,500	10.0%	250
	<b>\$ 3,249,932</b>		<b>4,352</b>

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 4,352	14,322
Transfer to the loss allowance of other receivables	-	(10,200)
Impairment loss recognized	173	230
Balance at December 31	<b>\$ 4,525</b>	<b>4,352</b>
(e) Other receivables		
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Other receivable	\$ 27,782	28,352
Impairment loss recognized	61,380	-
Less: Loss allowance	(14,300)	(14,300)
	<b>\$ 74,862</b>	<b>14,052</b>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (f) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Merchandise inventories	\$ 1,785,971	1,818,243
Goods in transit	<u>95,817</u>	<u>64,056</u>
	<u><b>\$ 1,881,788</b></u>	<u><b>1,882,299</b></u>

The details of the cost of sales were as follows:

	<u>2021</u>	<u>2020</u>
Cost of sales	\$ 20,812,913	17,813,507
Provision for inventory valuation loss and obsolescence	(2,000)	(1,915)
Loss on indemnity of inventory and others	<u>8</u>	<u>600</u>
	<u><b>\$ 20,810,921</b></u>	<u><b>17,812,192</b></u>

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

## (g) Investments accounted for using equity method

The Company's financial information for investments accounted for using equity method on the reporting date was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 5,109,051	4,253,105
Associates	<u>1,820,424</u>	<u>1,676,134</u>
	<u><b>\$ 6,929,475</b></u>	<u><b>5,929,239</b></u>

## (i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2021.

During the years ended December 31, 2021 and 2020, the share of profits of subsidiaries accounted for using equity method amounted to \$808,929 and \$567,778, respectively.

## (ii) Associates

The Company's financial information for investments accounted for using the equity method, which are individually insignificant, was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The carrying amount of individually insignificant associates' equity	<u><b>\$ 1,820,424</b></u>	<u><b>1,676,134</b></u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

	<b>2021</b>	<b>2020</b>
Attributable to the Company:		
Profit from continuing operations	\$ 417,132	375,314
Other comprehensive income	(51)	(15)
Total comprehensive income	<b>\$ 417,081</b>	<b>375,299</b>

- (iii) The Company 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 other gains and losses in the consolidated statement of comprehensive income. 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 Company.
- (iv) As of December 31, 2021 and 2020, the Company did not provide any investments accounted for using equity method as collaterals for its loans.

(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. Furthermore, the associate of the Company's Subsidiaries, Fei Da Intelligent, which using the equity method by Topco Investment, 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 Company increased \$2,051. For the year ended December 31, 2021, a capital surplus amounting to \$4,420 was recognized due to the aforementioned transaction.

(i) Acquisition of the subsidiary

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 appraisal 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.

The transaction was completed on July 30, 2021. The Company acquired 78.6% of Unitech New Energy Engineering shares on that date, thereby the Company 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:

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

- (i) 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 Company, and the remaining amount was separately recognized under "Other current financial liabilities" and "Deferred tax liabilities and others" in the 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 Company will pay \$20,888 at the expiration of one year and two years to Unitech New Energy Engineering, respectively, totaling \$41,776.

- (ii) 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	2,133
Other current assets	829
Property, plant and equipment	23,843
Right-of-use assets	3,319
Other non-current assets	14,890
Identifiable Intangible assets	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).

- (iii) 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	<u><u>\$ 179,816</u></u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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 Company's environmental engineering business will be integrated to generate synergy.

(iv) Related costs of acquisition

As of the reporting 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.

(j) Loss of control of subsidiaries

On July 30, 2021, the Company 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— net gains on disposal of subsidiary in the statement of comprehensive income.

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 other current assets		827
Right-of-use assets		7,382
Other non-current assets		426
Notes and accounts payable		(25,776)
Other financial liabilities and other current liabilities		(8,405)
Lease liabilities (including current and non-current)		<u>(7,689)</u>
Book value of previous subsidiary's net assets	<b>\$</b>	<b><u><u>31,133</u></u></b>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (k) Property, plant and equipment

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

	Land	Buildings and building improvement	Machinery and others	Construction in progress and equipment to be inspected	Total
<b>Cost:</b>					
Balance at January 1, 2021	\$ 656,466	1,390,995	481,937	25,098	2,554,496
Additions	-	10,186	34,915	39,793	84,894
Disposals	-	-	(14,176)	-	(14,176)
Reclassifications	15,307	4,055	22,403	(42,234)	(469)
Balance at December 31, 2021	<u>\$ 671,773</u>	<u>1,405,236</u>	<u>525,079</u>	<u>22,657</u>	<u>2,624,745</u>
Balance at January 1, 2020	\$ 911,046	1,332,570	411,730	28,059	2,683,405
Additions	-	54,880	53,540	24,100	132,520
Disposals	(254,580)	(1,338)	(4,897)	-	(260,815)
Reclassifications	-	4,883	21,564	(27,061)	(614)
Balance at December 31, 2020	<u>\$ 656,466</u>	<u>1,390,995</u>	<u>481,937</u>	<u>25,098</u>	<u>2,554,496</u>
<b>Depreciation and impairments loss:</b>					
Balance at January 1, 2021	\$ -	232,359	149,791	-	382,150
Depreciation	-	47,790	60,181	-	107,971
Disposals	-	-	(14,176)	-	(14,176)
Balance at December 31, 2021	<u>\$ -</u>	<u>280,149</u>	<u>195,796</u>	<u>-</u>	<u>475,945</u>
Balance at January 1, 2020	\$ -	190,363	106,266	-	296,629
Depreciation	-	43,334	48,191	-	91,525
Disposal	-	(1,338)	(4,666)	-	(6,004)
Balance at December 31, 2020	<u>\$ -</u>	<u>232,359</u>	<u>149,791</u>	<u>-</u>	<u>382,150</u>
<b>Carrying amounts:</b>					
Balance at December 31, 2021	<u>\$ 671,773</u>	<u>1,125,087</u>	<u>329,283</u>	<u>22,657</u>	<u>2,148,800</u>
Balance at January 1, 2020	<u>\$ 911,046</u>	<u>1,142,207</u>	<u>305,464</u>	<u>28,059</u>	<u>2,386,776</u>
Balance at December 31, 2020	<u>\$ 656,466</u>	<u>1,158,636</u>	<u>332,146</u>	<u>25,098</u>	<u>2,172,346</u>

- (i) 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 Company 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.
- (ii) As of December 31, 2021 and 2020, the Company did not provide any property, plant and equipment as collateral for its loans in the statements of comprehensive income.

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (l) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Machinery</u>	<u>Total</u>
Cost:					
Balance at January 1, 2021	\$ 3,333	115,087	49,755	6,626	174,801
Additions	-	10,244	23,671	-	33,915
Disposals	<u>-</u>	<u>(13,923)</u>	<u>(14,946)</u>	<u>(1,685)</u>	<u>(30,554)</u>
Balance at December 31, 2021	<u>\$ 3,333</u>	<u>111,408</u>	<u>58,480</u>	<u>4,941</u>	<u>178,162</u>
Balance at January 1, 2020	\$ 3,333	83,898	41,519	-	128,750
Additions	-	57,554	13,272	6,626	77,452
Disposals	<u>-</u>	<u>(26,365)</u>	<u>(5,036)</u>	<u>-</u>	<u>(31,401)</u>
Balance at December 31, 2020	<u>\$ 3,333</u>	<u>115,087</u>	<u>49,755</u>	<u>6,626</u>	<u>174,801</u>
Depreciation:					
Balance at January 1, 2021	\$ 955	18,577	24,221	221	43,974
Depreciation	543	25,903	17,096	1,000	44,542
Disposals	<u>-</u>	<u>(13,174)</u>	<u>(14,946)</u>	<u>-</u>	<u>(28,120)</u>
Balance at December 31, 2021	<u>\$ 1,498</u>	<u>31,306</u>	<u>26,371</u>	<u>1,221</u>	<u>60,396</u>
Balance at January 1, 2020	\$ 413	12,268	14,015	-	26,696
Depreciation	542	24,548	15,242	221	40,553
Disposals	<u>-</u>	<u>(18,239)</u>	<u>(5,036)</u>	<u>-</u>	<u>(23,275)</u>
Balance at December 31, 2020	<u>\$ 955</u>	<u>18,577</u>	<u>24,221</u>	<u>221</u>	<u>43,974</u>
Carrying amount:					
Balance at December 31, 2021	<u>\$ 1,835</u>	<u>80,102</u>	<u>32,109</u>	<u>3,720</u>	<u>117,766</u>
Balance at January 1, 2020	<u>\$ 2,920</u>	<u>71,630</u>	<u>27,504</u>	<u>-</u>	<u>102,054</u>
Balance at December 31, 2020	<u>\$ 2,378</u>	<u>96,510</u>	<u>25,534</u>	<u>6,405</u>	<u>130,827</u>

## (m) Other financial assets and other non-current assets

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted assets	\$ 948,579	632,124
Other receivables	<u>74,862</u>	<u>14,052</u>
	<u>\$ 1,023,441</u>	<u>646,176</u>

As of December 31, 2021 and 2020, \$942,939 and \$628,838 of the restricted assets were 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; The remains of the restricted time deposits were guarantees for construction contracts, etc. Please refer to note 8.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Restricted assets	\$ 2,390	2,380
Refundable deposits	88,363	4,377
Computer software cost and others	<u>58,299</u>	<u>52,468</u>
	<u>\$ 149,052</u>	<u>59,225</u>

(n) Short-term borrowings

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Unsecured bank loans	\$ <u>1,300,000</u>	<u>1,255,962</u>
Unused short-term credit lines	\$ <u>5,118,945</u>	<u>3,945,403</u>
Range of interest rates	<u>0.59%~0.62%</u>	<u>0.62%~0.80%</u>

(i) For information on the Company's interest risk, foreign currency risk and liquidity risk, please refer to note 6(x).

(ii) The Company did not provide any assets as collaterals for its loans.

(o) Lease liabilities

The lease liabilities of the Company were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	\$ <u>31,248</u>	<u>33,573</u>
Non-current	\$ <u>87,827</u>	<u>97,360</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>3,039</u>	<u>1,636</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>2,923</u>	<u>1,444</u>
Expenses relating to short-term leases	\$ <u>1,673</u>	<u>4,679</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>8,739</u>	<u>8,913</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 59,702</u>	<u>57,326</u>

(i) Real estate leases

As of December 31, 2021 and 2020, the Company leases land and buildings for its office space, erecting solar power generation equipment and warehouse. The leases of office space and warehouse typically run for a period of 1 to 20 years, and of buildings for erecting solar power generation equipment for 20 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 Company 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 Company leases vehicles, with lease terms of 1 to 5 years. In some cases, the Company 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 Company also leases IT equipment with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Provisions

	<u>Warranties</u>
Balance at January 1, 2021	\$ 836
Provisions made during the period	-
Provisions used during the period	<u>(63)</u>
Balance at December 31, 2021	<u>\$ 773</u>
Balance at January 1, 2020	\$ 866
Provisions reversed during the period	<u>(30)</u>
Balance at December 31, 2020	<u>\$ 836</u>

Provisions related to construction revenue and sales of electronics products, and are assessed based on historical experience. The aforementioned provisions are expected to settle the majority of the liability over the next year. Provisions for sales returns and allowances were classified as refund liabilities on December 31, 2021 and 2020.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (q) Employee benefits

## (i) Defined benefit plans

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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 Company 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 Company 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 Company'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 Company were as follows:

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

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company 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
Remeasurements of net defined benefit liabilities	895	1,612
Benefits paid by plan assets	-	(3,687)
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	<u>1,281</u>	<u>2,035</u>
	<u>\$ 2,363</u>	<u>3,103</u>
Selling expenses	-	-
Administrative expenses	<u>\$ 2,363</u>	<u>3,103</u>
	<u>\$ 2,363</u>	<u>3,103</u>

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

The Company'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	<u>3,670</u>	<u>14,203</u>
Accumulated amount at December 31	<u>\$ 71,388</u>	<u>67,718</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## 6) Actuarial assumptions

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.625 %	0.625 %
Future salary increases rate	3.00 %	3.00 %

The expected allocation payment to be made by the Company 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:

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

## (ii) Defined contribution plans

The Company 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 Company allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company recognized the pension costs under the defined contribution method amounting to \$26,379 and \$24,829 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (r) Income taxes

## (i) Income tax expenses

- 1) The components of income tax for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 250,071	280,673
Unappropriated earnings	<u>18,693</u>	<u>18,146</u>
	268,764	298,819
Deferred tax expense		
Origination and reversal of temporary differences	<u>104,011</u>	<u>(40,021)</u>
Income tax expense	<u>\$ 372,775</u>	<u>258,798</u>

- 2) The amounts of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Items that may 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>

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

	<u>2021</u>	<u>2020</u>
Profit before tax	\$ <u>2,667,233</u>	<u>2,327,148</u>
Income tax calculated based on local tax rate	533,447	465,430
Tax exemption income and domestic investment income, net	(108,514)	(114,897)
Changes in unrecognized temporary differences	967	(966)
Effects of the difference applicable tax rate of foreign dividend income	(41,006)	(87,498)
Estimated difference adjustment and others	(30,812)	(21,417)
Surtax on unappropriated earnings	<u>18,693</u>	<u>18,146</u>
	<u>\$ 372,775</u>	<u>258,798</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (ii) Deferred tax assets and liabilities

## 1) Unrecognized deferred tax assets and liabilities

The Company'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	\$ <b>5,153</b>	<b>4,186</b>

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

## 2) Recognized deferred tax assets and liabilities

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

	Defined benefit plan	Foreign investment loss under equity method	Others	Total
<b>Deferred tax assets:</b>				
Balance at January 1, 2021	\$ 42,060	35,332	38,844	116,236
Recognized in profit or loss	(6,535)	(35,180)	4,808	(36,907)
Recognized in other comprehensive income	734	-	7,510	8,244
Balance at December 31, 2021	\$ <b>36,259</b>	<b>152</b>	<b>51,162</b>	<b>87,573</b>
Balance at January 1, 2020	\$ 41,807	34,705	43,470	119,982
Recognized in profit or loss	(2,588)	627	(3,699)	(5,660)
Recognized in other comprehensive income	2,841	-	(927)	1,914
Balance at December 31, 2020	\$ <b>42,060</b>	<b>35,332</b>	<b>38,844</b>	<b>116,236</b>
<b>Deferred tax liabilities:</b>				
Balance at January 1, 2021	\$ 313,236	-	-	313,236
Recognized in profit or loss	67,104	-	-	67,104
Balance at December 31, 2021	\$ <b>380,340</b>	-	-	<b>380,340</b>
Balance at January 1, 2020	\$ 358,129	788	-	358,917
Recognized in profit or loss	(44,893)	(788)	-	(45,681)
Balance at December 31, 2020	\$ <b>313,236</b>	-	-	<b>313,236</b>

(iii) The ROC tax authorities have examined the income tax returns of the Company through 2019.

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(s) Capital and other equities

(i) Common stock

According to with 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 number of authorized ordinary shares were 220,000 thousand shares, respectively, with par value of New Taiwan Dollars \$10 per share. The total value of authorized ordinary shares amounted to \$2,200,000, respectively (both including \$100,000 for the issuance of employee stock options). 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:

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

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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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 didn't 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 reserve

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 reserve

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.

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:

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

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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	1,598,956

The information earning distribution can be accessed from the Market Observation Post System after the shareholders' meeting.

4) 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
<b>Balance at January 1, 2021</b>	\$ (100,032)	749,068	649,036
Exchange differences on foreign operations:			
Subsidiary	(27,765)	-	(27,765)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Company	-	213,242	213,242
Subsidiary	-	(4,816)	(4,816)
<b>Balance at December 31, 2021</b>	<b>\$ (127,797)</b>	<b>957,494</b>	<b>829,697</b>
<b>Balance at January 1, 2020</b>	\$ (103,736)	540,930	437,194
Exchange differences on foreign operations:			
Subsidiaries	3,704	-	3,704
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Company	-	170,454	170,454
Subsidiaries	-	11,226	11,226
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	26,458	26,458
<b>Balance at December 31, 2020</b>	<b>\$ (100,032)</b>	<b>749,068</b>	<b>649,036</b>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (t) Earnings per share

The calculation of basic and diluted earnings per share for the years 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
<b>Basic earnings per share:</b>		
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>
<b>Diluted earnings per share:</b>		
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 diluted potential ordinary share (thousands)		
Effect of employee share bonus	<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>

## (u) Revenue from contracts with customers

## (i) Details of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Taiwan	\$ 19,177,153	16,732,233
China	4,553,362	3,721,760
Others	<u>186,049</u>	<u>153,822</u>
	<u>\$ 23,916,564</u>	<u>20,607,815</u>
Major products / services:		
Semiconductor and optoelectronic industries	\$ 23,876,230	20,565,211
Others	<u>40,334</u>	<u>42,604</u>
	<u>\$ 23,916,564</u>	<u>20,607,815</u>
Timing of revenue recognition:		
Products transferred at a point in time	\$ 23,028,918	19,845,787
Services transferred over time	<u>887,646</u>	<u>762,028</u>
	<u>\$ 23,916,564</u>	<u>20,607,815</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (ii) Contract balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes and accounts receivable (including related parties)	\$ 3,508,343	3,249,932	3,053,632
Less: allowance for impairment	<u>4,525</u>	<u>4,352</u>	<u>14,322</u>
Total	<u>\$ 3,503,818</u>	<u>3,245,580</u>	<u>3,039,310</u>
Contract liabilities – unearned revenue	<u>\$ 180,755</u>	<u>59,301</u>	<u>165,023</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 \$55,902 and \$160,314, 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 for the years ended December 31, 2021 and 2020.

## (v) 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' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include those of the subsidiaries of the Company who meet certain specific requirements.

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 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 employees' 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(w) Non-operating income and expenses

(i) Other income

The details of other income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 36,932	38,100
Government grants	8,000	7,900
Others	<u>27,159</u>	<u>36,397</u>
	<u>\$ 72,091</u>	<u>82,397</u>

(ii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Foreign currency exchange losses, net	\$ (24,178)	(49,472)
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	28,864	(2,186)
Gains (losses) on disposal of property, plant and equipment, net	-	98,493
Gains on disposal of investments, net	16,928	-
Others	<u>231</u>	<u>(4,581)</u>
	<u>\$ 21,845</u>	<u>42,254</u>

(x) 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 Company are diverse instead of concentrating on specific customers; therefore, the Company has not suffered any significant credit loss. The Company 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 note and account receivables, please refer to note 6(d). Other financial assets at amortized cost includes other receivables, please refer to note 6(e).

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).) The loss allowance provisions were determined as follows:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 14,300	4,100
Reclassified from accounts receivable	<u>-</u>	<u>10,200</u>
Balance at December 31	<u>\$ 14,300</u>	<u>14,300</u>

(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>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,300,000	(1,302,653)	(1,302,653)	-	-
Notes and accounts payable (including related parties)	3,225,287	(3,225,287)	(3,225,287)	-	-
Accrued expenses and other payables	610,483	(610,483)	(610,483)	-	-
Lease liabilities (including current and non-current)	119,075	(126,687)	(33,330)	(29,710)	(63,647)
Derivative financial liabilities					
Forward Exchange contract	302				
Outflow		(61,322)	(61,322)	-	-
Inflow		61,020	61,020	-	-
	<u>\$ 5,255,147</u>	<u>(5,265,412)</u>	<u>(5,172,055)</u>	<u>(29,710)</u>	<u>(63,647)</u>
<b>December 31, 2020</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,255,962	(1,255,962)	(1,255,962)	-	-
Notes and accounts payable (including related parties)	3,137,022	(3,137,022)	(3,137,022)	-	-
Accrued expenses and other payables	500,719	(500,719)	(500,719)	-	-
Lease liabilities (including current and non-current)	103,933	(138,240)	(35,305)	(25,728)	(77,207)
Derivative financial liabilities					
Forward Exchange contract	711				
Outflow		(50,598)	(50,598)	-	-
Inflow		49,887	49,887	-	-
	<u>\$ 4,998,347</u>	<u>(5,032,654)</u>	<u>(4,929,719)</u>	<u>(25,728)</u>	<u>(77,207)</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Company'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
<b>Financial assets</b>						
Monetary items						
JPY	\$ 4,229,678	0.2405	1,017,238	3,512,682	0.2763	970,554
USD	116,305	27.68	3,219,322	115,415	28.48	3,287,019
<b>Financial liabilities</b>						
Monetary items						
JPY	4,272,795	0.2405	1,027,607	3,178,914	0.2763	878,334
USD	62,539	27.68	1,731,080	81,664	28.48	2,325,791

2) Sensitivity analysis

The Company'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, loans and borrowings, and account and other payables that are denominated in foreign currency. A appreciation (depreciation) of 5% of the each major foreign currency against Company's 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%	\$ 74,412	48,061
Depreciation 5%	(74,412)	(48,061)
JPY (against the TWD)		
Appreciation 5%	(518)	4,611
Depreciation 5%	518	(4,611)

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

3) Foreign exchange gain and loss on monetary items

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

	<u>2021</u>	<u>2020</u>
Foreign exchange gains (losses) (including realized and unrealized portions)	\$ <u>(24,178)</u>	<u>(49,472)</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	\$ 339,406	399,852
Financial liabilities	1,300,000	1,255,962

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 Company'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 borrowings.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest rate increased by 0.25%	\$ (2,416)	(2,140)
Interest rate decreased by 0.25%	2,416	2,140

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the 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 fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company'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	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 6,425	6,425	-	-	6,425
Non derivative financial assets mandatorily measured at fair value through profit or loss-listed common shares	154,181	154,181	-	-	154,181
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted common shares	37,128	-	-	37,128	37,128
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>254,754</u>				
<b>Financial assets at fair value through other comprehensive income</b>	<u>1,189,933</u>	-	-	1,189,933	1,189,933
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	389,457	-	-	-	-
Notes and accounts receivable (including related parties)	3,503,818	-	-	-	-
Other current financial assets	1,023,441	-	-	-	-
Other non-current assets (refundable deposits and pledged asset-time deposits)	<u>90,753</u>	-	-	-	-
Subtotal	<u>5,007,469</u>				
<b>Total</b>	<b><u>\$ 6,452,156</u></b>				

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

		December 31, 2021				
		Fair value				
	Book value	Level 1	Level 2	Level 3	Total	
	<u>302</u>	-	302	-	302	
<b>Financial liabilities measured at amortized cost</b>						
Short-term borrowings	\$ 1,300,000	-	-	-	-	
Notes and accounts payable (including related parties)	3,225,287	-	-	-	-	
Accrued expenses and other payables	610,483	-	-	-	-	
Lease liabilities (including current and non-current)	<u>119,075</u>	-	-	-	-	
Subtotal	<u>5,254,845</u>					
Total	<u>\$ 5,255,147</u>					
		December 31, 2020				
		Fair value				
	Book value	Level 1	Level 2	Level 3	Total	
<b>Financial assets fair value through profit or loss</b>						
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 7,409	7,409	-	-	7,409	
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted common shares	34,230	-	-	34,230	34,230	
Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>35,475</u>	-	-	35,475	35,475	
Subtotal	<u>77,114</u>					
<b>Financial assets at fair value through other comprehensive income</b>						
	<u>976,691</u>	-	-	976,691	976,691	

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,045,224	-	-	-	-
Notes and accounts receivable (including related parties)	3,245,580	-	-	-	-
Other current financial assets	646,176	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>6,757</u>	-	-	-	-
Subtotal	<u>4,943,737</u>				
Total	<u>\$ 5,997,542</u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ <u>711</u>	-	711	-	711
<b>Financial liabilities at amortized cost</b>					
Short-term borrowings	1,255,962	-	-	-	-
Notes and accounts payable (including related parties)	3,137,022	-	-	-	-
Accrued expenses and other payables	500,719	-	-	-	-
Lease liabilities (including current and non-current)	<u>130,933</u>	-	-	-	-
Subtotal	<u>5,024,636</u>				
Total	<u>\$ 5,025,347</u>				

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

The Company 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

3) Valuation techniques for financial instruments measured at fair value – Non-derivative financial instruments

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 2021 and 2020.

5) Reconciliation of level 3 fair value

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
	<b>Debt investment without quoted price</b>	<b>Equity investment without quoted price</b>	
Balance at January 1, 2021	\$ 69,705	976,691	1,046,396
Total gains and losses recognized:			
In profit (loss)	17,630	-	17,630
In other comprehensive income	-	213,242	213,242
Purchased	24,485	-	24,485
Proceeds from liquidation	(777)	-	(777)
Proceeds of capital reduction of investment	(16,895)	-	(16,895)
Balance at December 31, 2021	<u>\$ 94,148</u>	<u>1,189,933</u>	<u>1,284,081</u>
Balance at January 1, 2020	\$ 64,648	812,805	877,453
Total gains and losses recognized:			
In profit (loss)	(1,475)	-	(1,475)
In other comprehensive income	-	170,454	170,454
Purchased	6,532	-	6,532
Disposal	-	(4,384)	(4,384)
Proceeds of capital reduction of investment	-	(2,184)	(2,184)
Balance at December 31, 2020	<u>\$ 69,705</u>	<u>976,691</u>	<u>1,046,396</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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

The Company'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 Company 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 for 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. (22.07~84.21% and 11.48~73.63%, respectively, on December 31, 2021 and 2020)  Lack of Marketability discount rate (20% both on December 31, 2021 and 2020)	The higher the multiple is, the higher the fair value will be.  The higher the lack of marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss— debt investment without quoted price	Net asset value method	Net asset value	Inapplicable

- 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:

	<u>Input</u>	<u>Move up or down</u>	<u>Impacts of fair value change on other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income				
Equity investment without quoted price	P/B ratio	5%	<u>59,478</u>	<u>(59,478)</u>
	Lack of marketability discount	5%	<u>74,371</u>	<u>(74,371)</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

December 31, 2020	Input	Move up or down	Impacts of fair value change on other comprehensive income	
			Favorable change	Unfavorable change
Financial assets at fair value through other comprehensive income				
Equity investment without quoted price	P/B ratio	5%	<u>48,802</u>	<u>48,802</u>
	Lack of marketability discount	5%	<u>61,018</u>	<u>61,018</u>

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.

(y) Financial risk management

(i) Briefings

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

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

The following likewise discusses the Company'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 financial statements.

(ii) Structure of risk management

The Company'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.

The Company 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 Company'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 Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(iii) Credit risk

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

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company'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 Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Accounts and other receivables mainly relate to a wide range of customers from different industries and geographic regions. The Company 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 Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company 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 Company's policies, it is only permissible to provide financial guarantees to subsidiaries, companies that the Company has business with, and the investees, based on the percentage of ownership by each shareholder. As of December 31, 2021 and 2020, no guarantees were provided to non-subsidiary. The guarantees provided to subsidiaries please refer to note 13(a).

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

Loans and borrowings from the bank form an important source of liquidity for the Company. The Company's unused credit line wee amounted to \$5,118,945 and \$3,945,403 as of December 31, 2021 and 2020, respectively.

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(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 Company'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 Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks.

1) Currency risk

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

2) Interest rate risk

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

(z) Capital management

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, and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors the capital structure by way of periodical review on the liability ratio. The management decided to optimize its capital by using appropriate debt-to-equity ratio. The capital of the Company represents the total equity stated in the balance sheets that is equal to the total assets, minus, total liabilities.

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	\$ 6,241,955	5,833,959
Total assets	17,838,527	16,407,586
Liability ratio	35 %	36 %

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

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

(aa) Investing and financing activities not affecting current cash flow

The Company's investing and financial activities which did not affect the 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(i) for details.

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flow	Non-cash charges		December 31, 2021
			Additions of leases	Cancellation of lease	
Short term borrowings	\$ 1,255,962	44,038	-	-	1,300,000
Lease liabilities	130,933	(43,328)	33,915	(2,445)	119,075
Guarantee deposits received	600	-	-	-	600
Total liabilities from financing activities	<u>\$ 1,387,495</u>	<u>710</u>	<u>33,915</u>	<u>(2,445)</u>	<u>1,419,675</u>

	January 1, 2020	Cash flow	Non-cash charges		December 31, 2020
			Additions of leases	Cancellation of lease	
Short term borrowings	\$ 695,000	560,962	-	-	1,255,962
Lease liabilities	102,324	(40,654)	77,452	(8,189)	130,933
Guarantee deposits received	600	-	-	-	600
Total liabilities from financing activities	<u>\$ 797,924</u>	<u>520,308</u>	<u>77,452</u>	<u>(8,189)</u>	<u>1,387,495</u>

**(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 financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taiwan E&M System Inc. (Taiwan E&M)	Subsidiary
Topco Group Ltd. (Topco Group)	Subsidiary
Topco International Investment Co., Ltd. (Topco International Investment)	Subsidiary
Topco Investment Co., Ltd. (Topco Investment)	Subsidiary
ECO Technology Services Co., Ltd. (Chien Yueh)	Subsidiary
Hong Kong Topco Trading Limited (Topco Trading)	Subsidiary
Asia Topco Investment Ltd. (Asia Topco)	Subsidiary
Cityspace International Co., Ltd. (Cityspace)	Subsidiary
Kuan Yueh Technology Engineering Co., Ltd. (Kuan Yueh Technology)	Subsidiary
Jia Yi Energy Co., Ltd. (Jia Yi Energy)	Subsidiary
Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	Subsidiary

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Jing Chen Energy Co., Ltd. (Jing Chen)	Subsidiary
Jing Yang Energy Co., Ltd. (Jing Yang)	Subsidiary
Anyong Biotechnology, Inc. (Anyong Biotechnology)	Subsidiary
Anyong FreshMart. Inc (Anyong Fresh Mart)	Subsidiary
Topchem Materials Co., Ltd. (Topchem Materials)	Subsidiary
Xiang Yueh Co., Ltd. (Xiang Yueh)	Subsidiary
Multi Rich Technology Co., Ltd. (Multi Rich Technology )	Subsidiary
Ming Jen Restaurant Business Co., Ltd. (Ming Jen Restaurant)	Subsidiary
Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)	Subsidiary
Suzhou Topco Construction Ltd. (Topco Suzhou)	Subsidiary
Topco Scientific (Shanghai) Co. Ltd. (Topco Shanghai)	Subsidiary
Shanghai Chongyao Trading Co., Ltd. (Shanghai Chongyao)	Subsidiary
Topco Chemical (Z.F.T.Z) Co., Ltd. (Topco Chemical)	Subsidiary
Topco Engineering (Suzhou) Ltd. (Topco Engineering)	Subsidiary
Topscience (s) Pte Ltd. (Topscience (s))	Subsidiary
Topsco Scientific (Japan) Co., Ltd. (Topco Japan)	Subsidiary
DIO Energy GmbH(DIO)	Subsidiary (Note 1)
Ding Yue Solar Co., Ltd. (Ding Yue Solar)	Subsidiary
Yilan Anyong Lohas Co., Ltd. (Anyong Lohas)	Subsidiary
XPORTS SPORTS CO., LTD. (XPORTS SPORTS)	Subsidiary
Topscience Vietnam Co., Ltd. (Topscience Vietnam)	Subsidiary
Anyong (s) Pte. Ltd. (Anyong(s))	Subsidiary
Unitech New Energy Engineering Co., Ltd (Unitech New Energy Engineering)	Subsidiary
TOP VACUUM CO., LTD. (TOP VACUUM )	Subsidiary
Topco Scientific USA Corp (TOPCO SCIENTIFIC USA)	Subsidiary (Note 4)
Tai Ying Resource Industrial Corp. (Tai Ying Resource)	Subsidiary (Note 2)
Yun Yueh Technology Co., Ltd. (Yun Yueh Technology)	Subsidiary (Note 5)
Fortune Energy Corporation (Fortune)	Associate
Eastwind Tsusho Inc. (Eastwind Tsusho)	An associate of subsidiary (Note 3)
Great Talent Tech Co., Ltd. (Great Talent Tech)	An associate of subsidiary (Note 6)
Topco Quartz Products Co., Ltd. (Topco Quartz)	Associate
General Precise Technology Co. Ltd. (General Precise)	Its parent company is the an associate

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Shin-Etsu Handotai Taiwan Co, Ltd. (Shin-Etsu Handotai Taiwan)	The Company is the corporate director of the related party
Shin-Etsu Opto Electronics Co. Ltd. (Shin-Etsu Opto Electronics)	The Company is the corporate director of the related party

Note 1: DIO had completed its liquidation procedures in December 2021.

Note 2: The subsidiary of the Company acquired the control of Tai Ying Industrial in July 2021, and has been listed as a subsidiary of the Company.

Note 3: The subsidiary of the Company acquired 25% shares of Eastwind Tsusho in July 2021, and gained significant influence over it. Since July 2021, it has been listed as an associate of the Company's subsidiary.

Note 4: The Company set up Topco Scientific USA in December 2021.

Note 5: The Company set up Yun Yueh Technology in July 2021.

Note 6: The subsidiary of the Company acquired 31% shares of Great Talent Tech in August 2021, and gained significant influence over it. Since August 2021, it has been listed as an associate of the Company's subsidiary.

(b) Significant transactions with related parties

(i) Sales

1) Sales

The amounts of significant sales transactions between the Company and related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 109,168	72,063
Associates	4,312	141
Other related parties	<u>40,405</u>	<u>32,576</u>
	<u>\$ 153,885</u>	<u>104,780</u>

Sales terms for related parties were similar to those of the third-party customers. The collection period was 30 to 90 days for related parties.

2) Service revenue — commission and others

The amounts of significant service transactions between the Company and related parties were as follows:

	<u>2021</u>	<u>2020</u>
Associates:		
Topco Quartz	\$ 219,362	183,875
Other related parties:		
Shin-Etsu Handotai Taiwan	254,857	225,889
Other related parties	<u>816</u>	<u>434</u>
	<u>\$ 475,035</u>	<u>410,198</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

The terms of transaction with related parties were based on the contracts signed between both parties, and there was no significant difference with the third-party customers.

(ii) Purchases

The amounts of significant purchase transactions between the Company and related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 33,375	34,242
Associates	664,427	652,506
Other related parties	<u>24,248</u>	<u>19,694</u>
	<u><u>\$ 722,050</u></u>	<u><u>706,442</u></u>

Purchase terms for related parties were similar to those from third-party suppliers. The payment period was 30 to 90 days for both related parties and non-related parties.

(iii) Acquisition of fixed assets

The Company purchased fixed assets from the subsidiaries in 2020. As of December 31, 2020, the transaction amount of \$75,489 had been paid, which were listed under property, plant, and equipment, please refer to note 6(h) for details.

(iv) Operating lease

The amounts of lease income recorded by the Company from leasing to related parties were as follows:

	<u>2021</u>	<u>2020</u>
Anyong Lohas	\$ -	1,380
Anyong Fresh Mart	3,322	3,179
Other subsidiaries	<u>1,478</u>	<u>2,912</u>
	<u><u>\$ 4,800</u></u>	<u><u>7,471</u></u>

(v) Other non-operating income

The Company entrusted Anyong Lohas to operate its tourism factory and Anyong Biotechnology to run its aqua-cultural product processing factory, respectively. Both of them share their operating results through revenue sharing agreements, based on which the Company was paid monthly.

	<u>2021</u>	<u>2020</u>
Subsidiaries	<u><u>\$ 3,827</u></u>	<u><u>6,613</u></u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (vi) Loans to other parties

The credit lines of the loans the Company provided to related parties were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries		
TOPSCIENCE(S) PTE LTD.	\$ <u>61,380</u>	<u>-</u>

The Company's loans to related parties are based on the average interest rate of the Company's short-term borrowings from financial institutions in the year of appropriation, and they are all unsecured loans. After evaluation, no impairment loss is required.

## (vii) 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>
Accounts receivable	Subsidiaries	\$ 25,146	19,108
Accounts receivable	Associates	44,989	28,766
Accounts receivable	Other related parties	47,739	48,561
Other receivables	Subsidiaries	71,084	12,014
Other receivables	Associates	31	31
		<u>\$ 188,989</u>	<u>108,480</u>

The other receivables to the subsidiaries were mainly loans to related parties, please refer to note 13(a).

## (viii) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Subsidiaries	\$ 3,351	4,178
Accounts payable	Associates	202,799	226,838
Accounts payable	Other related parties	8,794	2,264
		<u>\$ 214,944</u>	<u>233,280</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (ix) Guarantees

The credit lines of the guarantees the Company provided to related parties were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Subsidiaries		
Topco Suzhou	\$ -	698,792
Topco Shanghai	203,290	294,790
Shanghai Chongyao	43,440	1,223,038
Chien Yueh	2,300,000	2,566,600
Kuan Yueh Technology	623,772	640,383
TOPSCIENCE(S) PTE LTD.	1,349,544	384,055
Other Subsidiaries	<u>1,329,633</u>	<u>1,123,185</u>
	<u>\$ 5,849,679</u>	<u>6,930,843</u>

## (x) Equity transaction

On July 30, 2021, in order to coordinate the adjustment of the group organization, the Company 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.

## (c) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 249,596	197,965
Post-employment benefits	<u>2,934</u>	<u>3,284</u>
	<u>\$ 252,530</u>	<u>201,249</u>

## (8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Other non-current financial assets	Deposit for lease		
– time deposits		\$ 2,390	2,380
Other current financial assets	Fees received in advance for sport training courses	<u>5,640</u>	<u>3,286</u>
		<u>\$ 8,030</u>	<u>5,666</u>

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

**(9) Commitments and contingencies:**

(a) The Company's unrecognized contractual commitments were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Commitments for construction contracts	<u>\$ 20,508</u>	<u>32,861</u>
Bank guarantees to construction contracts	<u>\$ 2,755</u>	<u>-</u>

(b) The Company's unused and outstanding letters of credit for purchasing were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unused and outstanding letters of credit	<u>\$ 1,477,578</u>	<u>1,113,800</u>

**(10) Losses Due to Major Disasters: None****(11) Subsequent Events: None****(12) Other:**

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

By function	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	42,991	905,186	948,177	35,656	808,864	844,520
Labor and health insurance	-	53,288	53,288	-	44,769	44,769
Pension	-	28,742	28,742	-	27,932	27,932
Remuneration of directors	-	58,727	58,727	-	46,687	46,687
Other employee benefits	344	39,910	40,254	-	37,586	37,586
Depreciation	11,482	141,031	152,513	10,376	121,702	132,078
Amortization	-	20,965	20,965	-	10,362	10,362

The number of employees and employee benefit expenses of the Company for the years ended December 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Number of employees	<u>506</u>	<u>503</u>
Non-employee directors	<u>5</u>	<u>5</u>
Average benefit expense per employee	<u>\$ 2,137</u>	<u>1,917</u>
Average salary expense per employee	<u>\$ 1,893</u>	<u>1,696</u>
Average salary expense adjustment per employee	<u>11.62 %</u>	<u>14.13 %</u>
Remuneration of supervisors	<u>\$ -</u>	<u>4,506</u>

(Continued)



**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

The Company's information of remuneration policy (including Board of Directors, supervisors, managers and employees) was as follows:

(i) Employees:

Remuneration should be based on the Company's overall operating performance with consideration of the contribution of each Directors, Supervisors and executive officers to the Company and the risk the Company will face. The remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations to reach a balance between the Company's sustainable operation and risk control.

(ii) Managers:

The total compensation paid to the managers is decided based on their job responsibility, contribution and with reference to industry. The compensations are reviewed regularly in Remuneration Committee then submitted to the Board of directors for approval.

(iii) Directors and Supervisors:

The remunerations for the Directors and Supervisors are determined in accordance with the procedures set force in the Company's Article of Incorporation and the Company's overall operating performance. The compensations are reviewed regularly in Remuneration Committee then submitted to the Board of Directors for approval. The Audit Committee was set up and replaced Supervisors based on the resolution of Meeting of Board of Directors on April 24, 2020, and the Company's Articles of Incorporation were amended on June 22, 2020.

**(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 3)	Maximum limit of fund financing (note 3)
													Item	Value		
0	The Company	TOPSCIENCE(S)PTE LTD.	Other receivables	Yes	81,840	81,840	61,380	1.00%	Short-term financing	-	Operating demand	-		-	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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the 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
0	"	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 CNY70,000, the maximum amount for guarantees and endorsements are for Shanghai Chongyao CNY10,000, Topco Chemical CNY30,000, and Topco Engineering CNY30,000, respectively.

Note 6: The balances of guarantees and endorsements as of reporting date which are double counted 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the 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				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	507	6,425	-	6,425	
"	Stock: Eversol Corporation	None	Non-current financial assets at fair value through other comprehensive income	230	-	8.21	-	
"	Shin-Etsu Opto Electronic	The Company is the institutional directors of the related party	"	2,000	132,120	10	132,120	
"	Shin-Etsu Handotai Taiwan	None	"	12,000	1,010,520	8	1,010,520	
"	Everglory Resource Technology Co., Ltd.	"	"	2,000	44,140	8.18	44,140	
"	ProMOS Technologies Inc.	"	"	71	3,153	0.16	3,153	
"	Grand Fortune	"	Non-current financial assets at fair value through profit or loss	2,400	37,128	4.12	37,128	
"	Shih Her Technologies Inc.	"	"	2,092	154,181	3.68	154,181	
"	Other: LEAP FUND L.P.	"	Non-current financial assets at fair value through profit or loss	-	57,020	12.22	57,020	
Topco International Investment	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	
"	Mylight Technology Co., Ltd. (Mylight)	"	"	250	-	0.76	-	
"	Archers Inc.	"	"	625	-	1.93	-	
"	Ultramed Technology Co., Ltd.	"	"	100	2,292	5.26	2,292	
"	Sunergy development corporation	Topco International Investment is the institutional directors of the related party	"	285	-	19.00	-	
"	Mycropore Corporation Ltd.	"	"	400	3,400	2.29	3,400	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	
Topco Investment	Fund: Jih Sun Money Market	None	Current financial assets at fair value through profit or loss	146	2,195	-	2,195	
"	Taishin 1699 Money Market Fund	"	"	1,618	22,126	-	22,126	
Topco Investment	Stock: Mylight	None	Non-current financial assets at fair value through other comprehensive income	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	
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	
"	Mega Diamond Money Market Fund	"	"	4,176	52,947	-	52,947	
"	Franklin U.S. Government Money Fund	"	"	4,187	43,774	-	43,774	
"	FSITC Taiwan Money Market	"	"	3,266	50,524	-	50,524	
Anyong Fresh Mart.	Fund: Jih Sun Money Market	None	Current financial assets at fair value through profit or loss	472	7,076	-	7,076	
"	KGI Victory Money Market Fund	"	"	2,999	35,064	-	35,064	
Ding Yue Solar	Fund: FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,344	-	1,344	
Anyong Lohas	Jih Sun Money Market	None	Current financial assets at fair value through profit or loss	1,681	25,193	-	25,193	
Anyong Biotechnology Unitech New Energy Engineering	Taishin 1699 Money Market Fund	None	Current financial assets at fair value through profit or loss	2,201	30,109	-	30,109	
"	Stock: United Microelectronics Corporation Co., Ltd	None	Non-Current financial assets at fair value through profit or loss	10	681	-	681	
"	United Renewalbe Energy Co., Ltd	None	"	10	227	-	227	

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

- (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)		Percentage of total notes/accounts receivable (payable)	Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance			
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	-	-	Account 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)%		

- (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).

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

## (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	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
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	
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	510,833	62,162	62,162	
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	273,829	123,127	30,799	
	Topco Group	Samoa	Investment activities	493,981	493,981	15,518	100%	2,405,708	738,441	736,451	
	Topsience(s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	336,108	279,278	3,153	100%	369,533	38,191	38,191	
	Topco International Investment	Taipei City	Investment activities	460,000	395,000	50,493	100%	480,156	70,717	70,717	
	Topco Investment	Taipei City	Investment activities	260,000	260,000	11,000	100%	87,176	(14,034)	(14,034)	
	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	
	Winaico	Germany	Oversea Holding Company	-	184,929	-	-%	-	-	-	
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	490,629	490,629	25,000	100%	88,402	(41,537)	(41,537)	
	Winfull Bio-tech Co., Ltd.	Tainan City	Manufacture of organic fertilizer	35,000	35,000	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)	
	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)	
	Xiang Yueh	Taipei City	Waste disposal	73,270	46,370	4,690	83%	26,353	(21,499)	(19,485)	
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	317,000	317,000	21,700	100%	38,114	(19,103)	(19,102)	
	General Precise	Hsinchu County	Process and sales of quartz products	-	14,301	-	-%	-	5,946	5,946	Note 3
Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning assessment supervision and monitoring	434,560	-	776	78%	447,497	142,267	12,937		
TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	13,878	-	1	100%	13,080	(770)	(770)	Note 5	
								<b>6,929,475</b>		<b>1,226,061</b>	
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	
	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	Investment gains (losses) recognized by Topco Group	
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)	
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	-	-	-	100%	-	-	"	

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the 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	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
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	
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	15,094	15,094	5	100%	2,914	395	"	
	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	"	
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	24,000	24,000	4,585	16%	47,793	1,007	"	
	Kanbo Biomedical	Taipei City	Sales of health food products	6,287	6,287	1,000	100%	1,360	(32)	"	
Topco International Investment	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	4,197	4,197	142	36%	-	-	"	
	DIO	Germany	Development of renewable energy project	-	23,849	-	-%	-	-	"	Note 2
	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	"	
	Fortune	Taipei City	Clean up of waste and environmental management service	771	771	40	0.07%	769	123,127	"	
	Tai Ying Resource Industrial Corp.	Kaohsiung City	Clean up for waste	141,704	114,620	10,736	48.80%	149,074	26,189	"	Note 4
Topco Investment	EastWind Tsusho	Taipei City	Manufacturing and trading of electronic parts, etc.	5,000	-	500	25.00%	6,084	7,074	Investment gains (losses) recognized by Topco International Investment	
	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	
	Ding Yue Solar	Taipei City	Development of renewable energy project	9,000	9,000	900	100%	4,057	(76)	"	
	XSPORTS SPORTS	Taipei City	Sport training	29,299	29,299	450	100%	4,387	(86)	"	
	Min Jen Restaurant	Taipei City	Restaurant	110,000	110,000	1,719	69%	866	(18,069)	"	
	Fei Da Intelligent Co., Ltd.	Taipei City	Manpower dispatch	5,500	5,500	500	12%	4,431	(12,709)	"	
	STARX INC.	Hsinchu City	Precision instrument manufacturing	8,000	8,000	8,626	26%	7,861	(434)	"	
	Yun Yueh-Technology	Taichung City	Aquaculture and wholesale and sales of fishery products	750	-	75	75%	741	(25)	"	Note 6
	Great Talent Tech Co., Ltd.	Taipei City	Personnel training	5,000	-	500	31%	4,834	(530)	"	
	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
Jing Yang Energy		Taipei City	"	70,497	70,497	7,195	100%	66,808	(8,949)	"	
Jing Yueh Energy		Taipei City	"	82,161	82,161	7,513	100%	85,122	7,342	"	
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	

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the 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	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
Chien Yueh	Tai Ying Resource	Kaohsiung City	Clean up of waste	9,916	-	670	3%	10,020	26,189	Investment gains (losses) recognized by Chien Yueh	
"	Unitech New Energy Engineering	New Taipei Citu	Environment-related engineering planning, assessment, supervision and monitoring	5,600	-	10	1%	5,767	142,267	"	

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: DIO had completed its liquidation procedures in December 2021.

Note 3: General Precise had been sold 100% of its shares by the Company, and lost the control of General Precise in July 2021.

Note 4: The subsidiary of the Company, Chien Yueh and Topco International Investment, acquired the control of Tai Ying Industrial in July 2021, and has been listed as a subsidiary of the Company.

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

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

(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	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 %	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 %	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)	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)	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 %	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 December 31, 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.

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**

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 for the year ended December 31, 2021:  
None

**(14) Segment information:**

Please refer to the consolidated financial reports for the year ended December 31, 2021.



**Topco Scientific Co., Ltd.**  
**Statement of Cash and Cash Equivalents**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ <u>1,922</u>
Checking accounts and demand deposits	NTD	67,794
	Foreign currencies (including USD 3,684 thousands, JPY 613,092 thousands and others)	<u>264,381</u>
		<u>332,175</u>
Time deposits	Foreign currency (including USD 2,000 thousands, maturity date: 2022.01.10)	<u>55,360</u>
Total		<u>\$ <b>389,457</b></u>

Note: The exchange rate is 27.68 New Taiwan Dollars for 1 US Sollar ; 0.2405 New Taiwan Dollars for 1 JPY.

**Statement of Notes and Accounts Receivable**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Notes receivable (Note)	Non-related party sales	\$ <u>32,305</u>
Accounts receivable :		
A Company	Non-related party sales	1,064,805
B Company	"	202,454
Others (Note)	"	<u>2,090,905</u>
		3,358,164
Less: Allowance for uncollectible accounts		<u>(4,525)</u>
Total		<u>\$ <b>3,385,944</b></u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**Topco Scientific Co., Ltd.**

**Statement of Other Current Financial Assets**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other receivables	Discounts from suppliers and interest receivable, etc.	\$ 74,862
Restricted trust deposits	Fees received in advance for sport training courses	5,640
Restricted time deposits	The account of repatriated offshore funds owing to applying "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act".	941,119
Restricted demand deposits	The account of repatriated offshore funds owing to applying "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act".	<u>1,820</u>
Total		<u><u>\$ 1,023,441</u></u>

**Statement of Inventories**

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
High technology products (Note 1)	\$ 1,789,028	1,952,317
Less : Allowance for loss on inventory	<u>(3,291)</u>	
	<u>1,785,737</u>	
Goods in transit	95,817	95,817
Others	<u>234</u>	<u>234</u>
Total	<u><u>\$ 1,881,788</u></u>	<u><u>2,048,368</u></u>

Note 1: Including integrated circuit, optoelectronics, packaging materials and electronic component products, etc.

**Topco Scientific Co., Ltd.**  
**Statement of other current assets, others**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayment for purchases		\$ 90,345
Prepaid expenses	Prepaid rent and insurance, etc.	13,972
Temporary debits	Fees paid on behalf of employees and suppliers, etc.	56,864
Others (Note)	Prepaid stationery and postage, etc.	<u>1,489</u>
Total		<u>\$ 162,670</u>

Note : The amount of each item included in others does not exceed 5% of the account balance.

## Topco Scientific Co., Ltd.

## Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars and Shares)

Investees Company	Balance, January 1, 2021		Increase (Decrease) (Note1)		Share of profits (losses) recognized	Amounts of exchanges difference on translation foreign operations	Other adjustment (Note2)		Balance, December 31, 2021		Market price or net value	Collaterals or pledged assets
	Shares	Amounts	Shares	Amounts			Shares	Amounts	Shares	Percentage of ownership		
Topco Quartz	13	\$ 1,373,640		(213,378)	386,333	-	-	13	40 %	1,546,595	1,573,322	None
Taiwan E&M	42,500	489,198		(40,527)	62,162	-	-	42,500	100 %	510,833	510,833	None
Fortune	14,960	302,494		(59,464)	30,799	-	-	14,960	25 %	273,829	273,829	None
Topco Group	15,518	2,081,697		(388,710)	736,451	(23,730)	-	15,518	100 %	2,405,708	2,407,697	None
Topsience(s)	500	291,446	2,653	56,829	38,191	(16,933)	-	3,153	100 %	369,533	369,623	None
Topco International Investment	42,500	368,979	7,993	43,000	70,717	2,276	(4,816)	50,493	100 %	480,156	554,662	None
Topco Investment	11,000	99,159		2,051	(14,034)	-	-	11,000	100 %	87,176	87,176	None
Chien Yueh	37,294	401,872	206	(28,969)	6,585	-	-	37,500	100 %	379,488	393,543	None
Winaico	5,000	-	(5,000)	(3,140)	-	3,140	-	-	%	-	-	None
Anyong Biotechnology	25,000	129,939		-	(41,537)	-	-	25,000	100 %	88,402	88,402	None
Winfull Bio-tech Co., Ltd	3,500	-		-	-	-	-	3,500	39 %	-	-	None
Anyong Fresh Mart	30,800	119,265		-	(28,020)	-	-	30,800	100 %	91,245	91,236	None
Jia Yi Energyl	22,819	172,578	926	-	(1,112)	-	-	23,745	84 %	171,466	247,591	None
Xiang Yueh	2,000	16,569	2,690	29,269	(19,485)	-	-	4,690	83 %	26,353	26,353	None
Anyong Lohas	21,700	57,216		-	(19,102)	-	-	21,700	100 %	38,114	38,114	None
General Precise	1,000	25,187	(1,000)	(31,133)	5,946	-	-	-	%	-	-	None
Unitech New Energy Engineering		-	776	434,560	12,937	-	-	776	77.6 %	447,497	127,163	None
TOPCO SCIENTIFIC USA		-	1	13,878	(770)	(28)	-	1	100 %	13,080	13,080	None
Total		<u>\$ 5,929,239</u>		<u>(185,734)</u>	<u>1,226,061</u>	<u>(35,275)</u>	<u>(4,816)</u>			<u>6,929,475</u>		

Note1 : The change in the current period included the cash dividend of \$739,605 and the investment increase of \$597,166, disposal of investment of \$47,651, remeasurement of defined benefit plans of \$64, and non-proportionate purchase of new shares to adjust capital surplus of \$4,420.

Note2 : The Company decreased its other equity by \$4,816 based on its investee's adjustments by using International Financial Reporting Standards No. 9.

**Topco Scientific Co., Ltd.**  
**Statement of Changes in Property, Plant and Equipment**  
**For the year ended December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to note 6(h).

**Statement of Changes in Right-of-use Assets**

Please refer to note 6(i).

**Statement of Short-term Borrowings**

**December 31, 2021**

<u>Type of loan</u>	<u>Description</u>	<u>Contract Term</u>	<u>Range of Interest Rates (%)</u>	<u>Loan Commitments</u>	<u>Collaterals or pledged assets</u>	<u>Amount</u>
Credit loans	Operating capital	Due within one year	0.62%	\$ 1,300,000	None	200,000
"	"	"	0.60%	1,300,000	"	570,000
"	"	"	0.59%	300,000	"	300,000
"	"	"	0.60%	230,000	"	230,000
Total				<u>\$ 3,130,000</u>		<u>1,300,000</u>

Note: The financial institutions included Mitsubishi UFJ Bank, Mizuho Bank, HSBC Bank (Taiwan) Limited, and Citibank Taiwan.

**Topco Scientific Co., Ltd.**  
**Statement of Notes and Accounts Payable**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
A Company	Non-related party operating costs	\$ 2,061,836
B Company	"	138,254
Others (Note)		<u>810,253</u>
Total		<u>\$ 3,010,343</u>

Note : The amount of individual vendor included in others does not exceed 5% of the account balance.

**Statement of Other Current Financial Liabilities**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Accrued payroll, bonuses, employees and directors' compensations	Estimated year-end bonuses, performance bonuses, employees benefits and employees and directors' compensations in 2021	\$ 442,706
Customs clearance fee payables		43,123
Employees benefit liabilities	Provisions of employees' compensatory leave	31,420
Others (Note)	Accrued expense of vendors and employees and labor and health insurance expenses, etc.	<u>93,234</u>
Total		<u>\$ 610,483</u>

Note : The amount of each item included in others does not exceed 5% of the account balance.

**Topco Scientific Co., Ltd.**  
**Statement of Lease Liabilities**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Amount</u>
Land	5~8 years	1.56 %	\$ 1,418
Buildings	1~20 years	1.56 %	82,101
Vehicles	3~4 years	1.56 %	32,427
Machinery	5 years	1.56 %	<u>3,129</u>
			119,075
Less: classified as current portion			<u>(31,248)</u>
Non-current lease liabilities			<u><u>\$ 87,827</u></u>

**Statement of Operating Revenues**  
**For the year ended December 31, 2021**

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Semiconductor and optoelectronics related products	Note	\$ 23,876,230
Others		<u>40,334</u>
		<u><u>\$ 23,916,564</u></u>

Note: Due to the many of different kinds of product unit and no consistent methodology of unit quantification; therefore, the quantity was not disclosed.

**Topco Scientific Co., Ltd.**  
**Statement of Operating Costs**  
**For the year ended December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Inventories, beginning of the year	\$ 1,887,590
Add: Purchase of inventories	20,843,425
Less: Inventories, end of the year	(1,885,079)
Transferred to operating expenses and others	(10,736)
Transferred to other operating costs-maintenance costs and construction in progress	<u>(22,287)</u>
Cost of sales	20,812,913
Indemnity of inventories and others	8
Reversal of allowance for loss on inventories	<u>(2,000)</u>
	<u>20,810,921</u>
Other operating costs	<u>221,273</u>
Operating costs	<u><u>\$ 21,032,194</u></u>

**Statement of Operating Expenses**

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Wages and salaries	\$ 334,251	554,399	16,536
Shipping expenses	50,886	261	10
Insurance	28,167	35,646	1,414
Depreciation	37,116	103,249	666
Remuneration to directors	-	58,727	-
Others (Note)	<u>134,215</u>	<u>168,857</u>	<u>4,411</u>
Total	<u><u>\$ 584,635</u></u>	<u><u>921,139</u></u>	<u><u>23,037</u></u>

Note : The amount of each item included in others does not exceed 5% of the account balance.