

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~14
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	14
(6) Explanation of significant accounts	14~44
(7) Related-party transactions	45~47
(8) Pledged assets	48
(9) Commitments and contingencies	48
(10) Losses Due to Major Disasters	48
(11) Subsequent Events	48
(12) Other	49
(13) Other disclosures	
(a) Information on significant transactions	49~55
(b) Information on investees	50, 56, 57
(c) Information on investment in mainland China	50, 58
(d) Major shareholders	50, 58
(14) Segment information	50



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Topco Scientific Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$2,192,745 thousand and \$1,841,819 thousand, constituting 7.46% and 6.84% of consolidated total assets as of March 31, 2023 and 2022, respectively, total liabilities amounting to \$812,109 thousand and \$701,157 thousand, constituting 4.71% and 4.40% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive income amounting to \$55,628 thousand and \$93,892 thousand, constituting 8.02% and 12.89% of consolidated total comprehensive income respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of Topco Scientific Co., Ltd. and its subsidiaries in its investee companies of \$2,055,897 thousand and \$1,778,547 thousand as of March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$138,557 thousand and \$134,144 thousand respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Topco Scientific Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuan-Ying Kuo and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
May 5, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022			March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 3,692,528	13	4,299,523	14	3,650,293	14	2100 Short-term borrowings (note 6(m))	\$ 1,485,690	5	755,033	3	1,395,900	5
1110 Current financial assets at fair value through profit or loss (note 6(b))	229,639	1	190,096	1	272,544	1	2130 Current contract liabilities (note 6(v))	1,619,403	6	1,787,806	6	989,805	4
1140 Current contract assets (note 6(v))	1,639,004	5	1,671,753	6	1,586,600	6	2170 Notes and accounts payable	4,979,889	17	6,431,358	22	5,643,013	21
1170 Notes and accounts receivable, net (note 6(d))	7,123,583	24	7,055,323	24	7,252,962	27	2180 Notes and accounts payable to related parties (note 7)	2,423,081	8	2,774,334	9	2,722,559	10
1180 Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	103,244	-	109,068	-	106,442	-	2200 Other current financial liabilities	994,779	4	1,267,044	4	819,526	3
1476 Other current financial assets (notes 6(c), 6(l) and 8)	1,119,980	4	1,160,482	4	1,289,367	5	2216 Dividends payable	1,816,996	6	-	-	1,598,956	6
1300 Inventories, net (note 6(e))	4,869,117	17	5,291,287	17	3,723,578	14	2230 Current tax liabilities	763,253	3	640,528	2	480,155	2
1479 Other current assets, others	623,421	2	814,462	3	563,196	2	2250 Current provisions (note 6(p))	419,571	1	181,371	1	182,743	1
	<u>19,400,516</u>	<u>66</u>	<u>20,591,994</u>	<u>69</u>	<u>18,444,982</u>	<u>69</u>	2280 Current lease liabilities (note 6(o))	136,714	1	134,708	1	100,927	-
Non-current assets:							2320 Long-term borrowings, current portion (note 6(n))	80,541	-	79,701	-	80,866	-
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	695,904	2	586,921	2	364,289	1	2365 Current refund liabilities	12,455	-	14,372	-	60,797	-
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,283,227	4	1,338,861	5	1,443,532	5	2399 Other current liabilities	70,951	-	82,336	-	61,986	-
1550 Investments accounted for using equity method (note 6(f))	2,055,897	7	2,177,225	7	1,778,547	6		<u>14,803,323</u>	<u>51</u>	<u>14,148,591</u>	<u>48</u>	<u>14,137,233</u>	<u>52</u>
1600 Property, plant and equipment (note 6(h))	3,632,247	12	3,644,002	12	3,467,090	13	Non-Current liabilities:						
1755 Right-of-use assets (note 6(i))	504,729	2	531,692	2	468,390	2	2540 Long-term borrowings (note 6(n))	1,305,248	5	1,315,193	4	750,939	3
1760 Investment property, net (notes 6(j) and 8)	138,351	1	139,591	-	172,920	1	2580 Non-current lease liabilities (note 6(o))	367,173	1	397,578	1	369,245	1
1780 Intangible assets (note 6(k))	450,842	2	468,083	2	503,005	2	2670 Deferred tax liabilities and others	620,148	2	616,736	2	489,188	2
1840 Deferred tax assets	57,060	-	58,699	-	74,050	-	2640 Non-current net defined benefit liability (note 6(r))	131,328	-	131,178	-	172,867	1
1900 Other non-current assets (notes 6(l) and 8)	1,155,082	4	343,207	1	210,990	1		<u>2,423,897</u>	<u>8</u>	<u>2,460,685</u>	<u>7</u>	<u>1,782,239</u>	<u>7</u>
	<u>9,973,339</u>	<u>34</u>	<u>9,288,281</u>	<u>31</u>	<u>8,482,813</u>	<u>31</u>	Total liabilities	<u>17,227,220</u>	<u>59</u>	<u>16,609,276</u>	<u>55</u>	<u>15,919,472</u>	<u>59</u>
Total assets	\$ <u>29,373,855</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>26,927,795</u>	<u>100</u>	Equity attributable to owners of parent (note 6(t)):						
							3100 Ordinary shares	1,816,996	6	1,816,996	6	1,816,996	7
							3200 Capital surplus	1,615,084	5	2,343,848	8	2,345,202	9
							3300 Retained earnings	7,666,740	26	8,041,653	27	5,665,635	21
							3400 Other equity	731,586	3	757,147	3	880,074	3
								<u>11,830,406</u>	<u>40</u>	<u>12,959,644</u>	<u>44</u>	<u>10,707,907</u>	<u>40</u>
							3610 Non-controlling interests	316,229	1	311,355	1	300,416	1
							Total equity	<u>12,146,635</u>	<u>41</u>	<u>13,270,999</u>	<u>45</u>	<u>11,008,323</u>	<u>41</u>
							Total liabilities and equity	\$ <u>29,373,855</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>26,927,795</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

	For the three months ended March 31			
	2023		2022	
	Amount	%	Amount	%
Operating Revenues: (notes 6(v) and 7)				
4110 Sales revenue	\$ 10,094,882	81	10,541,967	84
4520 Construction revenue	1,790,216	14	1,444,887	11
4800 Other operating revenue	<u>607,247</u>	<u>5</u>	<u>595,723</u>	<u>5</u>
Operating revenue, net	12,492,345	100	12,582,577	100
Operating costs: (notes 6(e), 6(r), 6(w), 7 and 12)				
5110 Cost of sales	9,034,236	72	9,399,463	74
5500 Construction cost	1,669,680	14	1,490,825	12
5800 Other operating costs	<u>287,685</u>	<u>2</u>	<u>230,812</u>	<u>2</u>
	<u>10,991,601</u>	<u>88</u>	<u>11,121,100</u>	<u>88</u>
5910 Less: Unrealized loss from sales	<u>470</u>	<u>-</u>	<u>(73)</u>	<u>-</u>
Gross profit	1,500,274	12	1,461,550	12
Operating expenses: (notes 6(d), 6(r), 6(w), 7 and 12)				
6100 Selling expenses	382,868	3	344,935	3
6200 Administrative expenses	359,088	3	378,100	3
6300 Research and development expenses	<u>46,574</u>	<u>-</u>	<u>24,095</u>	<u>-</u>
Total operating expenses	788,530	6	747,130	6
Net operating income	711,744	6	714,420	6
Non-operating income and expenses:				
7100 Interest income	19,308	-	8,375	-
7010 Other income (notes 6(b), 6(c), 6(q) and 6(x))	10,099	-	17,744	-
7020 Other gains and losses, net (notes 6(b), 6(f), 6(q) and 6(x))	89,225	1	50,065	-
7050 Finance costs (note 6(o))	(18,416)	-	(8,454)	-
7060 Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	<u>138,557</u>	<u>1</u>	<u>134,144</u>	<u>1</u>
	<u>238,773</u>	<u>2</u>	<u>201,874</u>	<u>1</u>
Profit before tax	950,517	8	916,294	7
7950 Less: Income tax expenses (note 6(s))	<u>206,773</u>	<u>2</u>	<u>238,040</u>	<u>2</u>
Profit	743,744	6	678,254	5
8300 Other comprehensive income:				
8310 Items that will not be reclassified to profit or loss				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(55,634)	-	(34,334)	-
8349 Less: income tax related to items that will not be reclassified to profit or loss (note 6(s))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(55,634)</u>	<u>-</u>	<u>(34,334)</u>	<u>-</u>
8360 Items that will be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	7,567	-	105,974	1
8399 Less: income tax related to items that will be reclassified to profit or loss (note 6(s))	<u>1,645</u>	<u>-</u>	<u>21,263</u>	<u>-</u>
	<u>5,922</u>	<u>-</u>	<u>84,711</u>	<u>1</u>
8300 Other comprehensive income	(49,712)	-	50,377	1
Comprehensive income	\$ 694,032	6	728,631	6
Profit, attributable to:				
8610 Attributable to owners of parent	\$ 739,934	6	659,914	5
8620 Attributable to non-controlling interests	<u>3,810</u>	<u>-</u>	<u>18,340</u>	<u>-</u>
	<u>\$ 743,744</u>	<u>6</u>	<u>678,254</u>	<u>5</u>
Comprehensive income attributable to:				
Attributable to owners of parent	\$ 690,198	6	710,291	6
Attributable to non-controlling interests	<u>3,834</u>	<u>-</u>	<u>18,340</u>	<u>-</u>
	<u>\$ 694,032</u>	<u>6</u>	<u>728,631</u>	<u>6</u>
Earnings per share: (note 6(u))				
9750 Basic net income per share	\$ <u>4.07</u>		\$ <u>3.63</u>	
9850 Diluted net income per share	<u>\$ 4.03</u>		<u>\$ 3.61</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings					Other equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity			
					Total						
Balance at January 1, 2022	\$ 1,816,996	2,345,202	1,643,582	4,961,095	6,604,677	(127,797)	957,494	829,697	11,596,572	282,076	11,878,648
Profit for the three months ended March 31, 2022	-	-	-	659,914	659,914	-	-	-	659,914	18,340	678,254
Other comprehensive income	-	-	-	-	-	84,711	(34,334)	50,377	50,377	-	50,377
Total comprehensive income	-	-	-	659,914	659,914	84,711	(34,334)	50,377	710,291	18,340	728,631
Appropriation and distribution of retained earnings:											
Cash dividends of ordinary share	-	-	-	(1,598,956)	(1,598,956)	-	-	-	(1,598,956)	-	(1,598,956)
Balance at March 31, 2022	<u>\$ 1,816,996</u>	<u>2,345,202</u>	<u>1,643,582</u>	<u>4,022,053</u>	<u>5,665,635</u>	<u>(43,086)</u>	<u>923,160</u>	<u>880,074</u>	<u>10,707,907</u>	<u>300,416</u>	<u>11,008,323</u>
Balance at January 1, 2023	\$ 1,816,996	2,343,848	1,872,728	6,168,925	8,041,653	(47,734)	804,881	757,147	12,959,644	311,355	13,270,999
Profit for the three months ended March 31, 2023	-	-	-	739,934	739,934	-	-	-	739,934	3,810	743,744
Other comprehensive income	-	-	-	-	-	5,898	(55,634)	(49,736)	(49,736)	24	(49,712)
Total comprehensive income	-	-	-	739,934	739,934	5,898	(55,634)	(49,736)	690,198	3,834	694,032
Appropriation and distribution of retained earnings:											
Cash dividends of ordinary share	-	-	-	(1,090,198)	(1,090,198)	-	-	-	(1,090,198)	-	(1,090,198)
Other changes in capital surplus:											
Cash dividends from capital surplus	-	(726,798)	-	-	-	-	-	-	(726,798)	-	(726,798)
Changes in ownership interests in subsidiaries	-	(1,966)	-	(474)	(474)	-	-	-	(2,440)	-	(2,440)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,040	1,040
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(24,175)	(24,175)	-	24,175	24,175	-	-	-
Balance at March 31, 2023	<u>\$ 1,816,996</u>	<u>1,615,084</u>	<u>1,872,728</u>	<u>5,794,012</u>	<u>7,666,740</u>	<u>(41,836)</u>	<u>773,422</u>	<u>731,586</u>	<u>11,830,406</u>	<u>316,229</u>	<u>12,146,635</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 950,517	916,294
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	100,452	93,794
Amortization expense	18,929	17,597
Expected credit loss (gain)	(37,060)	11,665
Net gain on financial assets and liabilities at fair value through profit or loss	(109,526)	(21,955)
Interest expense	18,416	8,454
Interest income	(19,308)	(8,375)
Share of profit of associates and joint ventures accounted for using equity method	(138,557)	(134,144)
Loss on disposal of property, plant and equipment, net	16,948	17,634
Loss (gain) on disposal of right-of-use assets	165	(1,327)
Others	557	(73)
Total adjustments to reconcile profit	<u>(148,984)</u>	<u>(16,730)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	32,749	(667,914)
Increase in notes and accounts receivable	(25,755)	(313,480)
Decrease (increase) in inventories	422,170	(387,160)
Increase in financial assets at fair value through profit or loss	(39,000)	(20,198)
Decrease (increase) in other current assets	191,041	(154,125)
Decrease (increase) in other financial assets	28,386	(14,455)
Total changes in operating assets	<u>609,591</u>	<u>(1,557,332)</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(168,403)	210,720
Increase (decrease) in notes payable	(1,802,722)	756,253
Decrease in other current financial liabilities	(272,930)	(120,053)
Increase in provisions	238,200	116,393
Increase (decrease) in refund liabilities	(1,917)	44,753
Decrease in other current liabilities	(11,385)	(25,029)
Increase (decrease) in others	150	(4,087)
Total changes in operating liabilities	<u>(2,019,007)</u>	<u>978,950</u>
Total changes in operating assets and liabilities	<u>(1,409,416)</u>	<u>(578,382)</u>
Total adjustments	<u>(1,558,400)</u>	<u>(595,112)</u>
Cash inflow (outflow) generated from operations	(607,883)	321,182
Interest received	20,291	8,208
Dividends received	260,000	-
Interest paid	(17,936)	(8,205)
Income taxes paid	(84,025)	(121,279)
Net cash flows from operating activities	<u>(429,553)</u>	<u>199,906</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(250,000)
Acquisition of property, plant and equipment	(68,543)	(38,702)
Proceeds from disposal of property, plant and equipment	1,760	112
Increase in prepayments of land and buildings	(810,000)	-
Increase in refundable deposits	(3,467)	(22,837)
Acquisition of intangible assets	(1,640)	(4,284)
Decrease in other non-current assets	1,032	-
Decrease in restricted assets	11,693	18,904
Net cash flows used in investing activities	<u>(869,165)</u>	<u>(296,807)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	730,657	(56,882)
Addition of long-term borrowings	10,770	-
Repayments of long-term borrowings	(19,875)	(18,860)
Increase in guarantee deposits received	2,914	2,599
Payment of lease liabilities	(38,867)	(28,545)
Changes in non-controlling interests	(1,400)	-
Net cash flows used in financing activities	<u>684,199</u>	<u>(101,688)</u>
Effect of exchange rate changes on cash and cash equivalents	7,524	97,318
Net increase (decrease) in cash and cash equivalents	(606,995)	(101,271)
Cash and cash equivalents at the beginning of period	4,299,523	3,751,564
Cash and cash equivalents at the end of period	<u>\$ 3,692,528</u>	<u>3,650,293</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

TOPCO SCIENTIFIC CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

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

(1) Company history

TOPCO SCIENTIFIC CO., LTD. (the “Company”) was incorporated on February 17, 1990, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 6F., No. 483, Sec. 2, Tiding Blvd., Neihu District, Taipei City. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) engage in importing, exporting, trading, and acting as agent of various products, including (1) electronics products, electrical products, and mechanical product; (2) manufacturing technology and equipment for high-tech products, such as integrated circuit, optoelectronic devices, packaging material, and electronic component; (3) planning, design and installation of water purification, water wasting and recycling systems equipment; (4) selling related materials, providing integration services, and operating power station of solar energy; (5) wholesale of fishery products and cooperate with foreign fishing companies; (6) operating the tourism factory, restaurant, and retail sales of food products; (7) waste removal and disposal business; (8) environment-related engineering planning, assessment, supervision and monitoring and (9) setting up a sport center that operates and provides sport training programs. Please refer to note 14 for related segment information.

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

The consolidated financial statements were approved for issuance by the Board of Directors on May 5, 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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 Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

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

(4) Summary of significant accounting policies

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(Continued)

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Taiwan E&M System Inc. (Taiwan E&M)	Sales of electronic material	100%	100%	100%	
"	Topco Group Ltd. (Topco Group)	Investment	100%	100%	100%	
"	Topco International Investment Co., Ltd. (Topco International Investment)	Investment	100%	100%	100%	
"	Topco Investment Co., Ltd. (Topco Investment)	Investment	100%	100%	100%	
"	ECO Technical Services Co., Ltd. (Chien Yueh)	Water purification and construction of dust-proof room	100%	100%	100%	
"	Anyong Biotechnology, Inc. (Anyong Biotechnology)	Aquaculture and strategic partnership with fish processing	100%	100%	100%	
"	Anyong FreshMart, Inc. (Anyong Fresh Mart.)	Wholesale and retail sales of fishery products and supermarket operation	100%	100%	100%	
"	Xiang Yueh Co., Ltd. (Xiang Yueh)	Waste Disposal	100%	83%	83%	Xiang Yueh Co.Ltd issued new shares and repurchase shares from minority interest in the first quarter of 2023, which increasing the company's shareholding ratio to 100%.
"	Jia Yi Energy Co., Ltd. (Jia Yi Energy)	Manufacture of machinery and electronic spare parts	84%	84%	84%	The Company and Topco International Investment jointly held its entire shares.
"	Yilan Anyong Lohas, Co., Ltd. (Anyong Lohas)	Restaurant and retail sales of food products	100%	100%	100%	
"	Topscience (s) Pte Ltd. (Topscience (s))	Sales of parts of semiconductor and optoelectronic industries	100%	100%	100%	(Note)

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Unitech New Energy Engineering Co., LTD (Unitech New Energy Engineering)	Environment-related engineering planning, assessment, supervision and monitoring	77.60%	77.60%	77.60%	
"	Topco Scientific USA Corp. (Topco Scientific USA)	Wholesale of semiconductor material	100%	100%	100%	
"	Xports Sports Co. Ltd (Xports Sports)	Sport Training	100%	100%	-%	The Company acquired 100% shares of Xports Sports from Topco Investment in the third quarter of 2022.
Topco Group	Asia Topco Holding Ltd. (Asia Cayman)	Investment	100%	100%	-%	The company was established in November 2022.
"	Hong Kong Topco Trading Limited (Topco Trading)	Wholesale of semiconductor material and electronic material	100%	100%	100%	(Note)
"	Asia Topco Investment Ltd. (Asia Topco)	Investment	-%	-%	100%	
Asia Cayman	Asia Topco Investment Ltd. (Asia Topco)	Investment	100%	100%	-%	Due to the adjustment of the Company's internal organizational structure in December 2022, the subsidiary of the Company, Asia Cayman, issued new shares as consideration for shares conversion.
Asia Topco	Topco Scientific (Shanghai) Co., Ltd. (Topco Shanghai)	Wholesale of semiconductor material and electronic material	100%	100%	100%	
"	Suzhou Topco Construction Ltd. (Topco Suzhou)	Water purification and cleanroom construction	100%	100%	100%	
"	Topco Chemical (Z.F.T.Z.) Co., Ltd. (Topco Chemical)	Wholesale and sales of chemical products	100%	100%	100%	(Note)
Topco Shanghai	Shanghai Chong Yao Trading Co., Ltd. (Shanghai Chong Yao)	Wholesale of semiconductor material and electronic material	98%	98%	98%	Topco Shanghai and Topco Suzhou held its 100% shares jointly.
"	Shanghai perfect microelectronics Co., Ltd.	IC Design Company	51%	51%	-%	The company was established in the third quarter of 2022. (Note)

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Topco Suzhou	Shanghai Chong Yao	Wholesale of semiconductor material and electronic material	2%	2%	2%	(Note)
"	Topco Engineering (Suzhou) LTD. (Topco Engineering)	Water purification and cleanroom construction	100%	100%	100%	(Note)
Topscience (s)	Topscience Vietnam Co., Ltd. (Topscience Vietnam)	Sales of parts of semiconductor and optoelectronic industries	100%	100%	100%	(Note)
"	Anyong (s) Pte. LTD. (Anyong (s))	Wholesale and retail sales of fishery products	100%	100%	100%	(Note)
"	Ping Yue Technologies SDN.BHD. (Ping Yue Technologies)	Sales of semiconductor material and equipment	100%	100%	-%	The company was established in May 2022. (Note)
Topco International Investment	Cityspace International Co., Ltd. (Cityspace)	Wholesale and sales of cosmetic	67%	67%	67%	
"	Topco Scientific (Japan) Co., Ltd. (Topco Japan)	Sales of facilities of semiconductor and clean room	100%	100%	100%	
"	Kuan Yueh Technology Engineering Co.,Ltd. (Kuan Yueh Technology)	Development of renewable energy projects; Configure pipeline construction and device installation	100%	100%	100%	
"	Jia Yi Energy	Manufacture of machinery and electronic spare parts	16%	16%	16%	
"	Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	Sales of health food products	100%	100%	100%	
"	Topchem Materials Corp. (Topchem Materials)	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	100%	100%	100%	
"	Tai Ying Resource Industrial Corp. (Tai Ying Resource)	Waste Disposal Industry	48.80%	48.80%	48.80%	Topco International Investment and Chien Yueh held its 51.85% shares jointly.
"	Topchip electronic Co. Ltd. (Topchip)	IC Design and Sales Company	100%	100%	-%	The company was established in May 2022.
"	Thermaltake green power Co. Ltd- (Thermaltake green power)	Renewable-energy-based electricity retailing	100%	100%	-%	The company was established in August 2022.

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Topco Investment	Multi Rich Technology Co., Ltd. (Multi Rich Technology)	Wholesale of fishery products	98%	98%	98%	
"	Ding Yue Solar Co., Ltd. (Ding Yue Solar)	Development of renewable energy projects	100%	100%	100%	
"	Xports Sports Co., Ltd. (Xports Sports)	Sport training	-%	-%	100%	Topco Investment sold all shares of Xport Sports to the Company in the third quarter of 2022.
"	Min Jen Restaurant Business Co., Ltd. (Min Jen Restaurant)	Restaurant	69%	69%	69%	Min Jen Restaurant had applied for liquidation procedures in December 2022.
"	Yun Yueh Technology Co., Ltd (Yun Yueh Technology)	Aquaculture and wholesale and sales of fishery products	55%	55%	75%	Topco Investment acquired all the shares of Yun Yueh Technology in the third quarter of 2022 and sold 45% of the shares in the fourth quarter of 2022.
Jia Yi Energy	Jing Chen Energy Co., Ltd. (Jing Chen Energy)	Development of renewable energy projects.	100%	100%	100%	
"	Jing Yang Energy Co., Ltd. (Jing Yang Energy)	"	100%	100%	100%	
"	Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)	"	100%	100%	100%	
Taiwan E&M	Top Vacuum Co., Ltd. (Top Vacuum)	Vacuum pump equipment maintenance	60%	60%	60%	
Chien Yueh	Tai Ying Resource	Waste Disposal Industry	3.1%	3.1%	3.1%	
"	Unitech New Energy Engineering	Environment-related engineering planning, assessment, supervision and monitoring	1%	1%	1%	
Topco Japan	Shunkawa Corporation (Shunkawa)	Import and export of semiconductor raw materials	100%	100%	-%	The company was established in April 2022.
Tai Ying Resource	Tai Ying Global Trading Ltd., Co. (Tai Ying Global Trading)	International trading company	100%	100%	-%	The company was established in July 2022.

Note: These are non-significant subsidiaries, in which their financial statements have not been reviewed by the CPA.

(Continued)

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

(c) Employee benefits

The defined benefit pension during the interim period was calculated using the actuarially determined pension cost rate on the prior year's reporting date, based on the year-to-date basis, and was adjusted for material market volatility and material reductions, settlements, or other material one-off events after that reporting date.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are received on an ongoing basis which is in conformity with the consolidated interim financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 20,651	21,225	36,383
Checking accounts and demand deposits	2,478,846	3,045,533	2,816,292
Time deposits	<u>1,193,031</u>	<u>1,232,765</u>	<u>797,618</u>
	<u>\$ 3,692,528</u>	<u>4,299,523</u>	<u>3,650,293</u>

(Continued)

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

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 Group.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificate-Funds	\$ 229,639	190,096	272,544
Domestic listed stocks	157,203	145,485	166,841
Foreign listed stocks	81,979	83,370	-
Unlisted stocks	398,591	312,668	137,699
Foreign unlisted funds	<u>58,131</u>	<u>45,398</u>	<u>59,749</u>
	<u>\$ 925,543</u>	<u>777,017</u>	<u>636,833</u>
Current	\$ 229,639	190,096	272,544
Non-current	<u>695,904</u>	<u>586,921</u>	<u>364,289</u>
	<u>\$ 925,543</u>	<u>777,017</u>	<u>636,833</u>
	<u>\$ -</u>	<u>-</u>	<u>-</u>

The gain or loss on valuation of financial assets at fair value of the Group for the three months ended March 31, 2023 and 2022, was a gain of \$109,526, and a gain of \$21,955, respectively.

- (i) The Group's information of market risk, please refer to note 6(y).
- (ii) As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide financial assets as collateral for its loans.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income			
Domestic listed stocks	\$ 163,600	143,450	228,750
Domestic unlisted stocks	<u>1,119,627</u>	<u>1,195,411</u>	<u>1,214,782</u>
	<u>\$ 1,283,227</u>	<u>1,338,861</u>	<u>1,443,532</u>

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

(Continued)

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

The liquidation procedures of partial stocks, measured at fair value through other comprehensive income by the Group, had been completed in the first quarter of 2023. Since there were no residual assets distributed by the Group, it resulted in an investment loss of \$24,175, which was reclassified from other comprehensive income to retained earnings..

During the three months ended March 31, 2023 and 2022, the Group's unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income was a loss of \$55,634 and a loss of \$34,334, respectively.

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

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide financial assets as collateral for its loans.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable from operating activities	\$ 59,406	76,718	57,613
Accounts receivable from measured as amortized cost	7,197,283	7,154,216	7,344,749
Less: Loss allowance	<u>29,862</u>	<u>66,543</u>	<u>42,958</u>
	<u>\$ 7,226,827</u>	<u>7,164,391</u>	<u>7,359,404</u>
Notes and accounts receivable, net	<u>\$ 7,123,583</u>	<u>7,055,323</u>	<u>7,252,962</u>
Notes and accounts receivable due from related parties, net	<u>\$ 103,244</u>	<u>109,068</u>	<u>106,442</u>

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

The loss allowance provisions were determined as follows:

	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,690,458	0.10%	6,834
Overdue 0-30 days	361,137	1.00%	3,611
Overdue 31-60 days	106,864	3.00%	3,206
Overdue 61-90 days	4,017	5.00%	201
Overdue over 91 days	<u>94,213</u>	16.99%	<u>16,010</u>
	<u>\$ 7,256,689</u>		<u>29,862</u>

(Continued)

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

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,413,284	0.09%	5,978
Overdue 0-30 days	582,883	1.00%	5,829
Overdue 31-60 days	59,190	3.00%	1,776
Overdue 61-90 days	42,349	5.00%	2,117
Overdue over 91 days	133,228	38.16%	50,843
	\$ 7,230,934		66,543
	March 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,080,011	0.10%	5,947
Overdue 0-30 days	782,161	1.00%	7,820
Overdue 31-60 days	436,286	3.00%	13,085
Overdue 61-90 days	30,836	5.00%	1,542
Overdue over 91 days	73,068	19.93%	14,564
	\$ 7,402,362		42,958

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

	For the three months ended March 31,	
	2023	2022
Balance at January 1	\$ 66,543	30,036
Impairment losses recognized (reversed)	(37,060)	12,085
Foreign exchange gain (losses)	379	837
Balance at March 31	\$ 29,862	42,958

(e) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise inventories	\$ 4,738,191	5,162,444	3,496,942
Work in progress	18,285	2,984	45,763
Raw materials	56,952	49,883	46,556
Goods in transits	55,689	75,976	134,317
	\$ 4,869,117	5,291,287	3,723,578

(Continued)

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

The details of the cost of sales were as follows:

	For the three months ended March 31,	
	2023	2022
Cost of sales	\$ 9,036,811	9,404,080
Provision (reversal) for inventory valuation loss and obsolescence	(2,631)	(4,773)
Loss on indemnity of inventory and others	56	156
	<u>\$ 9,034,236</u>	<u>9,399,463</u>

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide inventories as collateral for its loans.

(f) Investments accounted for using equity method

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

	March 31, 2023	December 31, 2022	March 31, 2022
The carrying amount of individually insignificant associates' equity	<u>\$ 2,055,897</u>	<u>2,177,225</u>	<u>1,778,547</u>
		For the three months ended March 31,	
		2023	2022
Attributable to the Group:			
Profit from continuing operations		\$ 138,557	134,144
Other comprehensive income		-	-
Total comprehensive income		<u>\$ 138,557</u>	<u>134,144</u>

(ii) As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(g) Changes in ownership of subsidiaries

For the quarter ended March 31, 2023, the Company failed to subscribe proportionately in the cash capital increase of its subsidiary, Xiang Yueh, due to issued new shares and repurchase shares from minority interest resulting in a decrease in its net equity in Xiang Yueh by \$2,440. From January 1, 2023 to March 31, 2023, due to the aforementioned transactions, it resulted in a decrease in capital surplus by \$ 1,996 and retained earnings by \$474 were recognized respectively.

(Continued)

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

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and others</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 767,057	1,644,164	2,397,995	4,809,216
Additions	-	2,594	66,134	68,728
Disposal	-	-	(36,103)	(36,103)
Reclassifications	-	331	(418)	(87)
Effect of movements in exchange rates	(681)	598	198	115
Balance at March 31, 2023	<u>\$ 766,376</u>	<u>1,647,687</u>	<u>2,427,806</u>	<u>4,841,869</u>
Balance at January 1, 2022	\$ 686,645	1,615,123	2,241,627	4,543,395
Additions	-	1,807	36,972	38,779
Disposal	-	(7,275)	(45,662)	(52,937)
Reclassifications	-	477	(784)	(307)
Effect of movements in exchange rates	-	4,909	1,279	6,188
Balance at March 31, 2022	<u>\$ 686,645</u>	<u>1,615,041</u>	<u>2,233,432</u>	<u>4,535,118</u>
Depreciation and impairments loss:				
Balance at January 1, 2023	\$ -	392,180	773,034	1,165,214
Depreciation	-	13,648	47,913	61,561
Disposal	-	-	(17,395)	(17,395)
Effect of movements in exchange rates	-	247	(5)	242
Balance at March 31, 2023	<u>\$ -</u>	<u>406,075</u>	<u>803,547</u>	<u>1,209,622</u>
Balance at January 1, 2022	\$ -	354,792	682,921	1,037,713
Depreciation	-	13,831	49,121	62,952
Disposal	-	(7,261)	(27,930)	(35,191)
Effect of movements in exchange rates	-	1,776	778	2,554
Balance at March 31, 2022	<u>\$ -</u>	<u>363,138</u>	<u>704,890</u>	<u>1,068,028</u>
Carrying amounts:				
Balance at January 1, 2023	<u>\$ 767,057</u>	<u>1,251,984</u>	<u>1,624,961</u>	<u>3,644,002</u>
Balance at March 31, 2023	<u>\$ 766,376</u>	<u>1,241,612</u>	<u>1,624,259</u>	<u>3,632,247</u>
Balance at January 1, 2022	<u>\$ 686,645</u>	<u>1,260,331</u>	<u>1,558,706</u>	<u>3,505,682</u>
Balance at March 31, 2022	<u>\$ 686,645</u>	<u>1,251,903</u>	<u>1,528,542</u>	<u>3,467,090</u>

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any property, plant and equipment as collateral for its loans.

(Continued)

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

(i) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and others</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 23,176	674,459	103,321	800,956
Additions	1,582	9,577	2,537	13,696
Disposals	(1,582)	(7,689)	(2,401)	(11,672)
Effect of movements in exchange rates	-	266	-	266
Balance at March 31, 2023	<u>\$ 23,176</u>	<u>676,613</u>	<u>103,457</u>	<u>803,246</u>
Balance at January 1, 2022	\$ 5,127	569,877	86,758	661,762
Additions	-	30,919	6,122	37,041
Disposals	-	(21,588)	(3,582)	(25,170)
Effect of movements in exchange rates	-	1,973	-	1,973
Balance at March 31, 2022	<u>\$ 5,127</u>	<u>581,181</u>	<u>89,298</u>	<u>675,606</u>
Depreciation:				
Balance at January 1, 2023	\$ 4,150	223,265	41,849	269,264
Depreciation	912	29,311	7,032	37,255
Disposals	(1,582)	(4,142)	(2,401)	(8,125)
Effect of movements in exchange rates	-	123	-	123
Balance at March 31, 2023	<u>\$ 3,480</u>	<u>248,557</u>	<u>46,480</u>	<u>298,517</u>
Balance at January 1, 2022	\$ 2,645	155,251	39,323	197,219
Depreciation	278	22,734	6,088	29,100
Disposals	-	(16,178)	(3,582)	(19,760)
Effect of movements in exchange rates	-	657	-	657
Balance at March 31, 2022	<u>\$ 2,923</u>	<u>162,464</u>	<u>41,829</u>	<u>207,216</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 19,026</u>	<u>451,194</u>	<u>61,472</u>	<u>531,692</u>
Balance at March 31, 2023	<u>\$ 19,696</u>	<u>428,056</u>	<u>56,977</u>	<u>504,729</u>
Balance at January 1, 2022	<u>\$ 2,482</u>	<u>414,626</u>	<u>47,435</u>	<u>464,543</u>
Balance at March 31, 2022	<u>\$ 2,204</u>	<u>418,717</u>	<u>47,469</u>	<u>468,390</u>

(j) Investment property

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

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

(Continued)

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

	Buildings
Carrying amount:	
Balance at January 1, 2023	\$ <u><u>139,591</u></u>
Balance at March 31, 2023	\$ <u><u>138,351</u></u>
Balance at January 1, 2022	\$ <u><u>168,750</u></u>
Balance at March 31, 2022	\$ <u><u>172,920</u></u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2023 and 2022. Information on depreciation for the period is discussed in note 12(a). Please refer to note 6(l) of the 2022 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from those disclosed in the note 6(l) of the annual consolidated financial statements for the year ended December 31, 2022.

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any investment properties as collateral for its loan.

(k) Intangible assets

The cost, amortization, and impairment of intangible assets of the Group were as follows:

	Goodwill	Unrealized orders	Customer relationship	Others	Total
Carrying amount :					
Balance at January 1, 2023	\$ <u><u>226,251</u></u>	<u><u>64,616</u></u>	<u><u>112,645</u></u>	<u><u>64,571</u></u>	<u><u>468,083</u></u>
Balance at March 31, 2023	\$ <u><u>226,251</u></u>	<u><u>59,201</u></u>	<u><u>109,511</u></u>	<u><u>55,879</u></u>	<u><u>450,842</u></u>
Balance at January 1, 2022	\$ <u><u>226,251</u></u>	<u><u>86,275</u></u>	<u><u>125,183</u></u>	<u><u>78,302</u></u>	<u><u>516,011</u></u>
Balance at March 31, 2022	\$ <u><u>226,251</u></u>	<u><u>80,861</u></u>	<u><u>122,049</u></u>	<u><u>73,844</u></u>	<u><u>503,005</u></u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2023 and 2022. Please refer to note 6(n) of the 2022 annual consolidated financial statements for other related information.

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Restricted assets	\$ 1,091,566	1,102,699	1,041,284
Other receivables	28,414	57,783	48,083
Dividends receivables	-	-	200,000
	<u><u>\$ 1,119,980</u></u>	<u><u>1,160,482</u></u>	<u><u>1,289,367</u></u>

(Continued)

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

As of March 31, 2023, December 31 and March 31, 2022, \$1,028,590, \$1,035,558 and \$975,132 of the restricted assets are in the account of repatriated offshore funds owing to applying “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, respectively; \$363 of the restricted assets are coming from bank deposits of restricted purpose due to the construction contract conditions; the remains of the restricted time deposits are guarantees for construction contracts, etc. Please refer to note 8.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Restricted assets	\$ 35,242	35,802	19,679
Refundable deposits	306,716	303,249	188,187
Prepayments of land and buildings	810,000	-	-
Others	3,124	4,156	3,124
	<u>\$ 1,155,082</u>	<u>343,207</u>	<u>210,990</u>

Prepayments of land and buildings was the signing fee for the Company to purchase the pre-sale office building from a non-related person in January 2023.

(m) Short-term borrowings

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

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	\$ <u>1,485,690</u>	<u>755,033</u>	<u>1,395,900</u>
Unused credit lines	\$ <u>10,066,695</u>	<u>10,762,176</u>	<u>8,345,030</u>
Range of interest rates	<u>1.68%~5.84%</u>	<u>0.59%~5.25%</u>	<u>0.59%~4.15%</u>

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

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

(n) Long-term borrowings

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

	March 31, 2023			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.57%~2.55%	2024.4~2036.9	\$ 1,385,789
Less: current portion				(80,541)
Total				<u>\$ 1,305,248</u>
Unused credit lines				<u>\$ 48,460</u>

(Continued)

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

	December 31, 2022			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.45%~2.425%	2024.4~2036.9	\$ 1,394,894
Less: current portion				(79,701)
Total				<u>\$ 1,315,193</u>
Unused credit lines				<u>\$ 59,230</u>
	March 31, 2022			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.50%~2.16%	2022.12~2036.9	\$ 831,805
Less: current portion				(80,866)
Total				<u>\$ 750,939</u>
Unused long-term credit lines				<u>\$ 44,880</u>

(i) For the three months ended March 31, 2023 and 2022, the Group had the additional long-term borrowings amounting to \$10,770 and \$0, respectively; the repayment amounted to \$19,875 and \$18,860, respectively.

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

(o) Lease liabilities

The lease liabilities of the Group were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 136,714</u>	<u>134,708</u>	<u>100,927</u>
Non-current	<u>\$ 367,173</u>	<u>397,578</u>	<u>369,245</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2023	2022
Interest on lease liabilities	<u>\$ 2,201</u>	<u>2,031</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 4,197</u>	<u>3,689</u>
Expenses relating to short-term leases	<u>\$ 3,641</u>	<u>3,692</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 3,415</u>	<u>3,843</u>
Covid-19-related rent concessions (recognized as other income)	<u>\$ -</u>	<u>(200)</u>

(Continued)

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

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

	For the three months ended	
	March 31,	
	2023	2022
Total cash outflow for leases	\$ 52,321	41,600

(i) Real estate leases

As of March 31, 2023, December 31 and March 31, 2022, the Group leases land and buildings for its office space, erecting solar power generation equipment and retail stores. The leases of office space typically run for a period of 1 to 20 years, of erecting solar power generation equipment for 20 years, and of retail stores for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

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

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

(p) Provisions

	March 31,	December 31,	March 31,
	2023	2022	2022
Warranties	\$ 233,770	23,805	22,082
Onerous contracts	185,801	157,566	160,661
	\$ 419,571	181,371	182,743

There were no significant changes in provisions for the three months ended March 31, 2023 and 2022. Please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

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

(Continued)

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

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

(q) Operating leases

There were no significant changes in operating lease for the three months ended March 31, 2023 and 2022. Please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(r) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-off events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended	
	March 31,	
	2023	2022
Administrative expenses	<u>\$ 750</u>	<u>513</u>

(ii) Defined contribution plans

- 1) The domestic Group entities' expenses under the pension plan cost of the Bureau of Labor Insurance were as follows:

	For the three months ended	
	March 31,	
	2023	2022
Operating cost and expenses	<u>\$ 14,012</u>	<u>12,940</u>

- 2) Other subsidiaries' pension expenses, basic endowment insurance expenses and social welfare expenses were as follows:

	For the three months ended	
	March 31,	
	2023	2022
Operating cost and expenses	<u>\$ 4,845</u>	<u>4,652</u>

(Continued)

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

(s) Income taxes

(i) Income tax expenses

- 1) The components of income tax were as follows:

	For the three months ended March 31,	
	<u>2023</u>	<u>2022</u>
Current tax expense	<u>\$ 206,773</u>	<u>238,040</u>

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

	For the three months ended March 31,	
	<u>2023</u>	<u>2022</u>
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ 1,645</u>	<u>21,263</u>

- (ii) The ROC tax authorities have examined the income tax returns of Kuan Yueh Technology, as well as Topco International Investment, Chien Yueh, Min Jen Restaurant, Ding Yue Solar, Topco Investment, Multi Rich Technology, Kanbo Biomedical, Xiang Yueh, Xports Sports, Jing Chen Energy, Jing Yueh Energy, Jing Yang Energy and Yun Yueh Technology through 2021; the Company, Jia Yi Energy, Anyong Biotechnology, Anyong Lohas, Taiwan E&M, Anyong FreshMart, Top Vacuum, Unitech New Energy Engineering, Cityspace International, Topchem Materials and Tai Ying through 2020.

The Group is closely monitoring the legislative progress on the introduction of the global minimum tax burden in each jurisdiction where it operates.

The International Accounting Standards Board has proposed to amend International Accounting Standard 12 to provide a temporary mandatory exemption for the deferred income tax accounting treatment of supplementary tax and require disclosure of relevant information in the annual financial report. However, as of the release date of the consolidated financial report for the first quarter of 2023, there were no countries where the Group is located have enacted or substantively enacted the legislation on supplementary tax. Hence, the above matter will have no impact on the consolidated financial report for the first quarter of 2023.

(t) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2023 and 2022. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

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

(i) Common stock

As of March 31, 2023, December 31 and March 31, 2022, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Capital premium	\$ 1,612,377	2,339,175	2,339,175
Stock option-fair value differences of associates and joint ventures accounted under equity method	2,285	2,285	3,236
Changes in the equity ownership of the subsidiaries	-	1,966	2,369
Others	422	422	422
	<u>\$ 1,615,084</u>	<u>2,343,848</u>	<u>2,345,202</u>

The Company's Board of Directors meeting held on March 13, 2023 approved to distribute the cash dividend of \$726,798, at a par value of TWD 4 per share, by using the additional paid-in capital.

(iii) Retained earnings

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

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

(Continued)

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

1) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2022 and 2021 had been approved in the Board meeting held on March 13, 2023 and March 13, 2022, respectively. In the Board meeting that held on March 13, 2023, the amount of other appropriation items of earnings for 2022 had been proposed to be approved in the annual shareholders' meeting, which is expected to be held on May,30 2023. The content is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount per share NT (Dollars)</u>	<u>Total amount</u>	<u>Amount per share NT (Dollars)</u>	<u>Total amount</u>
Dividends distributed to common shareholders:				
Cash dividends	\$ 6.0	<u>1,090,198</u>	8.8	<u>1,598,956</u>

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

(iv) Other equity

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1, 2023	\$ (47,734)	804,881	757,147
Exchange differences on foreign operations:			
The Group	5,898	-	5,898
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(55,634)	(55,634)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	<u>-</u>	<u>24,175</u>	<u>24,175</u>
Balance at March 31, 2023	<u>\$ (41,836)</u>	<u>773,422</u>	<u>731,586</u>
Balance at January 1, 2022	\$ (127,797)	957,494	829,697
Exchange differences on foreign operations:			
The Group	84,711	-	84,711
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	<u>-</u>	<u>(34,334)</u>	<u>(34,334)</u>
Balance at March 31, 2022	<u>\$ (43,086)</u>	<u>923,160</u>	<u>880,074</u>

(Continued)

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

(u) Earnings per share

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

	For the three months ended March 31,	
	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ 739,934	659,914
Weighted-average number of outstanding ordinary shares (thousands)	181,700	181,700
Basic earnings per share (dollars)	\$ 4.07	3.63
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ 739,934	659,914
Weighted-average number of outstanding ordinary shares (thousands)	181,700	181,700
Effect of dilutive potential ordinary shares (thousands)		
Effect of employee share bonuses	1,723	1,257
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares)	183,423	182,957
Diluted earnings per share (dollars)	\$ 4.03	3.61

(v) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31, 2023			
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 5,145,075	471,503	447,349	6,063,927
China	4,646,110	1,360,309	187	6,006,606
Others	446,192	(27,410)	3,030	421,812
	\$ 10,237,377	1,804,402	450,566	12,492,345
Major products / services:				
Semiconductor and optoelectronic industries	\$ 10,237,377	-	-	10,237,377
Water purification and construction of dust-proof room	-	1,804,402	-	1,804,402
Others	-	-	450,566	450,566
	\$ 10,237,377	1,804,402	450,566	12,492,345

(Continued)

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

	For the three months ended March 31, 2022			
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 5,775,958	683,111	442,119	6,901,188
China	4,456,007	631,895	4	5,087,906
Others	<u>385,575</u>	<u>185,261</u>	<u>22,647</u>	<u>593,483</u>
	<u>\$ 10,617,540</u>	<u>1,500,267</u>	<u>464,770</u>	<u>12,582,577</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 10,617,540	-	-	10,617,540
Water purification and construction of dust-proof room	-	1,500,267	-	1,500,267
Others	-	-	464,770	464,770
	<u>\$ 10,617,540</u>	<u>1,500,267</u>	<u>464,770</u>	<u>12,582,577</u>

(ii) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable (including related parties)	\$ 7,256,689	7,230,934	7,402,362
Less: allowance for impairment	<u>29,862</u>	<u>66,543</u>	<u>42,958</u>
Total	<u>\$ 7,226,827</u>	<u>7,164,391</u>	<u>7,359,404</u>
Contract assets — construction	<u>\$ 1,639,004</u>	<u>1,671,753</u>	<u>1,586,600</u>
Contract liabilities — construction	\$ 1,164,795	1,368,819	584,536
Contract liabilities — unearned revenue	<u>454,608</u>	<u>418,987</u>	<u>405,269</u>
Total	<u>\$ 1,619,403</u>	<u>1,787,806</u>	<u>989,805</u>

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

The major change in the balance of contract assets and contract liabilities is due to the difference between the point at which the consolidated company transfers goods or service to customers to satisfy its performance obligations and the point at which customers pay. There were no significant changes during the three months ended March 31, 2023 and 2022.

(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 abovementioned employee remuneration, in share or cash, include those of the subsidiaries of the Company who meet certain specific requirements.

(Continued)

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

For the three months ended March 31, 2023 and 2022, the Company estimated its employees' remuneration amounting to \$75,095 and \$71,618, respectively, and the directors' and supervisors' remuneration amounting to \$18,774 and \$17,904, 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 the three months ended March 31, 2023 and 2022. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration are calculated based on the closing price of the Company's ordinary shares on the day before the approval by the Board of Directors. Related information would be available at the Market Observation Post System website.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$331,826 and \$173,950, respectively, and the remunerations to directors and supervisors amounted to \$82,956 and \$57,983, respectively. There are no differences between the amount approved in the Board of Directors meeting and those recognized in the financial statements. Related information would be available at the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the three months ended March 31,	
	2023	2022
Government grants	\$ 523	14,472
Rental income	2,079	2,313
Claim income	2,334	-
Others	5,163	959
	\$ 10,099	17,744

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2023	2022
Foreign currency exchange gains (losses), net	\$ (3,195)	38,173
Gains on financial assets at fair value through profit or loss, net	109,526	21,955
Gains (losses) on disposal of property, plant and equipment, net	(16,948)	(17,634)
Others	(158)	7,571
	\$ 89,225	50,065

(Continued)

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

(y) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(ab) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk – exposure to credit risk

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

2) Concentration to credit risk

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

3) Receivables and debt securities

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

These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. For the three months ended March 31, 2023 and 2022, the loss allowance provisions were determined as follows:

	For the three months ended	
	March 31,	
	2023	2022
Balance at January 1	\$ 14,355	16,235
Impairment loss (reversal)	-	(420)
Balance at March 31	<u>\$ 14,355</u>	<u>15,815</u>

(Continued)

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

(ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
March 31, 2023					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 2,871,479	(3,091,356)	(1,599,892)	(108,111)	(1,383,353)
Notes and accounts payable (including related parties)	7,402,970	(7,402,970)	(7,402,970)	-	-
Accrued expenses and other payables	994,779	(994,779)	(994,779)	-	-
Lease liabilities (including current and non-current)	503,887	(537,597)	(143,943)	(106,693)	(286,961)
Guarantee deposits received	161,864	(161,864)	(161,864)	-	-
Dividends payable	1,816,996	(1,816,996)	(1,816,996)	-	-
	<u>\$ 13,751,975</u>	<u>(14,005,562)</u>	<u>(12,120,444)</u>	<u>(214,804)</u>	<u>(1,670,314)</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term and long-term borrowings	\$ 2,149,927	(2,367,158)	(865,040)	(107,590)	(1,394,528)
Notes and accounts payable (including related parties)	9,205,692	(9,205,692)	(9,205,692)	-	-
Accrued expenses and other payables	1,267,044	(1,267,044)	(1,267,044)	-	-
Lease liabilities (including current and non-current)	532,286	(568,082)	(142,504)	(118,705)	(306,873)
Guarantee deposits received	158,950	(158,950)	(158,950)	-	-
	<u>\$ 13,313,899</u>	<u>(13,566,926)</u>	<u>(11,639,230)</u>	<u>(226,295)</u>	<u>(1,701,401)</u>

(Continued)

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
March 31, 2022					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 2,227,705	(2,410,393)	(1,497,931)	(95,400)	(817,062)
Notes and accounts payable (including related parties)	8,365,572	(8,365,572)	(8,365,572)	-	-
Accrued expenses and other payables	819,526	(819,526)	(819,526)	-	-
Lease liabilities (including current and non-current)	470,172	(506,530)	(108,050)	(89,426)	(309,054)
Guarantee deposits received	80,005	(80,005)	(80,005)	-	-
Dividends payable	1,598,956	(1,598,956)	(1,598,956)	-	-
	<u>\$ 13,561,936</u>	<u>(13,780,982)</u>	<u>(12,470,040)</u>	<u>(184,826)</u>	<u>(1,126,116)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

	<u>March 31, 2023</u>			<u>December 31, 2022</u>			<u>March 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
USD	\$ 105,943	USD/TWD= 30.45	3,225,964	127,959	USD/TWD= 30.71	3,929,621	129,449	USD/TWD= 28.625	3,705,478
USD	62,583	USD/CNY= 6.872	1,905,642	63,234	USD/CNY= 6.967	1,941,922	75,026	USD/CNY= 6.3526	2,147,605
JPY	4,505,925	JPY/TWD= 0.2288	1,030,956	4,239,122	JPY/TWD= 0.2324	985,172	4,196,682	JPY/TWD= 0.2353	987,479
JPY	1,673,915	JPY/CNY= 0.0516	382,723	1,546,147	JPY/CNY= 0.0527	359,172	978,701	JPY/CNY= 0.0522	230,203

(Continued)

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities									
USD	\$ 56,478	USD/TWD= 30.45	1,719,755	89,771	USD/TWD= 30.71	2,756,867	80,538	USD/TWD= 28.625	2,305,400
USD	81,012	USD/CNY= 6.872	2,466,802	91,086	USD/CNY= 6.967	2,797,260	95,123	USD/CNY= 6.3526	2,722,878
JPY	4,004,459	JPY/TWD= 0.2288	916,220	4,593,506	JPY/TWD= 0.2324	1,067,531	4,085,720	JPY/TWD= 0.2353	961,370
JPY	1,291,926	JPY/CNY= 0.0516	295,385	1,229,598	JPY/CNY= 0.0527	285,638	747,894	JPY/CNY= 0.0522	175,915

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account and other receivables, current restricted assets, loans and borrowings, and account and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of each major foreign currency against Group entities' functional currency as of March 31, 2023 and 2022 would have influenced the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	March 31, 2023	March 31, 2022
USD (against the TWD)		
Appreciation 5%	\$ 75,311	70,003
Depreciation 5%	(75,311)	(70,003)
JPY (against the TWD)		
Appreciation 5%	5,737	1,305
Depreciation 5%	(5,737)	(1,305)
USD (against the CNY)		
Appreciation 5%	(28,058)	(28,763)
Depreciation 5%	28,058	28,763
JPY (against the CNY)		
Appreciation 5%	4,367	2,714
Depreciation 5%	(4,367)	(2,714)

(Continued)

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

3) Foreign exchange gain and loss on monetary items

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

	For the three months ended	
	March 31,	
	2023	2022
Foreign exchange gains (losses) (including realized and unrealized portions)	\$ (3,195)	38,173

(iv) Interest rate analysis

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

	Carrying amount	
	March 31,	March 31,
	2023	2022
Variable rate instruments:		
Financial assets	\$ 3,490,051	3,389,215
Financial liabilities	1,825,686	1,813,305

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by the amounts listed below for the three months ended March 31, 2023 and 2022, respectively, which would be mainly resulted from the bank savings, time deposits with variable interest rates and short-term and long-term borrowings with variable interest rates.

	For the three months ended	
	March 31,	
	2023	2022
Interest rate increased by 0.25%	\$ 1,040	985
Interest rate decreased by 0.25%	(1,040)	(985)

(Continued)

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

(v) Fair value of financial instruments

1) Fair value hierarchy

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

	March 31, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 229,639	229,639	-	-	229,639
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	157,203	157,203	-	-	157,203
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks	81,979	81,979	-	-	81,979
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	398,591	-	176,444	222,147	398,591
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>58,131</u>	-	-	58,131	58,131
Subtotal	<u>925,543</u>				
Financial assets at fair value through other comprehensive income	<u>1,283,227</u>	163,600	65,466	1,054,161	1,283,227
Financial assets measured at amortized cost					
Cash and cash equivalents	3,692,528	-	-	-	-
Notes and accounts receivable (including related parties)	7,226,827	-	-	-	-
Other current financial assets	1,119,980	-	-	-	-
Other non-current assets (refundable deposits and pledged asset-time deposits)	<u>341,958</u>	-	-	-	-
Subtotal	<u>12,381,293</u>				
Total	<u>\$ 14,590,063</u>				

(Continued)

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

	March 31, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Long-term and short-term bank loans	\$ 2,871,479	-	-	-	-
Notes and accounts payable (including related parties)	7,402,970	-	-	-	-
Accrued expenses and other payables	994,779	-	-	-	-
Lease liabilities (including current and non-current)	503,887	-	-	-	-
Guarantee deposits received	161,864	-	-	-	-
Dividends payable	1,816,996	-	-	-	-
Total	<u>\$ 13,751,975</u>				
	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 190,096	190,096	-	-	190,096
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	145,485	145,485	-	-	145,485
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	312,668	-	-	312,668	312,668
Non-derivative financial assets mandatorily measured at fair value through profit or loss foreign unlisted funds	45,398	-	-	45,398	45,398
Subtotal	<u>777,017</u>				
Financial assets at fair value through other comprehensive income	<u>1,338,861</u>	143,450	-	1,195,411	1,338,861

(Continued)

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

	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,299,523	-	-	-	-
Notes and accounts receivable (including related parties)	7,164,391	-	-	-	-
Other current financial assets	1,160,482	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>339,051</u>	-	-	-	-
Subtotal	<u>12,963,447</u>				
Total	<u>\$ 15,079,325</u>				
Financial liabilities measured at amortized cost					
Long-term and short-term bank loans	\$ 2,149,927	-	-	-	-
Notes and accounts payable (including related parties)	9,205,692	-	-	-	-
Accrued expenses and other payables	1,267,044	-	-	-	-
Lease liabilities (including current and non-current)	532,286	-	-	-	-
Guarantee deposits received	<u>158,950</u>	-	-	-	-
Total	<u>\$ 13,313,899</u>				
		March 31, 2022			
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss- beneficiary certificate Funds	\$ 272,544	272,544	-	-	272,544
Non-derivative financial assets mandatorily measured at fair value through profit or loss- listed stocks	166,841	166,841	-	-	166,841
Non-derivative financial assets mandatorily measured at fair value through profit or loss- unlisted stocks	137,699	-	-	137,699	137,699
Non-derivative financial assets mandatorily measured at fair value through profit or loss- foreign unlisted funds	<u>59,749</u>	-	-	59,749	59,749
Subtotal	<u>636,833</u>				
Financial assets at fair value through other comprehensive income	<u>1,443,532</u>	228,750	-	1,214,782	1,443,532

(Continued)

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

	March 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,650,293	-	-	-	-
Notes and accounts receivable (including related parties)	7,359,404	-	-	-	-
Other current financial assets	1,289,367	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>207,866</u>	-	-	-	-
Subtotal	<u>12,506,930</u>				
Total	<u>\$ 14,587,295</u>				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 2,227,705	-	-	-	-
Notes and accounts payable (including related parties)	8,365,572	-	-	-	-
Accrued expenses and other payables	819,526	-	-	-	-
Lease liabilities (including current and non-current)	470,172	-	-	-	-
Guarantee deposits received	80,005	-	-	-	-
Dividends payable	<u>1,598,956</u>	-	-	-	-
Total	<u>\$ 13,561,936</u>				

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

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

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

(Continued)

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

4) 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, 2023	\$ 189,464	168,602	1,195,411	1,553,477
Total gains and losses recognized:				
In profit	(30,003)	23,585	-	(6,418)
In other comprehensive income	-	-	(114,770)	(114,770)
Reclassify from level 3	(71,370)	-	(26,480)	(97,850)
Balance at March 31, 2023	<u>\$ 88,091</u>	<u>192,187</u>	<u>1,054,161</u>	<u>1,334,439</u>
Balance at January 1, 2022	\$ -	110,328	1,212,851	1,323,179
Total gains and losses recognized:				
In profit	22,968	7,872	-	30,840
In other comprehensive income	-	-	(13,084)	(13,084)
Purchased	56,280	-	15,015	71,295
Balance at March 31, 2022	<u>\$ 79,248</u>	<u>118,200</u>	<u>1,214,782</u>	<u>1,412,230</u>

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

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

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

(Continued)

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

The quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter relationships between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (7.32~75.51, 7.37~88.13 and 8.52~86.64 respectively, on March 31, 2023, December 31 and March 31, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% all on March 31, 2023, December 31 and March 31, 2022)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.
	Net asset value method	Net asset value method	Inapplicable
Financial assets at fair value through profit or loss – debt investment without quoted price	Net asset value method	Net asset value method	Inapplicable
Financial assets at fair value through profit or loss – equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (65.74 and 34.05~88.13, respectively, on March 31, 2023 and December 31, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% all on March 31, 2023 and December 31, 2022)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.

(Continued)

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

6) 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
March 31, 2023						
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ <u>4,409</u>	<u>(4,409)</u>	<u>-</u>	<u>-</u>
	Lack of marketability discount	5%	\$ <u>5,506</u>	<u>(5,506)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>52,765</u>	<u>(52,765)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>65,885</u>	<u>(65,885)</u>
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ <u>9,473</u>	<u>(9,473)</u>	<u>-</u>	<u>-</u>
	Lack of marketability discount	5%	\$ <u>11,841</u>	<u>(11,841)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>59,763</u>	<u>(59,763)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>74,713</u>	<u>(74,713)</u>
March 31, 2022						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>60,722</u>	<u>60,722</u>
Equity investment without quoted price	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>75,924</u>	<u>75,924</u>

The Group's 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. If fair value of financial instruments is affected by more than one input, the analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(Continued)

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

(z) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(ac) of the consolidated financial statements for the year ended December 31, 2022.

(aa) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note 6(ad) of the consolidated financial statements for the year ended December 31, 2022 for further details.

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

The Group's investing and financial activities, which did not affect its current cash flow in the three months ended March 31, 2023 and 2022, 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, 2023	Cash flows	Non-cash changes			March 31, 2023
			Additions of leases	Cancellation of leases	Foreign exchange movement	
Short term borrowings	\$ 755,033	730,657	-	-	-	1,485,690
Long term borrowings	1,394,894	(9,105)	-	-	-	1,385,789
Lease liabilities	532,286	(38,867)	13,696	(3,382)	154	503,887
Guarantee deposits received	158,950	2,914	-	-	-	161,864
Total liabilities from financing activities	<u>\$ 2,841,163</u>	<u>685,599</u>	<u>13,696</u>	<u>(3,382)</u>	<u>154</u>	<u>3,537,230</u>

	January 1, 2022	Cash flows	Non-cash changes			March 31, 2022
			Additions of leases	Cancellation of leases	Foreign exchange movement	
Short term borrowings	\$ 1,452,782	(56,882)	-	-	-	1,395,900
Long term borrowings	850,665	(18,860)	-	-	-	831,805
Lease liabilities	467,043	(28,545)	37,041	(6,737)	1,370	470,172
Guarantee deposits received	77,406	2,599	-	-	-	80,005
Total liabilities from financing activities	<u>\$ 2,847,896</u>	<u>(101,688)</u>	<u>37,041</u>	<u>(6,737)</u>	<u>1,370</u>	<u>2,777,882</u>

(Continued)

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Topco Quartz Products Co., Ltd. (Topco Quartz)	An associate
Eastwind Tsusho Inc. (Eastwind Tsusho)	An associate
Shin-Etsu Handotai Taiwan Co., Ltd. (Shin-Etsu Handotai Taiwan)	The Company is the corporate director of the related party
Shin-Etsu Opto Electronic Co., Ltd. (Shin-Etsu Opto Electronic)	The Company is the corporate director of the related party
Fong Rong Smart Machinery Co., Ltd. (Fong Rong Smart Machinery)	An associate (Note 1)

Note 1: The Group acquired Fong Rong Smart Machinery's shares, resulting in Topco International Investment to have significant influence over it, and has been listed as an associate in October 2022.

(b) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended	
	March 31,	
	2023	2022
Short-term employee benefits	\$ 85,500	86,178
Post-employment benefits	837	686
	\$ 86,337	86,864

(c) Significant transactions with related party

(i) Sales

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

	For the three months ended	
	March 31,	
	2023	2022
Associates	\$ 951	1,296
Other related parties	7,283	10,757
	\$ 8,234	12,053

(Continued)

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

- 2) The amounts of significant construction revenue and rendering of services by the Group to related parties were as follows:

	For the three months ended	
	March 31,	
	2023	2022
Associates:		
Topco Quartz	\$ 83,969	71,540
Other related parties:		
Shin-Etsu Handotai Taiwan	79,151	81,393
Other related parties	<u>79</u>	<u>248</u>
	<u>\$ 163,199</u>	<u>153,181</u>

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

- (ii) Purchases

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

	For the three months ended	
	March 31,	
	2023	2022
Associates	\$ 158,675	175,693
Shin-Etsu Handotai Taiwan	<u>2,118,401</u>	<u>2,434,667</u>
	<u>\$ 2,277,076</u>	<u>2,610,360</u>

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

(Continued)

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

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	Associates:			
Accounts receivable	Topco Quartz	\$ 49,696	42,166	46,589
	Other related parties:			
Accounts receivable	Shin-Etsu Handotai Taiwan	53,465	66,891	59,470
Accounts receivable	Other related parties	83	11	383
		<u>\$ 103,244</u>	<u>109,068</u>	<u>106,442</u>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Accounts</u>	<u>Relationship</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	Associates :			
Accounts payable	Topco Quartz	\$ 146,908	212,939	177,501
Accounts payable	Other associates	945	1,929	1,009
	Other related parties:			
Accounts payable	Shin-Etsu Handotai Taiwan	2,275,228	2,558,776	2,541,840
Accounts payable	Other related parties	-	690	2,209
		<u>\$ 2,423,081</u>	<u>2,774,334</u>	<u>2,722,559</u>

(Continued)

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other current financial assets	Guarantees for construction contracts, warranties, coupons, and credit card readers	\$ 62,613	66,778	66,152
Other non-current assets – time deposits	Lease for plant, and guarantees for long term borrowings	35,243	35,802	19,679
		<u>\$ 97,856</u>	<u>102,580</u>	<u>85,831</u>

(9) Commitments and contingencies:

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Commitments for construction contracts	<u>\$ 2,420,513</u>	<u>2,649,054</u>	<u>2,679,514</u>
Bank guarantees to construction contracts	<u>\$ 1,226,717</u>	<u>1,407,494</u>	<u>832,041</u>
Acquisition of property, plant and equipment	<u>\$ 4,540,000</u>	<u>-</u>	<u>-</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unused and outstanding letters of credit	<u>\$ 1,482,128</u>	<u>1,517,567</u>	<u>2,359,210</u>

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

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

Taking into account the financial requirement for purchasing the self-use office building, a resolution was approved during the board meeting held on April 19, 2023 for the Group to increase its capital through issuance of new common shares and second domestic unsecured convertible corporate bonds in the second quarter of 2023.

(Continued)

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

(12) Other:

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

By function	For the three months ended March 31,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	110,589	459,130	569,719	79,722	454,593	534,315
Labor and health insurance	11,560	28,695	40,255	7,731	24,383	32,114
Pension	3,084	16,523	19,607	2,235	15,870	18,105
Others	3,999	21,554	25,553	2,422	19,524	21,946
Depreciation	34,657	65,795	100,452	31,590	62,204	93,794
Amortization	413	18,516	18,929	20	17,577	17,597

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other disclosures:

- (a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to table 1.
- (iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 2.
- (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: Please refer to table 3.
- (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 4.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(Continued)

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

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions: Please refer to table 5.
- (b) Information on investees: Please refer to table 6.
- (c) Information on investment in mainland China:
- (i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to table 7.
- (ii) Limitation on investment in Mainland China: Please refer to table 7.
- (iii) Significant transactions: Please refer to table 7.
- (d) Major shareholders holding more than 5% of ownership as of March 31, 2023: None.

(14) Segment information:

	For the three months ended March 31, 2023				
	Semiconductor and electronics division	Environmental engineering group	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 10,237,377	1,804,402	450,566	-	12,492,345
Intersegment revenues	201,064	(8,778)	105,142	(297,428)	-
Total revenue	<u>\$ 10,438,441</u>	<u>1,795,624</u>	<u>555,708</u>	<u>(297,428)</u>	<u>12,492,345</u>
Reportable segment profit or loss	<u>\$ 666,229</u>	<u>62,531</u>	<u>221,757</u>	<u>-</u>	<u>950,517</u>
	For the three months ended March 31, 2022				
	Semiconductor and electronics division	Environmental engineering group	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 10,617,540	1,500,267	464,770	-	12,582,577
Intersegment revenues	34,587	(250)	53,604	(87,941)	-
Total revenue	<u>\$ 10,652,127</u>	<u>1,500,017</u>	<u>518,374</u>	<u>(87,941)</u>	<u>12,582,577</u>
Reportable segment profit or loss	<u>\$ 826,112</u>	<u>(113,014)</u>	<u>203,196</u>	<u>-</u>	<u>916,294</u>

(Continued)

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

(i) 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)	133,350	132,930	18,872	-	1.12%	(Note 5)	Y	N	Y
"	"	Topco Shanghai	(Note 2)	(Note 4)	416,115	416,115	301,715	-	3.52%	(Note 5)	Y	N	Y
"	"	Shanghai Chong Yao	(Note 2)	(Note 4)	44,450	44,310	-	-	0.37%	(Note 5)	Y	N	Y
"	"	Chien Yueh	(Note 2)	(Note 4)	1,700,000	1,700,000	261,578	-	14.37%	(Note 5)	Y	N	N
"	"	JiaYi Energy	(Note 2)	(Note 4)	214,354	182,177	52,177	-	1.54%	(Note 5)	Y	N	N
"	"	Jing Chen Energy	(Note 2)	(Note 4)	102,624	77,624	47,779	-	0.66%	(Note 5)	Y	N	N
"	"	Jing Yang Energy	(Note 2)	(Note 4)	187,960	187,960	99,420	-	1.59%	(Note 5)	Y	N	N
"	"	Jing Yueh Energy	(Note 2)	(Note 4)	200,684	200,684	126,067	-	1.70%	(Note 5)	Y	N	N
"	"	Kuan Yueh Technology	(Note 2)	(Note 4)	1,186,372	886,372	545,722	-	7.49%	(Note 5)	Y	N	N
"	"	Anyong Fresh Mart.	(Note 2)	(Note 4)	3,000	3,000	186	-	0.03%	(Note 5)	Y	N	N
"	"	Topsience(s)	(Note 2)	(Note 4)	966,830	966,830	323,221	-	8.17%	(Note 5)	Y	N	N
"	"	Topchem Materials	(Note 2)	(Note 4)	100,000	100,000	26,000	-	0.85%	(Note 5)	Y	N	N
"	"	Topco Engineering	(Note 2)	(Note 4)	497,370	315,630	13,534	-	2.67%	(Note 5)	Y	N	Y
"	"	Unitech New Energy Engineering	(Note 2)	(Note 4)	271,097	271,097	102,495	-	2.29%	(Note 5)	Y	N	N
"	"	Topsience Vietnam	(Note 2)	(Note 4)	15,225	15,225	-	-	0.13%	(Note 5)	Y	N	N
1	Topco Suzhou	Suzhou Topco Construction Ltd	(Note 3)	(Note 4)	26,496	26,413	26,413	-	3.91%	(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 \$11,830,406, 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 \$18,928,650, 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 \$16,880,550, 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, Chien Yueh, Topsience(s) was double-calculated in the amount JPY500,000, NTD250,000 and JPY50,000 respectively.

(Continued)

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

(ii) Securities held as of March 31, 2023 (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	
	Fund:							
The Company	Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	271	3,463	-	3,463	
	Stock:							
The Company	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	94,520	10	94,520	
"	Shin-Etsu Handotai Taiwan	"	"	12,000	906,120	8	906,120	
"	Everglory Resource Technology Co., Ltd.	None	"	2,000	23,880	8.18	23,880	
"	ProMOS Technologies Inc.	"	"	71	1,537	0.16	1,537	
"	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	"	"	5,000	163,600	0.84	163,600	
"	Win Win Precision Technology Co. Ltd	"	Non-current financial assets at fair value through profit or loss	1,450	122,061	2.63	122,061	
"	Grand Fortune	"	"	2,400	31,080	4.12	31,080	
"	Shih Her Technologies Inc.	"	"	2,519	156,430	4.44	156,430	
"	Guangxin Venture Capital Co., Ltd.	"	"	6,667	67,733	6.67	67,733	
"	Belite Bio, Inc.	"	"	90	81,979	0.36	81,979	
"	Fu You Private Equity Fund Limited Partner	"	"	2,000	22,380	5.00	22,380	
	Other:							
The Company	LEAP FUND L.P.	None	Non-current financial assets at fair value through profit or loss	-	58,131	12.22	58,131	
	Stock:							
Topco International Investment	Win Win Precision Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	778	65,466	1.61	65,466	
"	Mylight Technology Co., Ltd. (Mylight)	"	"	-	-	-	-	Note 3
"	Archers Inc.	"	"	-	-	-	-	Note 4
"	Ultramed Technology Co., Ltd.	"	"	100	3,259	5.26	3,259	
"	Sunergy development corporation	"	"	285	-	19	-	
"	Mycropore Corporation Ltd.	"	"	400	2,928	2.29	2,928	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	
"	Win Win Precision Technology Co., Ltd.	"	"	646	54,383	1.41	54,383	Note 1
	Fund:							
Topco Investment	Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	302	4,168	-	4,168	
	Stock:							
"	Mylight	None	Non-current financial assets at fair value through other comprehensive income	-	-	-	-	Note 3
"	H2U Corporation	"	"	273	5,351	1.08	5,351	
"	TFBS BIOSCIENCE, INC.	"	"	252	16,566	0.76	16,566	Note 2
"	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	1,699	12,862	5.75	12,862	
"	TFBS BIOSCIENCE, INC.	"	"	1,340	88,092	4.05	88,092	
	Fund:							
Taiwan E&M	Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	4,176	53,381	-	53,381	
"	Franklin U.S. Government Money Fund	"	"	4,187	44,082	-	44,082	
"	FSITC Taiwan Money Market	"	"	3,266	50,920	-	50,920	
"	Taishin 1699 Money Market	"	"	2898	40,022	-	40,022	
Ding Yue Solar	FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,354	-	1,354	
	Fund:							
Anyong Biotechnology	Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	2,335	32,249	-	32,249	
	Stock:							
Unitech New Energy Engineering	United Microelectronics Corporation Co., Ltd	None	Non-current financial assets at fair value through profit or loss	10	555	-	555	
"	United Renewable Energy Co., Ltd	"	"	10	218	-	218	

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 liquidated. 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.

Note 3: Liquidation of Mylight was completed.

Note 4: Liquidation of Archers Inc. was completed.

(Continued)

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

(iii) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(In Thousands of New Taiwan Dollars)

Company Name	Property Name	Date	Amount	Payment situation	Counter party	Nature of relationship	The transaction object is a relat		Reference basis for price determination	Purpose of acquisition and usage	Others
							Relationship with Issuer	transfer date			
The Company	Land and Buildings	2023/1/17	5,350,000	810,000	China Real Estate Management Co., Ltd. and 11 natural persons, China Construction Manager Co., Ltd.	non-related	None	None	Valuation report from bon-de Real Estate Joint Appraisers Firm.	For Operation purpose	None

(iv) 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	110,955	2%	Net 60 days from the end of the month of delivery	-	-	Accounts Payable (116,792)	(4.0%)	
Topco Shanghai	Shin Etsu Handotai Taiwan	The parent company of the company is its company director	Purchase	2,097,053	74%	Net 90 days from the end of the month of delivery	-	-	Accounts payable (2,254,099)	(82.0%)	

(Continued)

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

(v) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets	
				Accounts name	Amount	Terms		
0	The Company	Topco Shanghai	1	Accounts Receivable	27,224	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.09%	
"	"	"	1	Sales Revenue	55,394		"	0.44%
"	"	Topco Trading	1	Sales Revenue	1,651		"	0.01%
"	"	Chien Yueh	1	Accounts Receivable	1,852		"	0.01%
"	"	Suzhou Topco	1	Other accounts Receivable	1,511		"	0.01%
"	"	"	1	Other non-operating income	1,511		"	0.01%
1	Jia Yi Energy	Kuan Yueh Technology	3	unearned revenue	27,413		Based on the agreement between both parties	0.09%
"	"	"	3	Construction Revenue	49,003	"		0.39%
"	"	"	3	Accounts Receivable	8,940	"		0.07%
"	"	"	3	Operating Revenue	2,593	"		0.02%
"	"	Jing Yang Energy	3	Unearned revenue	15,925	"		0.05%
"	"	"	3	Construction Revenue	11,215	"		0.09%
"	"	Jing Yueh Energy	3	Unearned revenue	16,066	"		0.05%
"	"	"	3	Construction Revenue	8,639	"		0.07%
"	"	Jing Chen Energy	3	Accounts Receivable	1,784	"		0.01%
"	"	"	3	Construction Revenue	1,511	"		0.01%
2	Anyong Fresh Mart.	The Company	2	Sales Revenue	4,069	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.03%	
3	Taiwan E&M.	The Company	2	Unearned revenue	4,365		There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.01%
"	"	"	2	Sales Revenue	9,925	"		0.08%
4	Topchem Materials	The Company	2	Operating Revenue	10,618	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.08%	
"	"	"	2	Accounts Receivable	8,571		"	0.03%
5	Anyong Biotechnology	Anyong Fresh Mart	3	Operating Revenue	4,617	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.04%	
"	"	"	3	Accounts Receivable	2,260		"	0.01%
"	"	Anyong Lohas.	3	Sales Revenue	4,176		"	0.03%
"	"	"	3	Accounts Receivable	3,172	"	0.01%	

(Continued)

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

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
6	Anyong Lohas	Anyong Fresh Mart	3	Sales Revenue	8,143	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.07%
"	"	"	3	Accounts Receivable	4,466	"	0.02%
7	Tai Ying Resource	Chien Yueh.	3	Operating Revenue	4,389	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.04%
8	Topco Suzhou	Topscience(s)	3	unearned revenue	4,862	Based on the agreement between both parties	0.02%
9	Chien Yueh	Tai Ying Resource	3	Unearned revenue	3,870	Based on the agreement between both parties	0.01%
"	"	Xports Sports	3	Unearned revenue	47,750	Based on the agreement between both parties	0.16%
"	"	"	3	Accounts Receivable	2,749	"	0.01%
"	"	"	3	Construction Revenue	13,462	"	0.11%
10	TOPSCIENCE	Topchem Materials	3	Sales Revenue	2,345	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.02%

Note 1: The numbers filled in as follows:

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

Note 2: Relationship with the transactions labeled as follows:

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

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Information on investees:

The following is the information on investees for the year ended March 31, 2023 (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 March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note			
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying Value						
The Company	Topco Quartz	Hsinchu County	Manufacture and repair of quartz equipment, quartz tube e.g.	99,232	99,232	13	40%	1,738,112	330,053	134,339				
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	558,477	24,419	24,419	Note 3			
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	270,310	22,817	5,707				
	Topco Group	Samoa	Investment activities	714,206	714,206	22,432	100%	2,945,523	347,405	347,405	Note 3			
	Topsience(s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	411,513	380,931	4,153	100%	547,353	(19,362)	(19,362)	Note 3			
	Topco International Investment	Taipei City	Investment activities	495,000	495,000	60,357	100%	674,937	36,962	36,962	Note 3			
	Topco Investment	Taipei City	Investment activities	315,000	315,000	16,500	100%	154,546	(28,224)	(28,224)	Note 3			
	Chien Yueh	Taipei City	Water purification and construction of dust-proof room	475,000	475,000	53,829	100%	184,516	(83,614)	(85,312)	Note 3			
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	540,629	540,629	30,000	100%	98,654	(1,243)	(1,243)	Note 3			
	Winfull Bio-tech Co., Ltd.	Tainan City	Manufacture of organic fertilizer	35,000	35,000	3,500	39%	-	-	-				
	Anyong Fresh Mart.	Taipei City	Wholesale and retail sales of fishery products and supermarket operation	639,350	604,350	39,300	100%	120,643	(14,210)	(14,202)	Note 3			
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	236,792	236,792	25,924	84%	184,239	5,646	1,224	Note 3			
	Xiang Yueh	Taipei City	Waste disposal	91,170	76,770	7,340	100%	2,894	(31,197)	(27,002)	Note 3			
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	325,000	317,000	22,500	100%	20,640	(5,168)	(5,168)	Note 3			
	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	434,560	434,560	776	77.60%	473,264	37,243	21,923	Note 3			
	TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	121,381	91,223	8	100%	113,390	(3,940)	(3,940)	Note 3			
	Xsport Sports	Taipei City	Sports Training	145,508	95,508	15,000	100%	123,853	(7,373)	(7,373)	Note 3			
								8,211,351		380,153				
	Topco Group	Topco Trading	Hong Kong	Wholesale of semiconductor material	45,675	45,675	1,500	100%	101,708	11,751	Investment gains (losses) recognized by Topco Group	Note 3		
Asia Topco Holding		Cayman	Investment activities	(USD1,500)	(USD1,500)	609,000	20,000	100%	2,826,928	335,609	"	Note 3		
Asia Topco Holding	Asia Topco	Mauritius	Investment activities	(USD20,000)	(USD20,000)	609,000	20,000	100%	2,826,928	335,609	"	Note 3		
Topsience(s)	Topsience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	70,035	54,810	-	100%	53,037	(1,496)	Investment gains (losses) recognized by Topsience(s)	Note 3			
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	(USD2,300)	(USD1,800)	-	100%	-	-	"	Note 3			
	Ping Yue Technology	Malaysia	Sales of semiconductor material and equipment	13,703	13,703	2,056	100%	11,644	(582)	"	Note 3			
Topco International Investment	Cityspace	Taipei City	Wholesale sales of cosmetics	(USD450)	(USD450)	12,000	1,267	67%	22,094	2,061	Investment gains (losses) recognized by Topco International Investment	Note 3		
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	59,984	59,984	25	100%	40,467	(2,940)	"	Note 3			
	Kuan Yueh Technology	Taipei City	Development of renewable energy projects / Configure pipeline construction and device installation	(JPY250,000)	(JPY250,000)	149,640	17,959	100%	200,807	480	"	Note 3		
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts			28,208	5,005	16%	49,821	5,646	"	Note 3		
	Kanbo Biomedical	Taipei City	Sales of health food products			6,287	6,287	1,000	100%	1,357	(2)	"	Note 3	
	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities			4,197	4,197	142	36%	-	-	"		
	Topchem Materials	Taipei City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals			31,000	31,000	5,500	100%	114,054	7,803	"	Note 3	
	Fortune	Taipei City	Clean up of waste and environmental management service			771	771	40	0.07%	759	22,817	"		
	Tai Ying Resource	Kaohsiung City	Clean up of waste			141,704	141,704	10,736	48.80%	160,266	(3,732)	"	Note 3	
	EastWind Tsusho	Taipei City	Manufacturing and trading of electronic parts, etc.			5,000	5,000	500	25%	6,716	1,194	"		
	Topchip	Taipei City	IC Design and Sales Company			5,000	5,000	500	100%	4,990	0	Investment gains (losses) recognized by Topco	Note 3	
	Thermaltake green power	Taipei City	Sales of renewable energy			1,000	1,000	100	100%	903	(74)	"	Note 3	
	Fong Rong Smatr Machinery	Hsinchu City	Machinery manufacturing and repair industry			4,550	4,550	350	25%	4,420	(921)	"		
	Topco Investment	Multi Rich Technology	Taichung City	Wholesale of fishery products			20,500	20,500	2,050	98%	1,329	(167)	Investment gains (losses) recognized by Topco Investment	Note 3
		Ding Yue Solar	Taipei City	Development of renewable energy project			9,000	9,000	900	100%	3,665	(20)	"	Note 3
Min Jen Restaurant		Taipei City	Restaurant			110,000	110,000	1,719	69%	2,027	3,112	"	Note 3	
Fei Da Intelligent Co., Ltd.		Taipei City	Manpower dispatch			8,875	8,875	725	14%	4,009	(2,399)	"	Note 2	
STARX INC.		Hsinchu City	Precision instrument manufacturing			8,000	8,000	8,626	26%	6,459	(1,144)	"		
Yun Yueh Technology		Taichung City	Aquaculture and wholesale and sales of fishery products			555	555	60	55%	515	(12)	"	Note 3	
Jia Yi energy	Great Talent Tech Co., Ltd.	Taipei City	Personnel training			5,000	5,000	500	31%	3,374	(912)	"		
	Jing Chen Energy	Taipei City	Development of renewable energy project			71,050	71,050	7,586	100%	67,130	1,064	Investment gains (losses) recognized by Jia Yi energy	Note 3	
	Jing Yang Energy	Taipei City	"			86,497	86,497	8,795	100%	66,757	2,341	"	Note 3	
	Jing Yueh Energy	Taipei City	"			92,160	92,160	8,513	100%	94,922	937	"	Note 3	

(Continued)

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

(In Thousands of New Taiwan Dollars and foreign currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying Value			
Taiwan E&M	Top Vacuum	Hsinchu City	Vacuum pump equipment maintenance	45,035	45,035	6,000	60%	70,485	6,553	Investment gains (losses) recognized by Taiwan E&M	Note 3
Chien Yuch	Tai Ying Resource	Kaohsiung City	Clean up of waste	9,916	9,916	670	3%	10,719	(3,732)	Investment gains (losses) recognized by Chien Yuch	Note 3
Chien Yuch	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	5,600	5,600	10	1%	6,099	37,243	"	Note 3
Topco Japan	Shunkawa	Japan	Import and export of semiconductor raw materials	22,880 (JPY100,000)	22,880 (JPY100,000)	10	100%	18,590	(1,151)	Investment gains (losses) recognized by Topco Japan	Note 3
Tai Ying Resource	Tai Ying Global Trading	Kaohsiung City	International Trading	15,000	5,000	1,500	100%	14,216	(309)	Investment gains (losses) recognized by Tai Ying Resource	Note 3

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

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) 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, 2023 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023 (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	267,655 (USD8,790) (Note 4)	Note 1	-	-	-	186,980 (USD6,147)	100%	186,980 (USD6,147)	1,482,458 (USD48,685)	1,435,383 (USD47,139)	
Shanghai Chong Yao	"	57,603 (RMB13,000)	Note 5	Note 5	-	-	34,221 (RMB7,707)	100%	34,221 (RMB7,707)	258,119 (RMB58,253)	-	
Topco Suzhou	Water purification and construction of dust-proof room	321,978 (USD10,574) (Note 4)	Note 1	82,215 (USD2,700)	-	-	82,215 (USD2,700)	100%	120,760 (USD3,970)	741,701 (USD24,358)	160,837 (USD5,282)	
Topco Chemical	wholesale and sales of chemical products	13,489 (USD443)	Note 1	13,489 (USD443)	-	-	13,489 (USD443)	100%	25,247 (USD830)	367,653 (USD12,074)	-	
Topco Engineering	Water purification and construction of dust-proof room	88,620 (RMB20,000)	Note 6	Note 6	-	-	3,010 (RMB678)	100%	3,010 (RMB678)	99,489 (RMB22,453)	-	
Shanghai Perfect Microelectronics	IC Design Company	8,862 (RMB2,000)	Note 9	-	-	-	9 (RMB2)	51%	4 (RMB1)	4,750 (RMB1,072)	-	
Wuxi super sunrise material	Semiconductor wafer cassette recycling and cleaning service	75,327 (RMB17,000)	Note 10	-	-	-	(1,931) (RMB(435))	20%	(386) (RMB(87))	21,738 (RMB4,906)	-	

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
188,577 (USD6,193) (Note 7)	704,369 (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 1:30.45 and CNY 1:4.431, respectively, as of March 31, 2023.

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 Pull technology, which held 20%, 60% and 20% of the capital contribution, respectively.

(iii) Significant transactions:

For the three months ended March 31, 2023, 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".