

TOPCO SCIENTIFIC CO., LTD.**Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

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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.

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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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 financial statements of the Company for 2022 and 2021. The investments accounted for using equity method constituted 10.34% and 10.21% of the total assets as of December 31, 2022 and 2021; and the share of profit of associates and joint ventures accounted for using equity method constituted 14.60% and 15.64% of profits before tax for the years ended December 31, 2022 and 2021, 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 amount of 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 audits of the financial statements of the current period. These matters were addressed in the context of our audits 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(r) "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 audits.

How the matter was addressed in our audits:

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. Investments accounted for using equity method- Recognition of Operating Revenue of subsidiaries

Please refer to note 4(i) " Investment in subsidiary " for accounting policies related to revenue recognition; and note 6(g) Investments accounted for using equity method.

Description of Key Audit Matters:

Some of the company's subsidiaries, which are recognized under equity method, are distributors for the sale of semiconductor material and electronic material, with holding material revenue. Therefore, the amount and changes in the operating revenues of these subsidiaries may affect the understanding of the users of the financial statements which is considered as one of our key audit matters.

How the matter was addressed in our audits:

Our principal audit procedures included: testing related manual and systematic control over sales cycle of certain subsidiaries using the equity method of investment, performing analytical procedures to operating income, and testing relevant vouchers, as well as assessing whether the Company's timing on revenue recognition and the amounts recognized are in accordance with related standards.

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 13, 2023

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.

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

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,238,850	6	389,457	2	2100	Short-term borrowings (note 6(n))	\$ 630,000	3	1,300,000	7
1110	Current financial assets at fair value through profit or loss (note 6(b))	4,451	-	6,425	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	302	-
1170	Notes and accounts receivable, net (note 6(d))	3,023,028	15	3,385,944	19	2130	Current contract liabilities (note 6(v))	177,221	1	180,755	1
1180	Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	115,965	1	117,874	1	2170	Notes and accounts payable	3,929,012	19	3,010,343	17
1476	Other current financial assets (notes 6(e), 6(m), 7 and 8)	1,056,927	5	1,023,441	6	2180	Notes and accounts payable to related parties (note 7)	210,883	1	214,944	1
1311	Inventories, net (note 6(f))	2,694,994	13	1,881,788	10	2200	Other current financial liabilities	857,425	4	610,483	4
1479	Other current assets, others	<u>181,590</u>	<u>1</u>	<u>162,670</u>	<u>1</u>	2251	Current provisions (note 6(q))	-	-	773	-
		<u>8,315,805</u>	<u>41</u>	<u>6,967,599</u>	<u>39</u>	2230	Current tax liabilities	410,324	2	145,738	1
						2280	Current lease liabilities (note 6(p))	57,237	-	31,248	-
	Non-current assets:					2365	Current refund liabilities	13,105	-	14,434	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	434,362	2	248,329	1	2399	Other current liabilities	<u>54,009</u>	<u>-</u>	<u>66,326</u>	<u>-</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,280,032	6	1,189,933	7			<u>6,339,216</u>	<u>30</u>	<u>5,575,346</u>	<u>31</u>
1550	Investments accounted for using equity method (notes 6(g), 6(h), 6(i), 6(j) and 7)	7,883,215	38	6,929,475	39		Non-Current liabilities:				
1600	Property, plant and equipment (notes 6(k) and 7)	2,204,449	11	2,148,800	12	2541	Long-term borrowings (note 6(o))	600,000	3	-	-
1755	Right-of-use assets (note 6(l))	158,516	1	117,766	1	2570	Deferred tax liabilities and others (note 6(s))	449,808	2	401,828	2
1840	Deferred tax assets (note 6(s))	50,697	-	87,573	-	2580	Non-current lease liabilities (note 6(p))	103,328	1	87,827	1
1900	Other non-current assets (notes 6(m) and 8)	<u>256,098</u>	<u>1</u>	<u>149,052</u>	<u>1</u>	2640	Non-current net defined benefit liabilities (note 6(r))	<u>131,178</u>	<u>1</u>	<u>176,954</u>	<u>1</u>
		<u>12,267,369</u>	<u>59</u>	<u>10,870,928</u>	<u>61</u>			<u>1,284,314</u>	<u>7</u>	<u>666,609</u>	<u>4</u>
							Total liabilities	<u>7,623,530</u>	<u>37</u>	<u>6,241,955</u>	<u>35</u>
							Equity attributable to owners of parent:				
						3100	Ordinary shares (note 6(t))	1,816,996	9	1,816,996	10
						3200	Capital surplus (note 6(t))	2,343,848	11	2,345,202	13
						3300	Retained earnings (note 6(t))	8,041,653	39	6,604,677	37
						3400	Other equity (note 6(i))	<u>757,147</u>	<u>4</u>	<u>829,697</u>	<u>5</u>
							Total equity	<u>12,959,644</u>	<u>63</u>	<u>11,596,572</u>	<u>65</u>
Total assets		<u>\$ 20,583,174</u>	<u>100</u>	<u>17,838,527</u>	<u>100</u>	Total liabilities and equity		<u>\$ 20,583,174</u>	<u>100</u>	<u>17,838,527</u>	<u>100</u>

See accompanying notes to financial statements.

(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, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
Operating Revenues: (notes 6(v) and 7)					
4110	Sales revenue	\$ 27,129,041	96	23,028,918	96
4800	Other operating revenue	<u>1,102,944</u>	<u>4</u>	<u>887,646</u>	<u>4</u>
	Operating revenue, net	<u>28,231,985</u>	<u>100</u>	<u>23,916,564</u>	<u>100</u>
Operating costs: (notes 6(f), 7 and 12)					
5110	Cost of sales	24,342,245	86	20,810,921	87
5800	Other operating costs	<u>272,639</u>	<u>1</u>	<u>221,273</u>	<u>1</u>
		<u>24,614,884</u>	<u>87</u>	<u>21,032,194</u>	<u>88</u>
	Gross profit	<u>3,617,101</u>	<u>13</u>	<u>2,884,370</u>	<u>12</u>
Operating expenses: (notes 7 and 12)					
6100	Selling expenses	691,457	3	584,635	2
6200	Administrative expenses	1,194,564	4	921,139	4
6300	Research and development expenses	<u>26,694</u>	<u>-</u>	<u>23,037</u>	<u>-</u>
	Total operating expenses	<u>1,912,715</u>	<u>7</u>	<u>1,528,811</u>	<u>6</u>
	Net operating income	<u>1,704,386</u>	<u>6</u>	<u>1,355,559</u>	<u>6</u>
Non-operating income and expenses:					
7100	Total interest income	19,945	-	1,329	-
7101	Other income (notes 6(b), 6(c) and 6(x))	117,024	-	72,091	-
7102	Other gains and losses (notes 6(b), 6(h), 6(i), 6(j) and 6(x))	287,197	1	21,845	-
7105	Financial costs	(17,164)	-	(9,652)	-
7060	Share of profits of subsidiaries, associates and joint ventures accounted for using equity method (note 6(g))	<u>1,621,653</u>	<u>6</u>	<u>1,226,061</u>	<u>5</u>
		<u>2,028,655</u>	<u>7</u>	<u>1,311,674</u>	<u>5</u>
7900	Profit from continuing operations before tax	<u>3,733,041</u>	<u>13</u>	<u>2,667,233</u>	<u>11</u>
7950	Less: Income tax expenses (note 6(s))	<u>714,563</u>	<u>2</u>	<u>372,775</u>	<u>1</u>
	Profit	<u>3,018,478</u>	<u>11</u>	<u>2,294,458</u>	<u>10</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	21,812	-	(3,670)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(159,901)	-	213,242	-
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	7,293	-	(4,880)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss	<u>4,363</u>	<u>-</u>	<u>(734)</u>	<u>-</u>
		<u>(135,159)</u>	<u>-</u>	<u>205,426</u>	<u>-</u>
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	99,732	-	(37,551)	-
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	-
8399	Less: Income tax related to items that will be reclassified to profit or loss	<u>19,669</u>	<u>-</u>	<u>(7,510)</u>	<u>-</u>
	Items that will be reclassified to profit or loss	<u>80,063</u>	<u>-</u>	<u>(27,765)</u>	<u>-</u>
8300	Other comprehensive income	<u>(55,096)</u>	<u>-</u>	<u>177,661</u>	<u>-</u>
	Comprehensive income	<u>\$ 2,963,382</u>	<u>11</u>	<u>2,472,119</u>	<u>10</u>
Earnings per share: (note 6(u))					
9750	Basic earnings per share (NT Dollars)	<u>\$ 16.61</u>		<u>12.63</u>	
9850	Diluted earnings per share (NT Dollars)	<u>\$ 16.41</u>		<u>12.53</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, 2022 and 2021****(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	
Balance at January 1, 2021	\$ 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
Balance at December 31, 2021	1,816,996	2,345,202	1,643,582	4,961,095	6,604,677	(127,797)	957,494	829,697	11,596,572
Profit for the year ended December 31, 2022	-	-	-	3,018,478	3,018,478	-	-	-	3,018,478
Other comprehensive income	-	-	-	17,454	17,454	80,063	(152,613)	(72,550)	(55,096)
Total comprehensive income	-	-	-	3,035,932	3,035,932	80,063	(152,613)	(72,550)	2,963,382
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	229,146	(229,146)	-	-	-	-	-
Cash dividends	-	-	-	(1,598,956)	(1,598,956)	-	-	-	(1,598,956)
Changes in ownership interests in subsidiaries	-	(403)	-	-	-	-	-	-	(403)
Changes in equity of associates and joint ventures accounted for using equity method	-	(951)	-	-	-	-	-	-	(951)
Balance at December 31, 2022	\$ 1,816,996	2,343,848	1,872,728	6,168,925	8,041,653	(47,734)	804,881	757,147	12,959,644

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,733,041	2,667,233
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	173,414	152,513
Amortization expense	26,179	20,965
Expected credit loss	866	173
Net gain on financial assets at fair value through profit or loss	(185,655)	(28,864)
Interest expense	17,164	9,652
Interest income	(19,945)	(1,329)
Dividend income	(70,706)	(36,932)
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	(1,621,653)	(1,226,061)
Loss on disposal of property, plant and equipment, net	5,775	-
Others	(1,135)	30
Total adjustments to reconcile profit	<u>(1,675,696)</u>	<u>(1,126,781)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable	363,959	(258,411)
Decrease (increase) in inventories	(813,206)	511
Decrease in financial assets at fair value through profit or loss	(10,802)	(166,857)
Increase in other current assets	(18,920)	(53,371)
Decrease (increase) in other financial assets	64,114	(60,772)
Total changes in operating assets	<u>(414,855)</u>	<u>(538,900)</u>
Changes in operating liabilities:		
Increase in notes and accounts payable	914,608	88,265
Increase (decrease) in contract liabilities	(3,534)	121,454
Increase in other current financial liabilities	238,863	88,450
Decrease in provisions	(773)	(63)
Decrease in refund liabilities	(1,329)	(12,790)
Decrease in other current liabilities	(12,317)	(3,482)
Decrease in net defined benefit liabilities	(23,964)	(32,672)
Total changes in operating liabilities	<u>1,111,554</u>	<u>249,162</u>
Total changes in operating assets and liabilities	<u>696,699</u>	<u>(289,738)</u>
Total adjustments	<u>(978,997)</u>	<u>(1,416,519)</u>
Cash inflow generated from operations	2,754,044	1,250,714
Interest received	19,031	1,291
Interest paid	(17,149)	(9,947)
Dividends received	1,652,484	776,537
Income taxes paid	(367,665)	(254,677)
Net cash flows from operating activities	<u>4,040,745</u>	<u>1,763,918</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(250,000)	-
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	12,096	16,895
Acquisition of investments accounted for using equity method	(821,018)	(555,390)
Proceeds from disposal of investments accounted for using equity method	-	64,579
Acquisition of property, plant and equipment	(177,223)	(84,173)
Proceeds from disposal of property, plant and equipment	2,140	-
Increase in refundable deposits	(116,009)	(83,986)
Acquisition of intangible assets	(17,216)	(9,038)
Increase in restricted assets	(96,686)	(316,465)
Net cash flows used in investing activities	<u>(1,463,916)</u>	<u>(966,801)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(670,000)	44,038
Cash dividends paid	(1,598,956)	(1,453,597)
Addition of long-term borrowings	600,000	-
Decrease in guarantee deposits	(600)	-
Payment of lease liabilities	(57,880)	(43,328)
Others	-	3
Net cash flows used in financing activities	<u>(1,727,436)</u>	<u>(1,452,884)</u>
Net increase (decrease) in cash and cash equivalents	<u>849,393</u>	<u>(655,767)</u>
Cash and cash equivalents at beginning of period	<u>389,457</u>	<u>1,045,224</u>
Cash and cash equivalents at end of period	<u>\$ 1,238,850</u>	<u>389,457</u>

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, 2022 and 2021
(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; designing and installation of water purification and recycling systems, solar energy materials; providing solar energy system integration services and operation power of solar stations, as well as setting up a sport center that operates and provides sport training programs.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issuance by the Board of directors on March 13, 2023.

(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, 2022:

- 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”

- (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, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(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:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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

(Continued)

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.

(Continued)

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.
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(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.

(Continued)

TOPCO SCIENTIFIC CO., LTD.
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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.

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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.
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- (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.

(Continued)

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 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:

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 1,950	1,922
Checking accounts and demand deposits	776,250	332,175
Time deposits	<u>460,650</u>	<u>55,360</u>
	<u>\$ 1,238,850</u>	<u>389,457</u>

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Beneficiary certificate-Funds	\$ 4,451	6,425
Domestic listed stocks	144,843	154,181
Foreign listed stocks	83,370	-
Unlisted stocks	160,751	37,128
Foreign unlisted funds	<u>45,398</u>	<u>57,020</u>
	<u>\$ 438,813</u>	<u>254,754</u>
Current	\$ 4,451	6,425
Non-current	<u>434,362</u>	<u>248,329</u>
	<u>\$ 438,813</u>	<u>254,754</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Held-for-trading financial liabilities:		
Derivative instrument not used for hedging		
Forward exchange contracts	\$ -	302
	<u>\$ -</u>	<u>302</u>

The gain or loss on valuation of financial assets at fair value of the Company for the years ended December 31, 2022 and 2021, was a gain of \$185,655, and a gain of \$28,864, respectively.

(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 are summarized as follows:

Forward exchange contract:

	<u>December 31, 2021</u>		
	<u>Contract value (thousand)</u>	<u>currency</u>	<u>Expiring period</u>
Forward exchange sold	SGD 3,000	SGD to NTD	February 24, 2022

(ii) During the years ended December 31, 2022 and 2021, the dividends of \$19,826 and \$2,332, 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(y).

(iv) As of December 31, 2022 and 2021, the Company did not provide financial assets as collateral for its loans.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity investments at fair value through other comprehensive income		
Domestic listed stocks	\$ 143,450	-
Domestic unlisted stocks	<u>1,136,582</u>	<u>1,189,933</u>
	<u>\$ 1,280,032</u>	<u>1,189,933</u>

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.

(Continued)

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

During the years ended December 31, 2022 and 2021, the dividends of \$50,880 and \$34,600, 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.

During the years ended December 31, 2022 and 2021, the Group's unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income was a loss of \$159,901 and a gain of \$213,242, respectively.

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

As of December 31, 2022 and 2021, the Company did not provide financial assets as collateral for its loans.

(d) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	\$ 12,221	32,305
Accounts receivable from measured as amortized cost	3,132,163	3,476,038
Less: loss allowance	<u>5,391</u>	<u>4,525</u>
	<u>\$ 3,138,993</u>	<u>3,503,818</u>
Notes and accounts receivable, net	<u>\$ 3,023,028</u>	<u>3,385,944</u>
Notes and accounts receivable due from related parties, net	<u>\$ 115,965</u>	<u>117,874</u>

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.

The loss allowance provisions in Taiwan were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,987,932	0.1%	2,797
Overdue 0-30 days	130,497	1.0%	1,305
Overdue 31-60 days	18,531	3.0%	556
Overdue 61-90 days	180	5.0%	9
Overdue over 91 days	<u>7,244</u>	10.0%	<u>724</u>
	<u>\$ 3,144,384</u>		<u>5,391</u>

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

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
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
	\$ 3,508,343		4,525

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

	2022	2021
Balance at January 1	\$ 4,525	4,352
Impairment loss recognized	866	173
Balance at December 31	\$ 5,391	4,525

(e) Other receivables

	December 31, 2022	December 31, 2021
Other receivable	\$ 25,962	27,782
Loans to subsidiaries	-	61,380
Less: Loss allowance	(14,300)	(14,300)
	\$ 11,662	74,862

(f) Inventories

	December 31, 2022	December 31, 2021
Merchandise inventories	\$ 2,619,122	1,785,971
Goods in transit	75,872	95,817
	\$ 2,694,994	1,881,788

The details of the cost of sales were as follows:

	2022	2021
Cost of sales	\$ 24,343,050	20,812,913
Provision (reversal) for inventory valuation loss and obsolescence	(813)	(2,000)
Loss on indemnity of inventory and others	8	8
	\$ 24,342,245	20,810,921

(Continued)

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

As of December 31, 2022 and 2021, 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:

	December 31, 2022	December 31, 2021
Subsidiaries	\$ 5,754,839	5,109,051
Associates	<u>2,128,376</u>	<u>1,820,424</u>
	<u>\$ 7,883,215</u>	<u>6,929,475</u>

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

During the years ended December 31, 2022 and 2021, the share of profits of subsidiaries accounted for using equity method amounted to \$1,076,728 and \$808,929, respectively.

(ii) Associates

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

	December 31, 2022	December 31, 2021
The carrying amount of individually insignificant associates' equity	<u>\$ 2,128,376</u>	<u>1,820,424</u>
	2022	2021
Attributable to the Company:		
Profit from continuing operations	\$ 544,925	417,132
Other comprehensive income	<u>5</u>	<u>(51)</u>
Total comprehensive income	<u>\$ 544,930</u>	<u>417,081</u>

(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, 2022 and 2021, the Company did not provide any investments accounted for using equity method as collaterals for its loans.

(Continued)

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

(h) Changes in ownership of subsidiaries

- (i) For the year ended December 31, 2022, the Company failed to subscribe proportionately in the cash capital increase of its subsidiary, Xiang Yueh, resulting in a decrease in its net equity in Xiang Yueh by \$398. Moreover, Xiang Yueh issued new shares amounting to \$10,000 for capital increase in 2021 as consideration for the property, plant and equipment acquired from a non-related party. It resulted in a decrease in its equity by \$2,369 due to a failure of capital subscription proportionately.
- (ii) The associate of the Company, Fei Da Intelligent, which was accounted for using the equity method, increased capital and issued new shares in 2021 and 2022. Due to the acquisition of new shares at a non-shareholding ratio, the net value of equity of Topco Investment that held by the Company decreased \$951 and increased \$2,051 for the years ended December 31, 2022 and 2021, respectively.
- (iii) The Company acquired the entire shares of its sub-subsidiary, Yun Yueh Technology, a subsidiary of Topco Investment, and sold a portion of the shares in 2022, resulting in the net value of the Company in Topco Investment to decrease by \$5.
- (iv) In summary, the above capital surplus decreased by \$1,354 and increase by \$4,420 for the years ended December 31, 2022 and 2021, respectively, due to the above transaction.

(i) Acquisition of the subsidiary

- (i) 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 77.6% 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:

- 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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(Continued)

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

As of the December 31, 2021, 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 settlement expiration of one year and two years to Unitech New Energy Engineering, respectively, totaling \$41,776. The investment payment amounting to \$12,824 had been paid by the Company in 2022, resulting in the remaining amount of \$28,952 to be recognized as other current financial liabilities in the balance sheet.

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		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>349,114</u>

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

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	\$	<u>179,816</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.

4) Related costs of acquisition

As of the December 31, 2021, the cost amounted to \$2,254, including appraisal fees, auditing fees, and legal fees in the acquisition transaction which were recorded as administrative expenses in 2021.

(ii) Capital increase in subsidiaries

In addition to the abovementioned investment in Unitech New Energy Engineering, the Company's invested the amounts of \$808,194 and \$162,606 for the years ended December 31, 2022 and 2021, respectively, in Topscience(s), Chien-Yueh and other subsidiaries.

(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 price and disposal gain were \$64,578 and \$33,445, respectively. The realized gain of disposal amounting to \$20,067 was recorded as other gains and losses – gains on disposal of investment in the statement of comprehensive income, with a deduction of unrealized gain on selling to associates amounting to \$13,378.

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)		(7,689)
Book value of previous subsidiary's net assets	\$	<u>31,133</u>

(Continued)

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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, 2022 and 2021 were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 671,773	1,405,236	525,079	22,657	2,624,745
Additions	-	2,964	42,642	131,617	177,223
Disposals	-	(12,141)	(46,659)	-	(58,800)
Reclassifications	-	700	21,957	(22,657)	-
Balance at December 31, 2022	<u>\$ 671,773</u>	<u>1,396,759</u>	<u>543,019</u>	<u>131,617</u>	<u>2,743,168</u>
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>
Depreciation and impairments loss:					
Balance at January 1, 2022	\$ -	280,149	195,796	-	475,945
Depreciation	-	48,083	65,576	-	113,659
Disposals	-	(12,141)	(38,744)	-	(50,885)
Balance at December 31, 2022	<u>\$ -</u>	<u>316,091</u>	<u>222,628</u>	<u>-</u>	<u>538,719</u>
Balance at January 1, 2021	\$ -	232,359	149,791	-	382,150
Depreciation	-	47,790	60,181	-	107,971
Disposal	-	-	(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>
Carrying amounts:					
Balance at December 31, 2022	<u>\$ 671,773</u>	<u>1,080,668</u>	<u>320,391</u>	<u>131,617</u>	<u>2,204,449</u>
Balance at January 1, 2021	<u>\$ 656,466</u>	<u>1,158,636</u>	<u>332,146</u>	<u>25,098</u>	<u>2,172,346</u>
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>

As of December 31, 2022 and 2021, the Company did not provide any property, plant and equipment as collateral for its loans.

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TOPCO SCIENTIFIC CO., LTD.
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(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, 2022	\$ 3,333	111,408	58,480	4,941	178,162
Additions	4,980	67,961	33,809	-	106,750
Disposals	<u>(1,689)</u>	<u>(16,439)</u>	<u>(17,074)</u>	<u>-</u>	<u>(35,202)</u>
Balance at December 31, 2022	<u>\$ 6,624</u>	<u>162,930</u>	<u>75,215</u>	<u>4,941</u>	<u>249,710</u>
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>
Depreciation:					
Balance at January 1, 2022	\$ 1,498	31,306	26,371	1,221	60,396
Depreciation	542	40,048	18,195	970	59,755
Disposals	<u>(853)</u>	<u>(11,030)</u>	<u>(17,074)</u>	<u>-</u>	<u>(28,957)</u>
Balance at December 31, 2022	<u>\$ 1,187</u>	<u>60,324</u>	<u>27,492</u>	<u>2,191</u>	<u>91,194</u>
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>
Carrying amount:					
Balance at December 31, 2022	<u>\$ 5,437</u>	<u>102,606</u>	<u>47,723</u>	<u>2,750</u>	<u>158,516</u>
Balance at January 1, 2020	<u>\$ 2,378</u>	<u>96,510</u>	<u>25,534</u>	<u>6,405</u>	<u>130,827</u>
Balance at December 31, 2020	<u>\$ 1,835</u>	<u>80,102</u>	<u>32,109</u>	<u>3,720</u>	<u>117,766</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, 2022</u>	<u>December 31, 2021</u>
Restricted assets	\$ 1,045,265	948,579
Other receivables	<u>11,662</u>	<u>74,862</u>
	<u>\$ 1,056,927</u>	<u>1,023,441</u>

As of December 31, 2021 and 2020, the amounts of \$1,035,558 and \$942,939, respectively, recognized as restricted assets of the Company, had been frozen by the bank in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act". Furthermore, the remaining restricted time deposits to be used for sport training courses had been collected in advance. Please refer to note 8.

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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>2022</u>	<u>December 31,</u> <u>2021</u>
Restricted assets	\$ 2,390	2,390
Refundable deposits	204,372	88,363
Computer software cost and others	49,336	58,299
	<u>\$ 256,098</u>	<u>149,052</u>

(n) Short-term borrowings

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Unsecured bank loans	\$ 630,000	1,300,000
Unused credit lines	\$ 5,814,027	5,118,945
Range of interest rates	<u>0.59%~1.86%</u>	<u>0.59%~0.62%</u>

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

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

(o) Long-term borrowings

The details were as follows:

	<u>December 31, 2022</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.45%	2025	\$ 600,000
Less: current portion				-
Total				<u>\$ 600,000</u>
Unused credit lines				<u>\$ -</u>

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

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

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

(p) Lease liabilities

The lease liabilities of the Company were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current	\$ <u>57,237</u>	<u>31,248</u>
Non-current	\$ <u>103,328</u>	<u>87,827</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>2,976</u>	<u>3,039</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>3,741</u>	<u>2,923</u>
Expenses relating to short-term leases	\$ <u>1,953</u>	<u>1,673</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>6,748</u>	<u>8,739</u>

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

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>73,298</u>	<u>59,702</u>

(i) Real estate leases

As of December 31, 2022 and 2021, 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.

(Continued)

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

(q) Provisions

	Warranties
Balance at January 1, 2022	\$ 773
Provisions made during the period	-
Provisions used during the period	(773)
Balance at December 31, 2022	\$ -
Balance at January 1, 2021	\$ 836
Provisions used during the period	(63)
Balance at December 31, 2021	\$ 773

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.

(r) 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:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ (243,058)	(275,432)
Fair value of plan assets	111,880	98,478
Net defined benefit liabilities	\$ (131,178)	(176,954)

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 \$111,880 as of reporting date. 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.

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

2) Movements in present value of defined benefit obligations

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

	<u>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ (275,432)	(268,201)
Current service costs and interest costs	(2,575)	(2,666)
Remeasurements of net defined benefit liabilities	14,679	(4,565)
Benefits paid by plan assets	20,270	-
Defined benefit obligations at December 31	<u>\$ (243,058)</u>	<u>(275,432)</u>

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>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 98,478	62,245
Contributions paid by the employer	6,400	35,035
Expected return on plan assets	525	303
Remeasurements of net defined benefit liabilities	7,133	895
Benefits paid by plan assets	(656)	-
Fair value of plan assets at December 31	<u>\$ 111,880</u>	<u>98,478</u>
Actual return on plan assets	<u>\$ 7,658</u>	<u>1,198</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Service cost	\$ 952	1,082
Net interest of net liabilities for defined benefit obligations	1,098	1,281
	<u>\$ 2,050</u>	<u>2,363</u>
Selling expenses	-	-
Administrative expenses	\$ 2,050	2,363
	<u>\$ 2,050</u>	<u>2,363</u>

(Continued)

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

- 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, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Accumulated amount at January 1	\$ 71,388	67,718
Recognized during the period	(21,812)	3,670
Accumulated amount at December 31	<u>\$ 49,576</u>	<u>71,388</u>

- 6) Actuarial assumptions

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.750 %	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 13.24 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>
December 31, 2022		
Discount rate	\$ (4,409)	4,551
Future salary increasing rate	4,391	(4,277)
December 31, 2021		
Discount rate	(5,519)	5,706
Future salary increasing rate	5,447	(5,299)

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.

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

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 \$28,009 and \$26,379 for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(s) Income taxes

(i) Income tax expenses

- 1) The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ 609,083	250,071
Surtax on unappropriated earnings	<u>23,168</u>	<u>18,693</u>
	632,251	268,764
Deferred tax expense		
Origination and reversal of temporary differences	<u>82,312</u>	<u>104,011</u>
Income tax expense	<u>\$ 714,563</u>	<u>372,775</u>

- 2) The amounts of income tax recognized in other comprehensive income for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Items that may not be reclassified subsequently to profit or loss:		
Remeasurements from defined benefit plans	\$ 4,363	(734)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>19,669</u>	<u>(7,510)</u>
	<u>\$ 24,032</u>	<u>(8,244)</u>

(Continued)

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

3) Reconciliations of income tax and profit before tax for 2022 and 2021 were as follows:

	2022	2021
Profit before tax	<u>\$ 3,733,041</u>	<u>2,667,233</u>
Income tax calculated based on local tax rate of the Company	746,608	533,447
Tax exemption income and domestic investment income, net	(110,713)	(108,514)
Changes in unrecognized temporary differences	-	967
Effects of the difference applicable tax rate of foreign dividend income	30,851	(41,006)
Estimated difference adjustment and others	24,649	(30,812)
Surtax on unappropriated earnings	<u>23,168</u>	<u>18,693</u>
	<u><u>\$ 714,563</u></u>	<u><u>372,775</u></u>

(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, 2022	December 31, 2021
Tax effect of deductible temporary differences	<u>\$ 5,153</u>	<u>5,153</u>

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 2022 and 2021 were as follows:

	Defined benefit plan	Foreign investment loss under equity method	Others	Total
Deferred tax assets:				
Balance at January 1, 2022	\$ 36,259	152	51,162	87,573
Recognized in profit or loss	(4,793)	1,363	(9,414)	(12,844)
Recognized in other comprehensive income	(4,363)	-	(19,669)	(24,032)
Balance at December 31, 2022	<u>\$ 27,103</u>	<u>1,515</u>	<u>22,079</u>	<u>50,697</u>
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	<u>\$ 36,259</u>	<u>152</u>	<u>51,162</u>	<u>87,573</u>

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

	Foreign investment income under equity method	Others	Total
Deferred tax liabilities:			
Balance at January 1, 2022	\$ 380,340	-	380,340
Recognized in profit or loss	<u>55,417</u>	<u>14,051</u>	<u>69,468</u>
Balance at December 31, 2022	<u>\$ 435,757</u>	<u>14,051</u>	<u>449,808</u>
Balance at January 1, 2021	\$ 313,236	-	313,236
Recognized in profit or loss	<u>67,104</u>	<u>-</u>	<u>67,104</u>
Balance at December 31, 2021	<u>\$ 380,340</u>	<u>-</u>	<u>380,340</u>

(iii) The ROC tax authorities have examined the income tax returns of the Company through 2020.

(t) Capital and other equities

(i) Common stock

As of December 31, 2022 and 2021, the total values of authorized ordinary shares were both amounted to \$2,200,000 (both including \$100,000 for the issuance of employee stock options). The number of authorized ordinary shares were both 220,000 thousand shares, respectively, with par value of New Taiwan Dollars \$10 per share. As of that date, 181,700 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Capital premium	\$ 2,339,175	2,339,175
Changes in the equity ownership of the subsidiaries	1,966	2,369
Stock option – fair value differences of associates and joint ventures accounted under equity method	2,285	3,236
Others	<u>422</u>	<u>422</u>
	<u>\$ 2,343,848</u>	<u>2,345,202</u>

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.

On March 13, 2023, the Company's Board of directors resolved to distribute the cash dividends of \$726,798 (New Taiwan dollars \$4 per share) from capital surplus.

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

(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 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 2021 and 2020 had been approved in the Board meetings held on March 13, 2022 and March 16, 2021, respectively. The amount of other appropriation items of earnings for 2021 and 2020 had been approved in the regular shareholders' meetings held on May 30, 2022 and August 18, 2021, respectively. These earnings were appropriated as follows:

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TOPCO SCIENTIFIC CO., LTD.
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	2021		2020	
	Amount per share NT (Dollars)	Total amount	Amount per share NT (Dollars)	Total amount
Dividends distributed to common shareholder:				
Cash dividends	\$ 8.8	<u>1,598,956</u>	8.0	<u>1,453,597</u>

On March 13, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share NT (Dollars)	Total amount
Dividends distributed to common shareholder:		
Cash dividends	\$ 6.0	<u>1,090,198</u>

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
Balance at January 1, 2022	\$ (127,797)	957,494	829,697
Exchange differences on foreign operations:			
Subsidiaries	80,063	-	80,063
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Company	-	(159,901)	(159,901)
Subsidiaries	-	7,288	7,288
Balance at December 31, 2022	<u>\$ (47,734)</u>	<u>804,881</u>	<u>757,147</u>
Balance at January 1, 2021	\$ (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)
Balance at December 31, 2021	<u>\$ (127,797)</u>	<u>957,494</u>	<u>829,697</u>

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

(u) Earnings per share

The calculation of basic and diluted earnings per share for the years 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>3,018,478</u>	<u>2,294,458</u>
Weighted-average number of outstanding ordinary shares (thousands)	<u>181,700</u>	<u>181,700</u>
Basic earnings per share (dollars)	\$ <u>16.61</u>	<u>12.63</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>3,018,478</u>	<u>2,294,458</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>2,232</u>	<u>1,354</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>183,932</u>	<u>183,054</u>
Diluted earnings per share (dollars)	\$ <u>16.41</u>	<u>12.53</u>

(v) Revenue from contracts with customers

(i) Details of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 22,385,384	19,177,153
China	5,638,712	4,553,362
Others	<u>207,889</u>	<u>186,049</u>
	<u>\$ 28,231,985</u>	<u>23,916,564</u>
Major products / services:		
Semiconductor and optoelectronic industries	\$ 28,173,908	23,876,230
Others	<u>58,077</u>	<u>40,334</u>
	<u>\$ 28,231,985</u>	<u>23,916,564</u>

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

(ii) Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable (including related parties)	\$ 3,144,384	3,508,343	3,249,932
Less: allowance for impairment	<u>5,391</u>	<u>4,525</u>	<u>4,352</u>
Total	<u>\$ 3,138,993</u>	<u>3,503,818</u>	<u>3,245,580</u>
Contract liabilities – unearned revenue	<u>\$ 177,221</u>	<u>180,755</u>	<u>59,301</u>

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

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in contract liability balance at the beginning of the period were \$139,506 and \$55,902, 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, 2022 and 2021.

(w) Remuneration to employees, directors

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 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, 2022 and 2021, the Company estimated its employees' remuneration amounting to \$331,826 and \$173,950, respectively, and the directors' remuneration amounting to \$82,956 and \$57,983, respectively. The estimated amounts mentioned above are calculated 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 articles. These remunerations were expensed under operating expenses during 2022 and 2021. 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.

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

(x) Non-operating income and expenses

(i) Other income

The details of other income for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 70,706	36,932
Government grants	8,258	8,000
Others	<u>38,060</u>	<u>27,159</u>
	<u>\$ 117,024</u>	<u>72,091</u>

(ii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Foreign currency exchange gains (losses), net	\$ 106,155	(24,178)
Gains on financial assets and liabilities at fair value through profit or loss, net	185,655	28,864
Losses on disposal of property, plant and equipment, net	(5,775)	-
Gains on disposal of investments, net	-	16,928
Others	<u>1,162</u>	<u>231</u>
	<u>\$ 287,197</u>	<u>21,845</u>

(y) 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).

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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>2022</u>	<u>2021</u>
Balance at January 1	\$ 14,300	14,300
Impairment loss	<u>-</u>	<u>-</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>
December 31, 2022					
Non-derivative financial liabilities					
Short-term bank loans	\$ 630,000	(631,270)	(631,270)	-	-
Long-term bank loans	600,000	(626,168)	(8,700)	(8,700)	(608,768)
Notes and accounts payable (including related parties)	4,139,895	(4,139,895)	(4,139,895)	-	-
Accrued expenses and other payables	857,425	(857,425)	(857,425)	-	-
Lease liabilities (including current and non-current)	<u>160,565</u>	<u>(167,660)</u>	<u>(59,721)</u>	<u>(53,319)</u>	<u>(54,620)</u>
	<u>\$ 6,387,885</u>	<u>(6,422,418)</u>	<u>(5,697,011)</u>	<u>(62,019)</u>	<u>(663,388)</u>
December 31, 2021					
Non-derivative financial liabilities					
Short-term bank loans	\$ 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)
Guarantee deposits received	600	(600)	(600)	-	-
Derivative financial liabilities					
Forward Exchange contract	302				
Outflow		(61,322)	(61,322)	-	-
Inflow		<u>61,020</u>	<u>61,020</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,255,747</u>	<u>(5,266,012)</u>	<u>(5,172,655)</u>	<u>(29,710)</u>	<u>(63,647)</u>

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

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Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant financial assets and liabilities exposed to foreign currency risk were as follows:

(in thousands)

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
JPY	\$ 4,217,786	0.2324	980,213	4,229,678	0.2405	1,017,238
USD	119,697	30.71	3,675,895	116,305	27.68	3,219,322
Financial liabilities						
Monetary items						
JPY	4,586,122	0.2324	1,065,815	4,272,795	0.2405	1,027,607
USD	86,183	30.71	2,646,680	62,539	27.68	1,731,080

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, 2022 and 2021 would have influenced the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	December 31, 2022	December 31, 2021
USD (against the TWD)		
Appreciation 5%	\$ 51,461	74,412
Depreciation 5%	(51,461)	(74,412)
JPY (against the TWD)		
Appreciation 5%	(4,280)	(518)
Depreciation 5%	4,280	518

(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>2022</u>	<u>2021</u>
Foreign exchange gains (losses) (including realized and unrealized portions)	<u>\$ 106,155</u>	<u>(24,178)</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, 2022</u>	<u>December 31, 2021</u>
Variable rate instruments:		
Financial assets	\$ 786,281	339,406
Financial liabilities	1,000,000	1,300,000

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, 2022 and 2021, respectively, which would be mainly resulted from the bank savings, time deposits with variable interest rates and borrowings.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interest rate increased by 0.25%	\$ (534)	(2,416)
Interest rate decreased by 0.25%	534	2,416

(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:

(Continued)

TOPCO SCIENTIFIC CO., LTD.
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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 4,451	4,451	-	-	4,451
Non derivative financial assets mandatorily measured at fair value through profit or loss domestic listed stocks	144,843	144,843	-	-	144,843
Non-derivative financial assets mandatorily measured at fair value through profit or loss foreign listed stocks	83,370	83,370	-	-	83,370
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	160,751	-	-	160,751	160,751
Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>45,398</u>	-	-	45,398	45,398
Subtotal	<u>438,813</u>				
Financial assets at fair value through other comprehensive income	<u>1,280,032</u>	143,450	-	1,136,582	1,280,032
Financial assets measured at amortized cost					
Cash and cash equivalents	1,238,850	-	-	-	-
Notes and accounts receivable (including related parties)	3,138,993	-	-	-	-
Other current financial assets	1,056,927	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>206,762</u>	-	-	-	-
Subtotal	<u>5,641,532</u>				
Total	<u>\$ 7,360,377</u>				

(Continued)

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

	December 31, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
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>				
Total	<u>\$ 6,452,156</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	<u>302</u>	-	302	-	302
Financial liabilities measured at amortized cost					
Short-term bank loans	\$ 1,300,000	-	-	-	-
Notes and accounts payable (including related parties)	3,225,287	-	-	-	-
Accrued expenses and other payables	610,483	-	-	-	-
Guarantee deposits received	600	-	-	-	-
Lease liabilities (including current and non-current)	<u>119,076</u>	-	-	-	-
Subtotal	<u>5,255,446</u>				
Total	<u>\$ 5,255,748</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 2022 and 2021.

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, 2022	\$ -	94,148	1,189,933	1,284,081
Total gains and losses recognized:				
In profit (loss)	5,873	(11,942)	-	(6,069)
In other comprehensive income	-	-	(53,351)	(53,351)
Purchased	43,500	86,666	-	130,166
Proceeds of capital reduction of investment	-	(12,096)	-	(12,096)
Balance at December 31, 2022	<u>\$ 49,373</u>	<u>156,776</u>	<u>1,136,582</u>	<u>1,342,731</u>
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 of liquidation of investment	-	(777)	-	(777)
Proceeds of capital reduction of investment	-	(16,895)	-	(16,895)
Balance at December 31, 2021	<u>\$ -</u>	<u>94,148</u>	<u>1,189,933</u>	<u>1,284,081</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. (10.58~86.21% and 22.07~84.21%, respectively, on December 31, 2022 and 2021)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% both on December 31, 2022 and 2021)	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	Inapplicable
Financial assets at fair value through profit or loss— equity investment without quoted price	Comparable market approach	Price Book ratio multiples.(34.05 on December 31, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% on December 31, 2022)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.

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TOPCO SCIENTIFIC CO., LTD.
Notes to the 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
December 31, 2022						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>2,465</u>	<u>(2,465)</u>	<u>-</u>	<u>-</u>
	Lack of marketability discount	5%	\$ <u>3,086</u>	<u>(3,086)</u>	<u>-</u>	<u>-</u>
Financial assets and liabilities at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>56,821</u>	<u>(56,821)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>71,036</u>	<u>71,036</u>
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>59,478</u>	<u>(59,478)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>74,371</u>	<u>(74,371)</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.

(z) 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.

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TOPCO SCIENTIFIC CO., LTD.
Notes to the 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.

(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.

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

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, 2022 and 2021, 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 \$5,814,027 and \$5,118,945 as of December 31, 2022 and 2021, 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 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.

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

(aa) 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, 2022 and 2021, the liability ratios were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 7,623,530	6,241,955
Total assets	20,583,174	17,838,527
Liability ratio	37 %	35 %

As of December 31, 2022, there were no changes in the Company's approach to capital management.

(ab) 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, 2022 and 2021, 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, 2022	Cash flow	Non-cash charges		December 31, 2022
			Additions of leases	Cancellation of lease	
Short term borrowings	\$ 1,300,000	(670,000)	-	-	630,000
Long term borrowings	-	600,000	-	-	600,000
Lease liabilities	119,075	(57,880)	106,750	(7,380)	160,565
Guarantee deposits received	600	(600)	-	-	-
Total liabilities from financing activities	<u>\$ 1,419,675</u>	<u>(128,480)</u>	<u>106,750</u>	<u>(7,380)</u>	<u>1,390,565</u>

	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>

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TOPCO SCIENTIFIC CO., LTD.
Notes to the 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 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
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
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
Ming Jen Restaurant Business Co., Ltd. (Ming Jen Restaurant)	Subsidiary (Note 4)
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
Ding Yue Solar Co., Ltd. (Ding Yue Solar)	Subsidiary

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Yilan Anyong Lohas Co., Ltd. (Anyong Lohas)	Subsidiary
XPORTS SPORTS CO., LTD. (XPORTS SPORTS)	Subsidiary
Unitech New Energy Engineering Co., Ltd (Unitech New Energy Engineering)	Subsidiary
TOP VACUUM CO., LTD. (TOP VACUUM)	Subsidiary
Tai Ying Resource Industrial Corp. (Tai Ying Resource)	Subsidiary
Yun Yueh Technology Co., Ltd. (Yun Yueh Technology)	Subsidiary
Topchip electronic Co. Ltd. (Topchip)	Subsidiary (Note 1)
Thermaltake green power Co. Ltd- (Thermaltake green power)	Subsidiary (Note 2)
Fong Rong Smart Machinery Co., Ltd. (Fong Rong Smart Machinery)	An associate of subsidiary (Note 3)
Fortune Energy Corporation (Fortune)	Associate
Topco Quartz Products Co., Ltd. (Topco Quartz)	Associate
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: The Company set up Topchip in May 2022.

Note 2: The Company set up Thermaltake green power in August 2022.

Note 3: The subsidiary of the Company acquired 25% of Fong Rong Smart Machinery's shares, resulting in the subsidiary to have significant influence over it in October 2022.

Note 4: Min Jen Restaurant had applied for liquidation procedures in December 2022.

(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>2022</u>	<u>2021</u>
Subsidiaries	\$ 130,842	109,168
Associates	194	4,312
Other related parties	<u>43,215</u>	<u>40,405</u>
	<u>\$ 174,251</u>	<u>153,885</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.

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TOPCO SCIENTIFIC CO., LTD.
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2) Service revenue — commission and others

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

	<u>2022</u>	<u>2021</u>
Associates:		
Topco Quartz	\$ 264,500	219,362
Other related parties:		
Shin-Etsu Handotai Taiwan	324,184	254,857
Other related parties	<u>505</u>	<u>816</u>
	<u>\$ 589,189</u>	<u>475,035</u>

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>2022</u>	<u>2021</u>
Subsidiaries	\$ 31,875	33,375
Associates	676,925	664,427
Other related parties	<u>10,822</u>	<u>24,248</u>
	<u>\$ 719,622</u>	<u>722,050</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) Operating lease

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

	<u>2022</u>	<u>2021</u>
Anyong Fresh Mart	\$ 3,555	3,322
Other subsidiaries	<u>6,145</u>	<u>1,478</u>
	<u>\$ 9,700</u>	<u>4,800</u>

(Continued)

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

(iv) 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>2022</u>	<u>2021</u>
Subsidiaries	\$ <u>5,702</u>	<u>3,827</u>

(v) Loans to other parties

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

	<u>December 31, 2022</u>		
	<u>Ending balance</u>	<u>Highest balance</u>	<u>Current interest income</u>
Subsidiaries			
TOPSCIENCE(S) PTE LTD.	\$ -	91,240	154
	<u>December 31, 2021</u>		
	<u>Ending balance</u>	<u>Highest balance</u>	<u>Current interest income</u>
Subsidiaries			
TOPSCIENCE(S) PTE LTD.	\$ 81,840	81,840	63

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.

(vi) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Subsidiaries	\$ 17,561	25,146
Accounts receivable	Associates	42,135	44,989
Accounts receivable	Other related parties	56,269	47,739
Other receivables	Subsidiaries	9,451	71,084
Other receivables	Associates	<u>31</u>	<u>31</u>
		<u>\$ 125,447</u>	<u>188,989</u>

(Continued)

TOPCO SCIENTIFIC CO., LTD.
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(vii) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries	\$ 16,349	3,351
Accounts payable	Associates	193,591	202,799
Accounts payable	Other related parties	943	8,794
		<u>\$ 210,883</u>	<u>214,944</u>

(viii) Guarantees

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
Topco Shanghai	\$ 305,739	203,290
Shanghai Chongyao	88,160	43,440
Chien Yueh	2,300,000	2,300,000
Kuan Yueh Technology	1,186,372	623,772
TOPSCIENCE(S) PTE LTD.	1,499,777	1,349,544
Other Subsidiaries	<u>2,180,199</u>	<u>1,329,633</u>
	<u>\$ 7,560,247</u>	<u>5,849,679</u>

(ix) 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>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 364,394	249,596
Post-employment benefits	2,766	2,934
	<u>\$ 367,160</u>	<u>252,530</u>

(Continued)

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other non-current financial assets – time deposits	Deposit for lease	\$ 2,390	2,390
Other current financial assets	Fees received in advance for sport training courses	<u>9,707</u>	<u>5,640</u>
		<u>\$ 12,097</u>	<u>8,030</u>

(9) Commitments and contingencies:

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commitments for construction contracts	\$ <u>19,761</u>	<u>20,508</u>
Bank guarantees to construction contracts	\$ <u>410</u>	<u>2,755</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unused and outstanding letters of credit	\$ <u>1,355,153</u>	<u>1,477,578</u>

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

Due to the Group's business expansion and the increase of employees, the Company purchased the pre-sale building from a non-related party, at an amount of \$5,350,000 based on a resolution approved by the board meeting held on January 17, 2023.

(Continued)

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

(12) Other:

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

By function By item	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	57,552	1,188,168	1,245,720	42,991	905,186	948,177
Labor and health insurance	-	58,403	58,403	-	53,288	53,288
Pension	-	30,059	30,059	-	28,742	28,742
Remuneration of directors	-	83,700	83,700	-	58,727	58,727
Other employee benefits	384	47,098	47,482	344	39,910	40,254
Depreciation	11,291	162,123	173,414	11,482	141,031	152,513
Amortization	-	26,179	26,179	-	20,965	20,965

The number of employees and employee benefit expenses of the Company for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Number of employees	<u>557</u>	<u>506</u>
Non-employee directors	<u>5</u>	<u>5</u>
Average benefit expense per employee	<u>\$ 2,503</u>	<u>2,137</u>
Average salary expense per employee	<u>\$ 2,257</u>	<u>1,893</u>
Average salary expense adjustment per employee	<u>19.23 %</u>	<u>11.62 %</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

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 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.

(Continued)

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

(13) Other disclosures:

- (a) Information on significant transactions: None

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, 2022:

- (i) Loans to other parties: Please refer to table 1
 - (ii) Guarantees and endorsements for other parties: Please refer to table 2
 - (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - (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: Please refer to table 5
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to table 6
 - (ix) Trading in derivative instruments: Trading in derivative products, please refer to note 6(b).
- (b) Information on investees: Please refer to table 7
- (c) Information on investment in mainland China: Please refer to table 8
- (d) Major shareholders holding more than 5% of ownership for the year ended December 31, 2022: None

(14) Segment information:

Please refer to the consolidated financial reports for the year ended December 31, 2022.

TOPCO SCIENTIFIC CO., LTD.

Notes to the Consolidated Financial Statements

(i) Loans to other parties:

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	TOPSCIENCE(S) PTE LTD.	Other current financial assets related parties	Y	91,240	-	-	1.00%	Short term financing	-	Operating demand	-	NA	-	2,591,929	5,183,858

Note1: 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 \$2,591,929.

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 \$5,183,858.

Note 4: The aforementioned transactions had been written-off upon the preparation of 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 4)	264,480	264,480	19,033	-	2.04%	(Note 5)	Y	N	Y
"	"	Topco Shanghai	(Note 2)	(Note 4)	321,175	305,739	305,739	-	2.36%	(Note 5)	Y	N	Y
"	"	Shanghai Chong Yao	(Note 2)	(Note 4)	88,160	88,160	-	-	0.68%	(Note 5)	Y	N	Y
"	"	Chien Yueh	(Note 2)	(Note 4)	2,300,000	2,300,000	330,823	-	17.75%	(Note 5)	Y	N	N
"	"	JiaYi Energy	(Note 2)	(Note 4)	264,354	264,354	32,177	-	2.04%	(Note 5)	Y	N	N
"	"	Jing Chen	(Note 2)	(Note 4)	125,680	102,624	47,320	-	0.79%	(Note 5)	Y	N	N
"	"	Jing Yang Energy	(Note 2)	(Note 4)	187,960	187,960	91,290	-	1.45%	(Note 5)	Y	N	N
"	"	Jing Yueh Energy	(Note 2)	(Note 4)	200,684	200,684	129,530	-	1.55%	(Note 5)	Y	N	N
"	"	Kuan Yueh Technology	(Note 2)	(Note 4)	1,186,372	1,186,372	554,464	-	9.15%	(Note 5)	Y	N	N
"	"	Anyong Fresh Mart.	(Note 2)	(Note 4)	6,000	6,000	278	-	0.05%	(Note 5)	Y	N	N
"	"	Topscience(s)Pte Ltd.	(Note 2)	(Note 4)	1,576,272	1,499,777	831,922	-	11.57%	(Note 5)	Y	N	N
"	"	Topchem Materials	(Note 2)	(Note 4)	200,000	200,000	43,000	-	1.54%	(Note 5)	Y	N	N
"	"	Topco Engineering	(Note 2)	(Note 4)	633,000	633,000	40,921	-	4.88%	(Note 5)	Y	N	Y
"	"	Unitech New Energy Engineering	(Note 2)	(Note 4)	422,261	321,097	100,888	-	2.48%	(Note 5)	Y	N	N
1	Topco Suzhou	Suzhou Topco Construction Ltd	(Note 3)	(Note 4)	26,663	26,276	26,276	-	4.61%	(Note 6)	N	N	Y

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: For the needs of the contracted work, the company is mutually insured by the contract between peers or co-founders.

Note 4: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for a single enterprise shall not exceed \$12,959,644, which is the net value of the Company's latest financial reports.

Note 5: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for others shall not exceed \$20,735,430, which is 160% of the net value of the Company's latest financial reports.

Note 6: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for Topco Suzhou shall not exceed \$14,253,600, which is 25 times of the net value of the Company's latest financial reports.

Note 7: The maximum amount of sharing guarantees and endorsements is CNY 70,000, the maximum amount for guarantees and endorsements are for Shanghai Chong Yao CNY 10,000, Topco Chemical CNY 30,000, and Topco Engineering CNY 30,000, respectively.

Note 8: Due to the early renewal of the endorsement guarantee contract, The Company's endorsement guarantee to Shanghai Chongyao, Topco Chemical, Topco Engineering(Two currencies), Chien Yueh, Jia Yi Energy, Jing Chen, Kuan Yueh Technology, Topchem Materials and Unitech New Energy Engineering was double-calculated in the amount of CNY 10,000, CNY 30,000, USD 6,000(Topco Engineering), USD 30,000(Topco Engineering), \$250,000, \$32,176, \$25,000, \$100,000, \$100,000 and \$50,000 respectively.

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

(iii) Securities held as of December 31, 2022 (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	349	4,451	-	4,451	
	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 its company director	"	2,000	79,680	10	79,680	
	Shin-Etsu Handotai Taiwan	"	"	12,000	1,034,520	8	1,034,520	
	Everglory Resource Technology Co., Ltd.	"	"	2,000	21,160	8.18	21,160	
	ProMOS Technologies Inc.	"	"	71	1,222	0.16	1,222	
	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	"	"	5,000	143,450	0.84	143,450	
	Win Win Precision Technology Co. Ltd	"	Non-current financial assets at fair value through profit or loss	1,450	49,373	2.63	49,373	
	Grand Fortune	"	"	2,400	25,152	4.12	25,152	
	Shih Her Technologies Inc.	"	"	2,519	144,843	4.44	144,843	
	Guangxin Venture Capital Co., Ltd.	"	"	6,667	65,467	6.67	65,467	
	Belite Bio, Inc.	"	"	90	83,370	0.36	83,370	
	Fu You Private Equity Fund Limited Partner	"	"	2,000	20,759	5	20,759	
Other:								
The Company	LEAP FUND L.P.	None	Non-current financial assets at fair value through profit or loss	-	45,398	12.22	45,398	
Topco International Investment	Stock:							
	Win Win Precision Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	778	26,480	1.61	26,480	Note 1
	Mylight Technology Co., Ltd. (Mylight)	"	"	250	-	0.76	-	
	Archers Inc.	"	"	625	-	1.93	-	
	Ultramed Technology Co., Ltd.	"	"	100	2,573	5.26	2,573	
	Sunergy development corporation	"	"	285	-	19	-	
	Mycropore Corporation Ltd.	"	"	400	2,948	2.29	2,948	
	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	
	Win Win Precision Technology Co., Ltd.	"	"	646	21,997	1.41	21,997	Note 1
	Fund:							
Topco Investment	Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	302	4,154	-	4,154	
	Stock:							
	Mylight	None	Non-current financial assets at fair value through other comprehensive income	250	-	0.76	-	
	H2U Corporation	"	"	273	4,619	1.13	4,619	
	TFBS BIOSCIENCE, INC.	"	"	252	22,209	0.76	22,209	Note 2
	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	1,699	11,826	5.75	11,826	
	TFBS BIOSCIENCE, INC.	"	"	1,340	118,094	4.05	118,094	Note 2
Taiwan E&M	Fund:							
	Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	4,176	53,232	-	53,232	
	Franklin U.S. Government Money Fund	"	"	4,187	43,979	-	43,979	
	FSITC Taiwan Money Market	"	"	3,266	50,782	-	50,782	
Ding Yue Solar	Fund:							
	FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,350	-	1,350	
Anyong Biotechnology	Fund:							
	Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	2,335	32,146	-	32,146	
Unitech New Energy Engineering	Stock:							
	United Microelectronics Corporation Co., Ltd	None	Non-current financial assets at fair value through profit or loss	10	427	-	427	
	United Renewable Energy Co., Ltd	"	"	10	215	-	215	

Note 1: Topco International Investment acquired the shares of WIN WIN Precision Technology in the third quarter of 2022. These shares are held for trading purposes, and are expected to be sold by batch when WIN WIN Precision Technology becomes liquidaty. Therefore, these shares are classified as financial assets at fair value through profit or loss.

Note 2: Topco Investment acquired the shares of TFBS BIOSCIENCE, INC. in the fourth quarter of 2022. Due to the expected future business cooperation between both parties. Therefore, these shares are classified as financial assets at fair value through other comprehensive income.

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TOPCO SCIENTIFIC CO., LTD.
Notes to the Consolidated 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: None

(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	664,877	3.00%	Net 60 days from the end of the month of delivery	-	-	Accounts Payable (193,314)	(5.0%)	
"	"	The Company's investment accounted for using equity method	Sale	(264,694)	(1.00%)	Net 60 days from the end of the month of delivery	-	-	Accounts receivable 42,166	1.00%	
"	Shin Etsu Handotai Taiwan	The Company is its company director	Sale	(367,123)	(1.00%)	Net 30 days from the end of the month of delivery	-	-	Accounts receivable 56,258	2.0%	
"	Topco Shanghai	The subsidiary of the Company	Sale	(107,218)	(0.00%)	Net 60 days from the end of the month of delivery	-	-	Accounts receivable 11,467	0.0%	
Topco Shanghai	Shin Etsu Handotai Taiwan	The parent company of the company is its company director	Purchase	8,911,570	73.00%	Net 90 days from the end of the month of delivery	-	-	Accounts payable (2,548,703)	(85.0%)	

(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).

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TOPCO SCIENTIFIC CO., LTD.

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars and foreign currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Highest balance during the year		Note	
				December 31, 2022	December 31, 2021	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%	1,863,773	1,303,297	517,178	13	40%	Note 4	
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	534,058	79,159	79,159	42,500	100%	Note 4	
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	264,603	110,986	27,747	14,960	25%	Note 4	
	Topco Group	Samoa	Investment activities	714,206	493,981	22,432	100%	2,589,941	1,093,976	1,096,002	22,432	100%	Note 4	
	Topscience(s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	380,931	336,108	3,153	100%	535,634	72,399	72,399	3,153	100%	Note 4	
	Topco International Investment	Taipei City	Investment activities	495,000	460,000	60,357	100%	599,004	73,384	73,384	60,357	100%	Note 4	
	Topco Investment	Taipei City	Investment activities	315,000	260,000	16,500	100%	187,680	48,255	48,255	16,500	100%	Note 4	
	Chien Yueh	Taipei City	Water purification and construction of dust-proof room	475,000	320,000	53,829	100%	269,829	(261,841)	(264,659)	53,829	100%	Note 4	
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	540,629	490,629	30,000	100%	99,897	(38,505)	(38,505)	30,000	100%	Note 4	
	Winfull Bio-tech Co., Ltd.	Tainan City	Manufacture of organic fertilizer	35,000	35,000	3,500	39%	-	-	-	3,500	39%	Note 4	
	Anyong Fresh Mart.	Taipei City	Wholesale and retail sales of fishery products and supermarket operation	604,350	554,350	35,800	100%	99,845	(41,400)	(41,400)	35,800	100%	Note 4	
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	236,792	215,000	25,924	84%	183,015	(18,207)	(9,484)	25,924	84%	Note 4	
	Xiang Yueh	Taipei City	Waste disposal	76,770	73,270	5,040	83%	17,936	(13,975)	(11,519)	5,040	83%	Note 4	
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	317,000	317,000	21,700	100%	17,807	(20,307)	(20,307)	21,700	100%	Note 4	
	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	434,560	434,560	776	78%	451,341	183,150	114,217	776	78%	Note 4	
	TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	91,223	13,878	6	100%	87,626	(6,532)	(6,532)	6	100%	Note 4	
	Xsport Sports	Taipei City	Sports Training	95,508	-	10,000	100%	81,226	(18,660)	(14,282)	10,000	100%	Note 4	
								7,883,715		1,621,653				
	Topco Group	Asia Topco	Mauritius	Investment activities	-	401,871	-	0%	-	1,050,907	Investment gains (losses) recognized by Topco Group	13,086	100%	Note 4
					0	(USD13,086)								
Topco Trading		Hong Kong	Wholesale of semiconductor material and electronic material	46,065	46,065	1,500	100%	90,713	42,883	"	1,500	100%	Note 4	
			(USD1,500)	(USD1,500)										
Asia Topco Holding	Asia Topco Holding	Cayman	Investment activities	614,200	-	20,000	100%	2,482,242	-	"	20,000	100%	Note 4	
				(USD20,000)										
	Asia Topco Holding	Mauritius	Investment activities	614,200	-	20,000	100%	2,482,242	1,050,907	"	20,000	100%	Note 3	
				(USD20,000)										
Topscience(s)	Topscience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	55,278	39,923	-	100%	39,239	(5,794)	Investment gains (losses) recognized by Topscience(s)	-	100%	Note 4	
				(USD1,800)	(USD1,300)									
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	-	-	-	100%	-	-	"	-	100%	Note 4	
	Ping Yue Technology	Malaysia	Sales of semiconductor material and equipment	13,820	-	1	100%	12,377	(1,357)	"	1	100%	Note 4	
				(USD450)										
Topco International Investment	Cityspace	Taipei City	Wholesale sales of cosmetics	12,000	12,000	1,267	67%	20,720	8,119	Investment gains (losses) recognized by Topco International Investment	1,267	67%	Note 4	
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	58,100	11,620	25	100%	44,088	(5,099)	"	25	100%	Note 4	
				(JPY250,000)	(JPY50,000)									
	Kuan Yueh Technology	Taipei City	Development of renewable energy projects / Configure pipeline	149,640	149,640	17,959	100%	200,327	14,897	"	17,959	100%	Note 4	
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	28,208	24,000	5,005	16%	48,907	(18,207)	"	5,005	16%	Note 4	
	Kambo Biomedical	Taipei City	Sales of health food products	6,287	6,287	1,000	100%	1,359	(1)	"	1,000	100%	Note 4	
	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	4,197	4,197	142	36%	-	-	"	142	36%	Note 4	
	Topchem Materials	Taipei City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	31,000	31,000	5,500	100%	106,252	42,498	"	5,500	100%	Note 4	
	Fortune	Taipei City	Clean up of waste and environmental management service	771	771	40	0.07%	743	110,986	"	40	0%	Note 4	
	Tai Ying Resource	Kaohsiung City	Clean up of waste	141,704	141,704	10,736	48.80%	163,277	38,854	"	10,736	49%	Note 4	
	EastWind Tsusho	Taipei City	Manufacturing and trading of electronic parts, etc.	5,000	5,000	500	25%	6,418	6,472	"	500	25%	Note 4	
	Topchip	Taipei City	IC Design and Sales Company	5,000	-	500	100%	4,990	(10)	"	500	100%	Note 4	
Thermaltake green power	Taipei City	Sales of renewable energy	1,000	-	100	100%	977	(23)	"	100	100%	Note 4		
Fong Rong Smatr Machinery	Hsinchu City	Machinery manufacturing and repair industry	4,550	-	350	25%	4,652	408	"	350	25%	Note 4		
Topco Investment	Multi Rich Technology	Taipei City	Wholesale of fishery products	20,500	20,500	2,050	98%	1,491	(684)	Investment gains (losses) recognized by Topco Investment	2,050	98%	Note 4	
	Ding Yue Solar	Taipei City	Development of renewable energy project	9,000	9,000	900	100%	3,686	(372)	"	900	100%	Note 4	
	XSports Sports	Taipei City	Sports Training	-	29,299	-	-	-	(18,660)	"	2,500	100%	Note 4	
	Min Jen Restaurant	Taipei City	Restaurant	110,000	110,000	1,719	69%	(113)	(1,424)	"	1,719	69%	Note 4	
Fei Da Intelligent Co., Ltd.	Taipei City	Manpower dispatch	8,875	5,500	725	14%	4,612	(16,171)	"	725	14%	Note 4		
STARX INC.	Hsinchu City	Precision instrument manufacturing	8,000	8,000	8,626	26%	6,757	(4,194)	"	8,626	26%	Note 4		
Yun Yueh Technology	Taichung City	Aquaculture and wholesale and sales of fishery products	555	750	60	55%	523	(22)	"	100	100%	Note 4		
Great Talent Tech Co., Ltd.	Taipei City	Personnel training	5,000	5,000	500	31%	3,658	(3,684)	"	500	31%	Note 4		
Jia Yi energy	Jing Chen Energy	Taipei City	Development of renewable energy project	71,050	71,050	7,586	100%	66,066	1,231	Investment gains (losses) recognized by Jia Yi energy	7,586	100%	Note 4	
	Jing Yang Energy	Taipei City	"	86,497	70,497	8,795	100%	65,148	(16,654)	"	8,795	100%	Note 4	
	Jing Yueh Energy	Taipei City	"	92,160	82,161	8,513	100%	94,561	6,769	"	8,513	100%	Note 4	
Taiwan E&M	Top Vacuum	Hsinchu City	Vacuum pump equipment maintenance	45,035	45,035	6,000	60%	66,554	21,421	Investment gains (losses) recognized by Taiwan E&M	6,000	60%	Note 4	

(Continued)

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Highest balance during the year		Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of Ownership	Carrying Value			Shares/Units (thousands)	Percentage of Ownership	
				Chien Yueh	Tai Ying Resource	Kaohsiung City	Clean up of waste	9,916			9,916	670	
Chien Yueh	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	5,600	5,600	10	1%	5,816	183,150	"	10	1%	Note 4
Topco Japan	Shunkawa	Japan	Import and export of semiconductor raw materials	23,240 (JPY100,000)	-	10	100%	20,026	(3,146)	Investment gains (losses) recognized by Topco Japan	10	100%	Note 4
Tai Ying Resource	Tai Ying Global Trading	Kaohsiung City	International Trading	5,000	-	500	100%	4,525	(475)	Investment gains (losses) recognized by Tai Ying Resource	500	100%	Note 4

- 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 Group holds a seat of director of Fei Da Intelligent and has significant influence. As a result, the Group accounted it for using the equity method.
Note 3: In order to enhance the overall efficiency of the Company's future management and capital market application, the Company's internal organization was adjusted in December 2022, and a subsidiary of the Company, ASIA TOPCO HOLDING, issued new shares as consideration.
Note 4: The aforementioned transactions had been written-off the preparation of the consolidated financial statements.

(Continued)

TOPCO SCIENTIFIC CO., LTD.

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 (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (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	269,941 (USD8,790)	Note 1	-	-	-	-	749,549 (USD25,153)	100%	749,549 (USD25,153)	1,289,144 (USD41,978)	1,447,639 (USD47,139)
Shanghai Chong Yao	"	57,304 (RMB13,000)	Note 5	Note 5	-	-	-	(28,521) (RMB6,450)	100%	(28,521) (RMB6,450)	222,811 (RMB50,547)	-
Topco Suzhou	Water purification and construction of dust-proof room	324,728 (USD10,574)	Note 1	82,917 (USD2,700)	-	-	82,917 (USD2,700)	113,834 (USD3,820)	100%	113,834 (USD3,820)	617,947 (USD20,122)	162,210 (USD5,282)
Topco Chemical	wholesale and sales of chemical products	13,605 (USD443)	Note 1	13,605 (USD443)	-	-	13,605 (USD443)	187,350 (USD6,287)	100%	187,350 (USD6,287)	340,666 (USD11,093)	-
Topco Engineering	Water purification and construction of dust-proof room	88,160 (RMB20,000)	Note 6	Note 6	-	-	-	588 (RMB133)	100%	588 (RMB133)	95,984 (RMB21,775)	-
Shanghai Perfect Microelectronics	IC Design Company	4,496 (RMB1,020)	Note 9	-	-	-	-	(442) (RMB100)	51%	(442) (RMB100)	4,721 (RMB1,071)	-
Wuxi super sunrise material	Semiconductor wafer cassette recycling and cleaning service	22,481 (RMB5,100)	Note 10	-	-	-	-	(2,370) (RMB536)	20%	(2,370) (RMB536)	22,173 (RMB4,993)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
190,187 (USD6,193) (Note 7)	710,383 (USD23,132)	(Note 8)

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

Note 2 : The investment gains (losses) of Topco Shanghai and Topco Suzhou were recognized based on the financial statements which have been audited by the CPA;

and the investment gains (losses) of Shanghai Chong Yao, Topco Chemical, and Topco Engineering were recognized based on the financial statements prepared by the subsidiaries and not audited by the CPA.

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rate of USD 1:30.71 and CNY 1:4.408, respectively, as of December 31, 2022.

Note 4 : The paid-in capital of Topco Shanghai and Topco Suzhou includes the capital increase transferred from retained earnings amounting to USD1,990 and USD7,874, respectively.

Note 5 : Shanghai Chong Yao is jointly invested by Topco Shanghai and is Topco Suzhou, both of which are the subsidiaries of the Company.

Note 6 : Topco Engineering is invested by Topco Suzhou, which is the 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.

Note 9 : Shanghai Perfect Microelectronics was established by subsidiaries, Topco Shanghai and Shanghai Tx semiconductor, which held 51% and 49% of the capital contribution, respectively.

Note 10 : Wuxi super sunrise material was established by subsidiary Topco Shanghai, Super natural technology and Wuxi Puli technology, which held 20%, 60% and 20% of the capital contribution, respectively.

(iii) Significant transactions:

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiaries 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, 2022: None

(Continued)

Topco Scientific Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ <u>1,950</u>
Checking accounts and demand deposits	NTD	449,830
	Foreign currencies (including USD 6,756 thousands, JPY 477,604 thousands and others)	<u>326,420</u>
		<u>776,250</u>
Time deposits	Foreign currency (including USD 15,000 thousands, maturity date: 2023.01.18)	<u>460,650</u>
Total		<u>\$ 1,238,850</u>

Note: The exchange rate is 30.71 New Taiwan Dollars for 1 US Sollar ; 0.2324 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>12,221</u>
Accounts receivable :		
A Company	Non-related party sales	981,958
B Company	"	183,177
Others (Note)	"	<u>1,851,063</u>
		3,016,198
Less: Allowance for uncollectible accounts		<u>(5,391)</u>
Total		<u>\$ 3,023,028</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, 2022
(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.	\$ 11,662
Restricted trust deposits	Fees received in advance for sport training courses	9,707
Restricted time deposits	The account of repatriated offshore funds owing to applying "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act".	1,035,234
Restricted demand deposits	The account of repatriated offshore funds owing to applying "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act".	<u>324</u>
Total		<u>\$ 1,056,927</u>

Statement of Inventories

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
High technology products (Note 1)	\$ 2,621,487	2,900,185
Less : Allowance for loss on inventory	<u>(2,478)</u>	
	<u>2,619,009</u>	
Goods in transit	75,872	75,872
Others	<u>113</u>	<u>113</u>
Total	<u>\$ 2,694,994</u>	<u>2,976,170</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, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayment for purchases	Prepaid accounts of vendors	\$ 115,991
Prepaid expenses	Prepaid rent and insurance, etc.	12,199
Temporary debits	Fees paid on behalf of employees and suppliers, etc.	51,991
Others (Note)	Prepaid stationery and postage, etc.	<u>1,409</u>
Total		<u>\$ 181,590</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, 2022

(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	\$ 1,546,595		(200,000)	517,178	-	-	13	40 %	1,863,773	1,894,731	None
Taiwan E&M	42,500	510,833		(55,934)	79,159	-	-	42,500	100 %	534,058	534,058	None
Fortune	14,960	273,829		(36,973)	27,747	-	-	14,960	25 %	264,603	264,603	None
Topco Group	15,518	2,405,708	6,914	(957,508)	1,096,002	45,739	-	22,432	100 %	2,589,941	2,589,904	None
Topsience(s)	3,153	369,533		44,823	72,399	48,879	-	3,153	100 %	535,634	535,634	None
Topco International Investment	50,493	480,156	9,865	34,999	73,384	1,382	9,083	60,358	100 %	599,004	673,509	None
Topco Investment	11,000	87,176	5,500	54,044	48,255	-	(1,795)	16,500	100 %	187,680	187,680	None
Chien Yueh	37,500	379,488	16,329	155,000	(264,659)	-	-	53,829	100 %	269,829	286,702	None
Anyong Biotechnology	25,000	88,402	5,000	50,000	(38,505)	-	-	30,000	100 %	99,897	99,897	None
Winfull Bio-tech Co., Ltd	3,500	-		-	-	-	-	3,500	39 %	-	-	None
Anyong Fresh Mart	30,800	91,245	5,000	50,000	(41,400)	-	-	35,800	100 %	99,845	99,834	None
Jia Yi Energyl	23,745	171,466	2,179	21,033	(9,484)	-	-	25,924	84 %	183,015	253,364	None
Xiang Yueh	4,690	26,353	350	3,102	(11,519)	-	-	5,040	83 %	17,936	17,936	None
Anyong Lohas	21,700	38,114		-	(20,307)	-	-	21,700	100 %	17,807	17,807	None
Xports Sports		-	10,000	95,508	(14,282)	-	-	10,000	100 %	81,226	81,226	None
Unitech New Energy Engineering	776	447,497		(110,373)	114,217	-	-	776	77.6 %	451,341	158,914	None
TOPCO SCIENTIFIC USA	1	13,080	5	77,346	(6,532)	3,732	-	6	100 %	87,626	87,626	None
Total		<u>\$ 6,929,475</u>		<u>(774,933)</u>	<u>1,621,653</u>	<u>99,732</u>	<u>7,288</u>			<u>7,883,215</u>		

Note1 : The change in the current period included the cash dividend of \$1,581,778 and the investment increase of \$808,194, remeasurement of defined benefit plans of \$5, and non-proportionate purchase of new shares to adjust capital surplus of \$1,354.

Note2 : The Company decreased its other equity by \$7,288 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, 2022
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(k).

Statement of Changes in Right-of-use Assets

Please refer to note 6(l).

Statement of Short-term Borrowings

December 31, 2022

<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	1.56~1.60%	\$ 1,600,000	None	230,000
"	"	"	1.86%	399,230	"	400,000
Total				<u>\$ 1,999,230</u>		<u>630,000</u>

Note: The financial institutions included Mitsubishi UFJ Bank and HSBC Bank (Taiwan) Limited.

Topco Scientific Co., Ltd.
Statement of Notes and Accounts Payable
December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
A Company	Non-related party operating costs	\$ 794,903
B Company	"	254,287
Others (Note)		<u>2,879,822</u>
Total		<u>\$ 3,929,012</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 2022	\$ 691,166
Customs clearance fee payables		24,542
Employees benefit liabilities	Provisions of employees' compensatory leave	33,367
Others (Note)	Accrued expense of vendors and employees and labor and health insurance expenses, etc.	<u>108,351</u>
Total		<u>\$ 857,426</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, 2022
(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 %	\$ 5,409
Buildings	1~20 years	1.56 %	103,972
Machinery	5 years	1.56 %	3,018
Vehicles	3~4 years	1.56 %	<u>48,166</u>
			160,565
Less: classified as current portion			<u>(57,237)</u>
Non-current lease liabilities			<u><u>\$ 103,328</u></u>

Statement of Operating Revenues
For the year ended December 31, 2022

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Semiconductor and optoelectronics related products	Note	\$ 28,173,908
Others		<u>58,077</u>
		<u><u>\$ 28,231,985</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, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Inventories, beginning of the year	\$ 1,885,079
Add: Purchase of inventories	25,188,892
Less: Inventories, end of the year	(2,697,472)
Transferred to operating expenses and others	(9,278)
Transferred to other operating costs-maintenance costs and construction in progress	<u>(24,171)</u>
Cost of sales	24,343,050
Indemnity of inventories and others	8
Reversal of allowance for loss on inventories	<u>(813)</u>
	<u>24,342,245</u>
Other operating costs	<u>272,639</u>
Operating costs	<u><u>\$ 24,614,884</u></u>

Statement of Operating Expenses

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Wages and salaries	\$ 409,844	759,650	18,577	1,188,071
Shipping expenses	54,241	198	15	54,454
Insurance	30,232	39,044	1,434	70,710
Depreciation	39,815	121,529	779	162,123
Remuneration to directors	-	83,700	-	83,700
Others (Note)	<u>157,325</u>	<u>190,443</u>	<u>5,889</u>	<u>353,657</u>
Total	<u><u>\$ 691,457</u></u>	<u><u>1,194,564</u></u>	<u><u>26,694</u></u>	<u><u>1,912,715</u></u>

Note : The amount of each item included in others does not exceed 5% of the account balance.