

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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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.

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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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 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 \$2,408,053 thousand and \$2,213,819 thousand, constituting 7.55% and 7.52% of consolidated total assets as of September 30, 2023 and 2022, respectively, total liabilities amounting to \$829,435 thousand and \$830,978 thousand, constituting 4.81% and 4.90% of consolidated total liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income amounting to \$94,544 thousand, \$120,365 thousand, \$224,452 thousand and \$307,770 thousand, constituting 10.43%, 12.36%, 10.47% and 13.92% of consolidated total comprehensive income for the three months and nine months ended September 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Topco Scientific Co., Ltd. and its subsidiaries in its investee companies of \$2,287,761 thousand and \$2,036,091 thousand as of September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$104,922 thousand, \$142,777 thousand, \$391,278 thousand and \$407,236 thousand for the three months and nine months ended September 30, 2023 and 2022, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 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)

November 1, 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)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 5,003,896	16	4,299,523	14	4,492,947	15	2100	Short-term borrowings (note 6(m))	\$ 2,985,182	10	755,033	3	2,442,127	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	229,026	1	190,096	1	197,663	1	2120	Total current financial liabilities at fair value through profit or loss (note 6(b))	70	-	-	-	-	-
1140	Current contract assets (note 6(x))	1,954,910	6	1,671,753	6	1,925,219	7	2130	Current contract liabilities (note 6(x))	1,757,464	6	1,787,806	6	1,554,056	5
1170	Notes and accounts receivable, net (note 6(d))	7,368,729	23	7,055,323	24	7,782,893	26	2170	Notes and accounts payable	5,570,046	18	6,431,358	22	6,389,964	22
1180	Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	139,519	-	109,068	-	115,558	-	2180	Notes and accounts payable to related parties (note 7)	968,580	3	2,774,334	9	2,578,232	9
1476	Other current financial assets (notes 6(l) and 8)	1,175,189	4	1,160,482	4	1,194,491	4	2200	Other current financial liabilities	1,354,421	4	1,267,044	4	1,012,736	4
1300	Inventories, net (note 6(e))	4,311,710	14	5,291,287	17	4,122,615	14	2216	Dividends payable	10,304	-	-	-	13,318	-
1479	Other current assets, others	1,152,514	3	814,462	3	698,737	2	2230	Current tax liabilities	589,577	2	640,528	2	577,923	2
		<u>21,335,493</u>	<u>67</u>	<u>20,591,994</u>	<u>69</u>	<u>20,530,123</u>	<u>69</u>	2250	Current provisions (note 6(q))	333,541	1	181,371	1	139,674	1
Non-current assets:								2280	Current lease liabilities (note 6(p))	127,006	-	134,708	1	130,294	1
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	700,663	2	586,921	2	579,251	2	2320	Long-term borrowings, current portion (note 6(n))	81,427	-	79,701	-	80,176	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,231,153	4	1,338,861	5	1,076,477	4	2365	Current refund liabilities	10,487	-	14,372	-	94,086	-
1550	Investments accounted for using equity method (note 6(f))	2,287,761	7	2,177,225	7	2,036,091	7	2399	Other current liabilities	104,430	-	82,336	-	117,476	-
1600	Property, plant and equipment (note 6(h))	3,594,773	11	3,644,002	12	3,590,925	12		Non-Current liabilities:	<u>13,892,535</u>	<u>44</u>	<u>14,148,591</u>	<u>48</u>	<u>15,130,062</u>	<u>52</u>
1755	Right-of-use assets (note 6(i))	458,371	1	531,692	2	548,041	2	2530	Bonds payable (note 6(o))	952,485	3	-	-	-	-
1760	Investment property, net (notes 6(j) and 8)	137,164	1	139,591	-	174,534	1	2540	Long-term borrowings (note 6(n))	1,299,102	4	1,315,193	4	711,189	2
1780	Intangible assets (note 6(k))	422,409	2	468,083	2	480,895	2	2580	Non-current lease liabilities (note 6(p))	334,048	1	397,578	1	417,068	1
1840	Deferred tax assets	49,191	-	58,699	-	66,800	-	2670	Deferred tax liabilities and others	625,788	2	616,736	2	557,630	2
1900	Other non-current assets (notes 6(l) and 8)	1,658,531	5	343,207	1	351,620	1	2640	Non-current net defined benefit liability (note 6(s))	126,253	-	131,178	-	155,740	1
		<u>10,540,016</u>	<u>33</u>	<u>9,288,281</u>	<u>31</u>	<u>8,904,634</u>	<u>31</u>		Total liabilities	<u>3,337,676</u>	<u>10</u>	<u>2,460,685</u>	<u>7</u>	<u>1,841,627</u>	<u>6</u>
									Equity attributable to owners of parent (note 6(u)):	<u>17,230,211</u>	<u>54</u>	<u>16,609,276</u>	<u>55</u>	<u>16,971,689</u>	<u>58</u>
								3110	Ordinary share	1,886,996	6	1,816,996	6	1,816,996	6
								3200	Capital surplus	2,688,841	8	2,343,848	8	2,345,202	8
								3300	Retained earnings	9,128,746	29	8,041,653	27	7,459,087	25
								3400	Other equity	708,715	2	757,147	3	541,318	2
										<u>14,413,298</u>	<u>45</u>	<u>12,959,644</u>	<u>44</u>	<u>12,162,603</u>	<u>41</u>
								3610	Non-controlling interests	232,000	1	311,355	1	300,465	1
									Total equity	<u>14,645,298</u>	<u>46</u>	<u>13,270,999</u>	<u>45</u>	<u>12,463,068</u>	<u>42</u>
Total assets		<u>\$ 31,875,509</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>29,434,757</u>	<u>100</u>	Total liabilities and equity		<u>\$ 31,875,509</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>29,434,757</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 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 September 30				For the nine months ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
Operating Revenues: (notes 6(x) and 7)									
4110	Sales revenue	\$ 10,132,189	81	11,448,708	83	30,298,693	82	33,119,070	83
4520	Construction revenue	1,696,619	14	1,676,726	12	4,934,809	13	4,617,215	12
4800	Other operating revenue	663,530	5	667,411	5	1,806,532	5	1,864,471	5
	Operating revenue, net	<u>12,492,338</u>	<u>100</u>	<u>13,792,845</u>	<u>100</u>	<u>37,040,034</u>	<u>100</u>	<u>39,600,756</u>	<u>100</u>
Operating costs: (notes 6(e), 6(s), 6(y), 7 and 12)									
5110	Cost of sales	8,941,833	72	10,113,003	74	26,894,876	73	29,363,462	74
5500	Construction cost	1,531,412	12	1,519,096	11	4,506,505	12	4,479,275	12
5800	Other operating costs	275,974	2	320,640	2	813,302	2	834,050	2
		<u>10,749,219</u>	<u>86</u>	<u>11,952,739</u>	<u>87</u>	<u>32,214,683</u>	<u>87</u>	<u>34,676,787</u>	<u>88</u>
5910	Less: Unrealized loss from sales	4,951	-	(73)	-	8,358	-	(219)	-
	Gross profit	<u>1,738,168</u>	<u>14</u>	<u>1,840,179</u>	<u>13</u>	<u>4,816,993</u>	<u>13</u>	<u>4,924,188</u>	<u>12</u>
Operating expenses: (notes 6(d), 6(s), 6(y), 7 and 12)									
6100	Selling expenses	404,610	3	475,055	3	1,182,330	4	1,202,569	3
6200	Administrative expenses	366,675	3	350,592	3	1,150,886	3	1,160,717	3
6300	Research and development expenses	19,921	-	36,642	-	92,132	-	89,708	-
	Total operating expenses	<u>791,206</u>	<u>6</u>	<u>862,289</u>	<u>6</u>	<u>2,425,348</u>	<u>7</u>	<u>2,452,994</u>	<u>6</u>
	Net operating income	<u>946,962</u>	<u>8</u>	<u>977,890</u>	<u>7</u>	<u>2,391,645</u>	<u>6</u>	<u>2,471,194</u>	<u>6</u>
Non-operating income and expenses:									
7100	Interest income	23,746	-	15,939	-	62,224	-	31,806	-
7010	Other income (notes 6(b), 6(c), 6(r) and 6(z))	4,041	-	5,803	-	136,705	1	100,271	-
7020	Other gains and losses, net (notes 6(b), 6(f), 6(r) and 6(z))	17,066	-	103,274	1	59,919	-	362,290	1
7050	Finance costs (note 6(p))	(31,519)	-	(16,641)	-	(69,292)	-	(38,989)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	104,922	-	142,777	1	391,278	1	407,236	1
		<u>118,256</u>	<u>-</u>	<u>251,152</u>	<u>2</u>	<u>580,834</u>	<u>2</u>	<u>862,614</u>	<u>2</u>
	Profit before tax	<u>1,065,218</u>	<u>8</u>	<u>1,229,042</u>	<u>9</u>	<u>2,972,479</u>	<u>8</u>	<u>3,333,808</u>	<u>8</u>
7950	Less: Income tax expenses (note 6(t))	260,196	2	322,007	2	755,839	2	833,986	2
	Profit	<u>805,022</u>	<u>6</u>	<u>907,035</u>	<u>7</u>	<u>2,216,640</u>	<u>6</u>	<u>2,499,822</u>	<u>6</u>
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	7,074	-	16,707	-	(107,708)	-	(401,388)	(1)
8349	Less: income tax related to items that will not be reclassified to profit or loss (note 6(t))	-	-	-	-	-	-	-	-
		<u>7,074</u>	<u>-</u>	<u>16,707</u>	<u>-</u>	<u>(107,708)</u>	<u>-</u>	<u>(401,388)</u>	<u>(1)</u>
8360	Items that will be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	117,741	1	62,652	-	44,732	-	141,516	-
8399	Less: income tax related to items that will be reclassified to profit or loss (note 6(t))	23,480	-	12,463	-	9,511	-	28,507	-
		<u>94,261</u>	<u>1</u>	<u>50,189</u>	<u>-</u>	<u>35,221</u>	<u>-</u>	<u>113,009</u>	<u>-</u>
8300	Other comprehensive income	<u>101,335</u>	<u>1</u>	<u>66,896</u>	<u>-</u>	<u>(72,487)</u>	<u>-</u>	<u>(288,379)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 906,357</u>	<u>7</u>	<u>973,931</u>	<u>7</u>	<u>2,144,153</u>	<u>6</u>	<u>2,211,443</u>	<u>5</u>
	Profit, attributable to:								
8610	Attributable to owners of parent	\$ 791,913	6	893,203	7	2,201,466	6	2,453,384	6
8620	Attributable to non-controlling interests	13,109	-	13,832	-	15,174	-	46,438	-
		<u>\$ 805,022</u>	<u>6</u>	<u>907,035</u>	<u>7</u>	<u>2,216,640</u>	<u>6</u>	<u>2,499,822</u>	<u>6</u>
	Comprehensive income attributable to:								
	Attributable to owners of parent	\$ 892,998	7	960,099	7	2,128,859	6	2,165,005	5
	Attributable to non-controlling interests	13,359	-	13,832	-	15,294	-	46,438	-
		<u>\$ 906,357</u>	<u>7</u>	<u>973,931</u>	<u>7</u>	<u>2,144,153</u>	<u>6</u>	<u>2,211,443</u>	<u>5</u>
	Earnings per share: (note 6(w))								
9750	Basic net income per share	\$ 4.25		4.92		12.01		13.50	
9850	Diluted net income per share	\$ 4.13		4.87		11.81		13.36	

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				Total other equity
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 nine months ended September 30, 2022	-	-	-	2,453,384	2,453,384	-	-	-	2,453,384	46,438	2,499,822
Other comprehensive income	-	-	-	-	-	113,009	(401,388)	(288,379)	(288,379)	-	(288,379)
Total comprehensive income	-	-	-	2,453,384	2,453,384	113,009	(401,388)	(288,379)	2,165,005	46,438	2,211,443
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	229,146	(229,146)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(1,598,956)	(1,598,956)	-	-	-	(1,598,956)	-	(1,598,956)
Changes in ownership interests in subsidiaries	-	-	-	(18)	(18)	-	-	-	(18)	-	(18)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(28,049)	(28,049)
Balance at September 30, 2022	\$ 1,816,996	2,345,202	1,872,728	5,586,359	7,459,087	(14,788)	556,106	541,318	12,162,603	300,465	12,463,068
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 nine months ended September 30, 2023	-	-	-	2,201,466	2,201,466	-	-	-	2,201,466	15,174	2,216,640
Other comprehensive income	-	-	-	-	-	35,213	(107,820)	(72,607)	(72,607)	120	(72,487)
Total comprehensive income	-	-	-	2,201,466	2,201,466	35,213	(107,820)	(72,607)	2,128,859	15,294	2,144,153
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	303,593	(303,593)	-	-	-	-	-	-	-
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)
Issue of shares	70,000	977,210	-	-	-	-	-	-	1,047,210	-	1,047,210
Changes in ownership interests in subsidiaries	-	(1,260)	-	-	-	-	-	-	(1,260)	-	(1,260)
Due to recognition of equity component of convertible bonds issued	-	59,026	-	-	-	-	-	-	59,026	-	59,026
Compensation cost of employee stock option	-	36,815	-	-	-	-	-	-	36,815	-	36,815
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(94,649)	(94,649)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(24,175)	(24,175)	-	24,175	24,175	-	-	-
Balance at September 30, 2023	\$ 1,886,996	2,688,841	2,176,321	6,952,425	9,128,746	(12,521)	721,236	708,715	14,413,298	232,000	14,645,298

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,972,479	3,333,808
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	302,595	283,105
Amortization expense	53,809	54,319
Expected credit loss (gain)	(36,314)	37,855
Net gain on financial assets and liabilities at fair value through profit or loss	(77,040)	(226,408)
Interest expense	69,292	38,989
Interest income	(62,224)	(31,806)
Dividends income	(104,268)	(71,031)
Compensation cost of share-based payments	36,815	-
Share of profit of associates and joint ventures accounted for using equity method	(391,278)	(407,236)
Loss on disposal of property, plant and equipment, net	26,078	19,403
Gain on disposal of right-of-use assets, net	(801)	(1,290)
Others	8,508	258
Total adjustments to reconcile profit	<u>(174,828)</u>	<u>(303,842)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in contract assets	(283,157)	(1,006,533)
Increase in notes and accounts receivable	(307,470)	(880,104)
Decrease (increase) in inventories	979,577	(786,197)
Decrease (increase) in financial assets at fair value through profit or loss	(86,262)	44,174
Increase in other current assets	(338,052)	(289,666)
Increase in other financial assets	(8,353)	(15,671)
Total changes in operating assets	<u>(43,717)</u>	<u>(2,933,997)</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(30,342)	774,971
Increase (decrease) in notes payable	(2,667,066)	1,358,877
Increase in other current financial liabilities	84,508	72,082
Increase in provisions	152,170	73,324
Increase (decrease) in refund liabilities	(3,885)	78,042
Increase in other current liabilities	22,094	30,460
Decrease in others	(4,925)	(21,214)
Total changes in operating liabilities	<u>(2,447,446)</u>	<u>2,366,542</u>
Total changes in operating assets and liabilities	<u>(2,491,163)</u>	<u>(567,455)</u>
Total adjustments	<u>(2,665,991)</u>	<u>(871,297)</u>
Cash inflow (outflow) generated from operations	306,488	2,462,511
Interest received	57,109	30,290
Dividends received	399,162	301,892
Interest paid	(62,290)	(38,209)
Income taxes paid	(806,785)	(619,338)
Net cash flows from operating activities	<u>(106,316)</u>	<u>2,137,146</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(280)	(265,014)
Proceeds from capital reduction of financial assets at fair value through profit or loss	10,800	-
Acquisition of investments accounted for using equity method	(17,218)	(22,813)
Acquisition of property, plant and equipment	(158,756)	(275,956)
Proceeds from disposal of property, plant and equipment	2,728	5,198
Increase in prepayments of land and buildings	(1,340,516)	-
Decrease (increase) in refundable deposits	43,145	(143,236)
Acquisition of intangible assets	(8,040)	(17,357)
Net payment for acquisition of subsidiaries	-	(12,824)
Increase (decrease) in other non-current assets	(18,200)	10,440
Increase (decrease) in restricted assets	914	(90,471)
Net cash flows used in investing activities	<u>(1,485,423)</u>	<u>(812,033)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,230,149	989,345
Proceeds from issuance of bonds	1,007,039	-
Addition of long-term borrowings	148,115	-
Repayments of long-term borrowings	(162,480)	(59,300)
Decrease in guarantee deposits received	686	83,898
Payment of lease liabilities	(109,228)	(103,621)
Cash dividends paid	(1,816,996)	(1,598,956)
Issue of shares	1,047,210	-
Changes in non-controlling interests	(84,225)	(14,749)
Net cash flows used in financing activities	<u>2,260,270</u>	<u>(703,383)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>35,842</u>	<u>119,653</u>
Net increase in cash and cash equivalents	704,373	741,383
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>\$ 5,003,896</u>	<u>4,492,947</u>

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 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 November 1, 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, 2023:

- 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group does not expect the following 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(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.

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.

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

(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
			September 30, 2023	December 31, 2022	September 30, 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 FreshMart)	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%. The Company applied for approval to the liquidation procedures in September 2023.
"	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
			September 30, 2023	December 31, 2022	September 30, 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%	100%	
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%	(Note)
"	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. (Note)
"	Shanghai perfect microelectronics Co., Ltd.	IC Design Company	51%	51%	51%	(Note)
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)

(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
			September 30, 2023	December 31, 2022	September 30, 2022	
Topco Chemical	Chongling Chemical Product Trading (Z.F.T.Z.) Co., Ltd. (Chongling Chemical)	Wholesale and sales of chemical products	70%	-%	-%	The company was established in May 2023. (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%	100%	(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%	
Topco International Investment	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%	100.00%	
"	Thermaltake green power Co. Ltd- (Thermaltake green power)	Renewable-energy-based electricity retailing	100%	100%	100.00%	
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%	

(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
			September 30, 2023	December 31, 2022	September 30, 2022	
Topco Investment	Min Jen Restaurant Business Co., Ltd. (Min Jen Restaurant)	Restaurant	-%	69%	69%	Min Jen Restaurant had applied for liquidation procedures in December 2022 and completed the liquidation procedures in August 2023.
"	Yun Yueh Technology Co., Ltd (Yun Yueh Technology)	Aquaculture and wholesale and sales of fishery products	55%	55%	100%	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%	100%	
Tai Ying Resource	Tai Ying Global Trading Ltd., Co. (Tai Ying Global Trading)	International trading company	100%	100%	100%	

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

(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.

(Continued)

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

(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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 19,229	21,225	23,201
Checking accounts and demand deposits	2,340,002	3,045,533	3,573,798
Time deposits	2,644,665	1,232,765	895,948
	<u>\$ 5,003,896</u>	<u>4,299,523</u>	<u>4,492,947</u>

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

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

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificate-Funds	\$ 229,026	190,096	197,663
Domestic listed stocks	186,278	145,485	136,625
Foreign listed stocks	62,739	83,370	95,914
Unlisted stocks	400,624	312,668	286,313
Foreign unlisted funds	<u>51,022</u>	<u>45,398</u>	<u>60,399</u>
	<u>\$ 929,689</u>	<u>777,017</u>	<u>776,914</u>
Current	\$ 229,026	190,096	197,663
Non-current	<u>700,663</u>	<u>586,921</u>	<u>579,251</u>
	<u>\$ 929,689</u>	<u>777,017</u>	<u>776,914</u>
Held-for-sale financial liabilities:			
Derivatives not for hedging			
Forward exchange contracts	\$ <u>70</u>	<u>-</u>	<u>-</u>
	<u>\$ 70</u>	<u>-</u>	<u>-</u>

The gain or loss on valuation of financial assets at fair value of the Group for the three months and nine months ended September 30, 2023 and 2022, was a gain of \$7,762, \$42,805, \$77,040 and \$226,408, respectively.

(i) Derivative financial instruments

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

Forward exchange contract:

	<u>September 30, 2023</u>		
	<u>Contract value</u> <u>(thousand)</u>	<u>Currency</u>	<u>Expiring period</u>
Forward exchange sold	USD 2,000	USD to NTD	October 31, 2023

(ii) The Group's information of convertible bonds— embedded derivatives, please refer to note 6(o).

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

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

As of September 30, 2023, December 31 and September 30, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Equity investments at fair value through other comprehensive income			
Domestic listed stocks	\$ 182,500	143,450	133,847
Domestic unlisted stocks	<u>1,048,653</u>	<u>1,195,411</u>	<u>942,630</u>
	<u>\$ 1,231,153</u>	<u>1,338,861</u>	<u>1,076,477</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.

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 and nine months ended September 30, 2023 and 2022, the Group's unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income was a gain of \$7,074, a gain of \$16,707, a loss of \$107,708 and a loss of \$401,388, respectively.

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

As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide financial assets as collateral for its loans.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable from operating activities	\$ 85,599	76,718	35,466
Accounts receivable from measured as amortized cost	7,452,805	7,154,216	7,933,520
Less: Loss allowance	<u>30,156</u>	<u>66,543</u>	<u>70,535</u>
	<u>\$ 7,508,248</u>	<u>7,164,391</u>	<u>7,898,451</u>
Notes and accounts receivable, net	<u>\$ 7,368,729</u>	<u>7,055,323</u>	<u>7,782,893</u>
Notes and accounts receivable due from related parties, net	<u>\$ 139,519</u>	<u>109,068</u>	<u>115,558</u>

(Continued)

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

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:

September 30, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 6,893,403	0.09%	6,015
Overdue 0-30 days	374,840	1.00%	3,748
Overdue 31-60 days	60,486	3.00%	1,815
Overdue 61-90 days	47,810	5.00%	2,391
Overdue over 91 days	161,865	10.00%	16,187
	\$ 7,538,404		30,156
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
September 30, 2022			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 7,236,737	0.10%	6,989
Overdue 0-30 days	541,537	0.96%	5,199
Overdue 31-60 days	68,475	3.00%	2,054
Overdue 61-90 days	27,943	5.00%	1,397
Overdue over 91 days	94,294	58.22%	54,896
	\$ 7,968,986		70,535

(Continued)

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

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

	For the nine months ended September 30,	
	2023	2022
Balance at January 1	\$ 66,543	30,036
Impairment losses recognized (reversed)	(36,314)	39,615
Foreign exchange gain (losses)	(73)	884
Balance at September 30	<u>\$ 30,156</u>	<u>70,535</u>

(e) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise inventories	\$ 4,155,323	5,162,444	3,845,959
Work in progress	21,161	2,984	75,827
Raw materials	52,608	49,883	52,956
Goods in transits	82,618	75,976	147,873
	<u>\$ 4,311,710</u>	<u>5,291,287</u>	<u>4,122,615</u>

The details of the cost of sales were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Cost of sales	\$ 8,942,289	10,113,998	26,895,405	29,367,657
Provision (reversal) for inventory valuation loss and obsolescence	(515)	(1,081)	(752)	(4,553)
Loss on indemnity of inventory and others	59	86	223	358
	<u>\$ 8,941,833</u>	<u>10,113,003</u>	<u>26,894,876</u>	<u>29,363,462</u>

As of September 30, 2023, December 31 and September 30, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
The carrying amount of individually insignificant associates' equity	<u>\$ 2,287,761</u>	<u>2,177,225</u>	<u>2,036,091</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Attributable to the Group:				
Profit from continuing operations	\$ 104,922	142,777	391,278	407,236
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ 104,922	142,777	391,278	407,236

(ii) As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(g) Changes in ownership of subsidiaries

In the first quarter of 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 \$1,260. From January 1, 2023 to September 30, 2023, due to the aforementioned transactions, it resulted in a decrease in capital surplus by \$1,260.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2023 and 2022 were as follows:

	Buildings and building improvement			Machinery and others	Total
	Land				
Cost:					
Balance at January 1, 2023	\$ 767,057	1,644,164	2,397,995	4,809,216	
Additions	-	7,927	151,068	158,995	
Disposal	-	(981)	(94,470)	(95,451)	
Reclassifications	-	520	(768)	(248)	
Effect of movements in exchange rates	4,085	2,269	161	6,515	
Balance at September 30, 2023	\$ 771,142	1,653,899	2,453,986	4,879,027	
Balance at January 1, 2022	\$ 686,645	1,615,123	2,241,627	4,543,395	
Additions	-	2,197	274,380	276,577	
Disposal	-	(7,262)	(65,245)	(72,507)	
Reclassifications	-	700	(3,362)	(2,662)	
Effect of movements in exchange rates	-	6,668	7,296	13,964	
Balance at September 30, 2022	\$ 686,645	1,617,426	2,454,696	4,758,767	

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and others</u>	<u>Total</u>
Depreciation and impairments loss:				
Balance at January 1, 2023	\$ -	392,180	773,034	1,165,214
Depreciation	-	40,951	144,495	185,446
Disposal	-	(981)	(65,664)	(66,645)
Reclassifications	-	-	(98)	(98)
Effect of movements in exchange rates	-	364	(27)	337
Balance at September 30, 2023	<u>\$ -</u>	<u>432,514</u>	<u>851,740</u>	<u>1,284,254</u>
Balance at January 1, 2022	\$ -	354,792	682,921	1,037,713
Depreciation	-	41,276	134,606	175,882
Disposal	-	(7,262)	(40,644)	(47,906)
Reclassifications	-	-	(339)	(339)
Effect of movements in exchange rates	-	1,792	700	2,492
Balance at September 30, 2022	<u>\$ -</u>	<u>390,598</u>	<u>777,244</u>	<u>1,167,842</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 September 30, 2023	<u>\$ 771,142</u>	<u>1,221,385</u>	<u>1,602,246</u>	<u>3,594,773</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 September 30, 2022	<u>\$ 686,645</u>	<u>1,226,828</u>	<u>1,677,452</u>	<u>3,590,925</u>

As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any property, plant and equipment as collateral for its loans.

(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	50,106	8,290	59,978
Disposals	(1,582)	(52,546)	(11,166)	(65,294)
Effect of movements in exchange rates	-	375	-	375
Balance at September 30, 2023	<u>\$ 23,176</u>	<u>672,394</u>	<u>100,445</u>	<u>796,015</u>
Balance at January 1, 2022	\$ 5,127	569,877	86,758	661,762
Additions	14,757	141,003	35,234	190,994
Disposals	-	(37,067)	(18,502)	(55,569)
Effect of movements in exchange rates	-	1,992	-	1,992
Balance at September 30, 2022	<u>\$ 19,884</u>	<u>675,805</u>	<u>103,490</u>	<u>799,179</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and others</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2023	\$ 4,150	223,265	41,849	269,264
Depreciation	2,736	88,466	21,058	112,260
Disposals	(1,582)	(31,320)	(11,165)	(44,067)
Effect of movements in exchange rates	-	187	-	187
Balance at September 30, 2023	<u>\$ 5,304</u>	<u>280,598</u>	<u>51,742</u>	<u>337,644</u>
Balance at January 1, 2022	\$ 2,645	155,251	39,323	197,219
Depreciation	1,458	82,035	18,434	101,927
Disposals	-	(30,120)	(18,502)	(48,622)
Effect of movements in exchange rates	-	614	-	614
Balance at September 30, 2022	<u>\$ 4,103</u>	<u>207,780</u>	<u>39,255</u>	<u>251,138</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 September 30, 2023	<u>\$ 17,872</u>	<u>391,796</u>	<u>48,703</u>	<u>458,371</u>
Balance at January 1, 2022	<u>\$ 2,482</u>	<u>414,626</u>	<u>47,435</u>	<u>464,543</u>
Balance at September 30, 2022	<u>\$ 15,781</u>	<u>468,025</u>	<u>64,235</u>	<u>548,041</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.

	<u>Buildings</u>
Carrying amount:	
Balance at January 1, 2023	<u>\$ 139,591</u>
Balance at September 30, 2023	<u>\$ 137,164</u>
Balance at January 1, 2022	<u>\$ 168,750</u>
Balance at September 30, 2022	<u>\$ 174,534</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended September 30, 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.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The fair value of the investment property was not significantly different from those disclosed in the note 6(1) of the annual consolidated financial statements for the year ended December 31, 2022.

As of September 30, 2023, December 31 and September 30, 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:

	<u>Goodwill</u>	<u>Unrealized orders</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2023	\$ <u>226,251</u>	<u>64,616</u>	<u>112,645</u>	<u>64,571</u>	<u>468,083</u>
Balance at September 30, 2023	\$ <u>226,251</u>	<u>48,372</u>	<u>103,243</u>	<u>44,543</u>	<u>422,409</u>
Balance at January 1, 2022	\$ <u>226,251</u>	<u>86,275</u>	<u>125,183</u>	<u>78,302</u>	<u>516,011</u>
Balance at September 30, 2022	\$ <u>226,251</u>	<u>70,031</u>	<u>115,780</u>	<u>68,833</u>	<u>480,895</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Restricted assets	\$ 1,102,032	1,102,699	1,135,003
Other receivables	71,251	57,783	51,988
Dividends receivables	<u>1,906</u>	<u>-</u>	<u>7,500</u>
	<u>\$ 1,175,189</u>	<u>1,160,482</u>	<u>1,194,491</u>

As of September 30, 2023, December 31 and September 30, 2022, \$1,031,382, \$1,035,558 and \$1,073,310 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.

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted assets	\$ 35,555	35,802	35,335
Refundable deposits	260,104	303,249	308,586
Prepayments of land and buildings	1,340,516	-	-
Prepayment of investments	10,000	-	4,575
Prepayment of equipments	9,232	-	-
Others	3,124	4,156	3,124
	<u>\$ 1,658,531</u>	<u>343,207</u>	<u>351,620</u>

Prepayments of land and buildings was the signing fee and down payment 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	<u>\$ 2,985,182</u>	<u>755,033</u>	<u>2,442,127</u>
Unused credit lines	<u>\$ 10,955,079</u>	<u>10,762,176</u>	<u>7,875,660</u>
Range of interest rates	<u>1.30%~6.30%</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(aa).

(n) Long-term borrowings

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

	September 30, 2023			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.45%~2.60%	2024.4~2036.9	\$ 1,380,529
Less: current portion				<u>(81,427)</u>
Total				<u>\$ 1,299,102</u>
Unused credit lines				<u>\$ 84,060</u>

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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>
	September 30, 2022			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.5%~2.41%	2022.12~2036.9	\$ 791,365
Less: current portion				(80,176)
Total				<u>\$ 711,189</u>
Unused long-term credit lines				<u>\$ 44,410</u>

(i) For the nine months ended September 30, 2023 and 2022, the Group had the additional long-term borrowings amounting to \$148,115 and \$0, respectively; the repayment amounted to \$162,480 and \$59,300, respectively.

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

(o) Convertible bonds payable

(i) The Group issued the second domestic unsecured convertible bonds with the face values of \$1,000,000 on June 29, 2023 as follows:

	September 30, 2023
Total convertible corporate bonds issued	\$ 1,000,000
Unamortized discounted corporate bonds payable	(44,963)
	955,037
Unamortized issuing costs of corporate bonds payable	(2,552)
Corporate bonds issued balance at year-end	<u>\$ 952,485</u>
Embedded derivatives – call option, include in non-current financial assets at fair value through profit or loss	<u>\$ -</u>
Equity component – conversion rights, include in capital surplus	<u>\$ 59,026</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	For the three months ended September 30, 2023	For the nine months ended September 30, 2023
Embedded derivatives – call option, gains or losses at fair value, include in gain (losses) on financial assets (liabilities) at fair value through profit or loss	<u>\$ (100)</u>	<u>(100)</u>
Interest expenses	<u>\$ (4,372)</u>	<u>(4,372)</u>

The effective rates of the second unsecured convertible bonds payable was 1.7919%.

The significant terms of the aforementioned convertible bonds were as follow as:

- 1) Interest rate: 0%
- 2) Duration: Three years(June 29,2023 to June 29,2026)
- 3) Redemption methods

Within the period between three month after the issuance date and 40 days before the last convertible date, if the closing price of the Company’s ordinary shares on the TWSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, or the outstanding balance of convertible bonds is lower than \$100,000 (10% of the total amount originally issued), the Company may redeem all the bonds in cash, at par value, within five business days after the base date of reclamation of the bonds.

- 4) Terms of conversion
 - a) The debtors may opt to have its bonds converted into the Company’s ordinary share at par value and at the conversion price at the time the conversion is requested, from the day following the expiration of three month after the issuance of the convertible corporate debt, up to the expiry date, except for the following:
 - i) The period during which the transfer of ordinary shares of the Company is suspended in accordance with the law and the period commencing from the date on which the transfer of bonus share issued ceases.
 - ii) The date on which the transfer of cash dividends ceases or 15 business days before the date on which the transfer of shares of cash capital increase ceases, until the date of record for the distribution of the rights or benefits.
 - iii) The period starting from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease, where the conversion request is denied from the conversion cease date of changing par value of shares until the day before trading of reissuance shares with new shares.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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iv) The conversion cease date of the changing of par value of shares mentioned in the previous paragraph which refers to one business day before the change of registration is applied to the Ministry of Economic Affairs.

b) Conversion price: NT\$200 per share.

(ii) The information on the Company's convertible options separated from its recognized liabilities was as follows:

The compounded interest present values of the convertible bond's face value	\$ 950,900
The embedded derivative asset at issuance — call option	(100)
The equity components at issuance	<u>59,200</u>
The total amount of the convertible bonds at issuance	<u><u>\$ 1,010,000</u></u>

The above components of equity were recorded under capital surplus - conversion rights. The second unsecured convertible bond issuance costs were allocated to capital surplus - conversion rights at the total amount of \$174 in accordance with IFRSs.

(p) Lease liabilities

The lease liabilities of the Group were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current	<u>\$ 127,006</u>	<u>134,708</u>	<u>130,294</u>
Non-current	<u>\$ 334,048</u>	<u>397,578</u>	<u>417,068</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 1,968</u>	<u>2,308</u>	<u>6,234</u>	<u>6,689</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 6,118</u>	<u>5,702</u>	<u>14,794</u>	<u>13,958</u>
Expenses relating to short-term leases	<u>\$ 3,562</u>	<u>4,488</u>	<u>11,496</u>	<u>11,765</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 3,255</u>	<u>2,221</u>	<u>10,369</u>	<u>9,949</u>
Covid-19-related rent concessions (recognized as other income)	<u>\$ -</u>	<u>(136)</u>	<u>-</u>	<u>(388)</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

	For the nine months ended	
	September 30,	
	2023	2022
Total cash outflow for leases	\$ <u>152,121</u>	<u>145,594</u>

(i) Real estate leases

As of September 30, 2023, December 31 and September 30, 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.

(q) Provisions

	Warranties	Onerous contracts	Total
Balance at January 1, 2023	\$ 23,805	157,566	181,371
Provisions made during the period	216,695	-	216,695
Provisions used during the period	(18,106)	-	(18,106)
Provisions reversed during the period	(21)	(47,377)	(47,398)
Effect of changes in foreign exchange rates	979	-	979
Balance at September 30, 2023	\$ <u>223,352</u>	<u>110,189</u>	<u>333,541</u>
Balance at January 1, 2022	\$ 37,293	29,057	66,350
Provisions made during the period	14,397	88,493	102,890
Provisions used during the period	(27,074)	(394)	(27,468)
Provisions reversed during the period	(2,678)	-	(2,678)
Effect of changes in foreign exchange rates	580	-	580
Balance at September 30, 2022	\$ <u>22,518</u>	<u>117,156</u>	<u>139,674</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Provisions related to construction revenue are assessed based on historical experience. The aforementioned provisions are expected to settle the majority of the liability over the next year.

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

(r) Operating leases

There were no significant changes in operating lease for the nine months ended September 30, 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.

(s) 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		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Administrative expenses	\$ <u>750</u>	<u>512</u>	<u>2,250</u>	<u>1,538</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		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating cost and expenses	\$ <u>14,072</u>	<u>13,006</u>	<u>41,504</u>	<u>40,241</u>

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating cost and expenses	\$ <u>5,659</u>	<u>4,631</u>	<u>15,492</u>	<u>13,502</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(t) Income taxes

(i) Income tax expenses

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Current tax expense	\$ 260,196	322,007	755,839	833,986

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Items that will not be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ 23,480	12,463	9,511	28,507

- (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, Anyong Biotechnology, Anyong Lohas, Cityspace International, Jing Chen Energy, Jing Yueh Energy, Jing Yang Energy, Yun Yueh Technology, Jia Yi Energy, Top Vacuum, Unitech New Energy Engineering Topchem Materials, Anyong FreshMart and Tai Ying through 2021; the Company and Taiwan E&M 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 second 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 third quarter of 2023.

(u) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 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.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(i) Common stock

As of September 30, 2023, December 31 and September 30, 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, 188,700, 181,700 and 181,700 thousand of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

Reconciliations of shares outstanding for 2023 and 2022 are as follows (in thousands of shares):

	Ordinary Shares	
	2023	2022
Balance on January 1	181,700	181,700
Capital increase by cash	7,000	-
Balance on December 31	188,700	181,700

The Company issued \$7,000 thousand shares, at a par value of NT\$10 per share and an issued price of \$150 per share, the related shares issuance costs amounted to \$2,790, which was recognized as a reduction of capital surplus - premium on issuance of shares, and the total cash received amounted to \$1,047,210, with the base date set on July 27, 2023, based on the resolution decided in the Board meeting held on April 19, 2023, with the approval of the Financial Supervisory Commission. The relevant statutory registration process was completed on August 10, 2023, and all payments for the issued shares have been received.

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Capital premium	\$ 2,626,402	2,339,175	2,339,175
Convertible bonds-conversion options	59,026	-	-
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	706	1,966	2,369
Others	422	422	422
	\$ 2,688,841	2,343,848	2,345,202

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

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

(iii) Retained earnings

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

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

1) 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 15, 2022, respectively. The other appropriation items of earnings for 2022 and 2021 had been approved in the regular shareholders' meeting on May 30 2023 and 2022.

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

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

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

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (47,734)	804,881	757,147
Exchange differences on foreign operations:			
The Group	35,213	-	35,213
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(107,820)	(107,820)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	24,175	24,175
Balance at September 30, 2023	\$ (12,521)	721,236	708,715
Balance at January 1, 2022	\$ (127,797)	957,494	829,697
Exchange differences on foreign operations:			
The Group	113,009	-	113,009
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(401,388)	(401,388)
Balance at September 30, 2022	\$ (14,788)	556,106	541,318

(v) Share-based payment

	Equity-settled
	Capital increase reserved for employee subscription
Grant date	June 9, 2023
Number of shares granted	995 shares (thousands)
Vesting conditions	Immediately vested

The Company's share-based payment reserved for employee stock option due to capital increase which were based on the employees' actual subscription, multiplied by the amounts where the fair value exceeded the subscription value on the grant date. amounted to \$36,815, recognized as operating expenses.

(Continued)

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

(w) Earnings per share

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>791,913</u>	<u>893,203</u>	<u>2,201,466</u>	<u>2,453,384</u>
Weighted-average number of outstanding ordinary shares (thousands)	<u>186,366</u>	<u>181,700</u>	<u>183,255</u>	<u>181,700</u>
Basic earnings per share (dollars)	\$ <u>4.25</u>	<u>4.92</u>	<u>12.01</u>	<u>13.50</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 791,913	893,203	2,201,466	2,453,384
The after-tax impact of interest on convertible bonds and other income or losses	<u>4,425</u>	<u>-</u>	<u>4,425</u>	<u>-</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>796,338</u>	<u>-</u>	<u>2,205,891</u>	<u>-</u>
Weighted-average number of outstanding ordinary shares (thousands)	186,366	181,700	183,255	181,700
Effect of dilutive potential ordinary shares (thousands)				
Employee bonuses	1,395	1,710	1,837	1,988
Effect of employee share bonuses	<u>5,000</u>	<u>-</u>	<u>1,710</u>	<u>-</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>192,761</u>	<u>183,410</u>	<u>186,802</u>	<u>183,688</u>
Diluted earnings per share (dollars)	\$ <u>4.13</u>	<u>4.87</u>	<u>11.81</u>	<u>13.36</u>

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

(x) Revenue from contracts with customers

(i) Details of revenue

For the three months ended September 30, 2023				
	Semiconductor and electronics divisions	Environment al engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 5,090,674	461,873	515,760	6,068,307
China	4,650,177	1,211,578	5	5,861,760
Others	<u>505,963</u>	<u>52,075</u>	<u>4,233</u>	<u>562,271</u>
	<u>\$ 10,246,814</u>	<u>1,725,526</u>	<u>519,998</u>	<u>12,492,338</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 10,246,814	-	-	10,246,814
Water purification and construction of dust-proof room	-	1,725,526	-	1,725,526
Others	-	-	519,998	519,998
	<u>\$ 10,246,814</u>	<u>1,725,526</u>	<u>519,998</u>	<u>12,492,338</u>
For the three months ended September 30, 2022				
	Semiconductor and electronics divisions	Environment al engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 6,129,615	592,655	527,081	7,249,351
China	4,979,935	998,674	2,500	5,981,109
Others	<u>479,447</u>	<u>77,965</u>	<u>4,973</u>	<u>562,385</u>
	<u>\$ 11,588,997</u>	<u>1,669,294</u>	<u>534,554</u>	<u>13,792,845</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 11,588,997	-	-	11,588,997
Water purification and construction of dust-proof room	-	1,669,294	-	1,669,294
Others	-	-	534,554	534,554
	<u>\$ 11,588,997</u>	<u>1,669,294</u>	<u>534,554</u>	<u>13,792,845</u>

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

For the nine months ended September 30, 2023				
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 15,320,721	1,567,830	1,332,977	18,221,528
China	13,999,078	3,371,791	192	17,371,061
Others	1,366,608	68,610	12,227	1,447,445
	<u>\$ 30,686,407</u>	<u>5,008,231</u>	<u>1,345,396</u>	<u>37,040,034</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 30,686,407	-	-	30,686,407
Water purification and construction of dust-proof room	-	5,008,231	-	5,008,231
Others	-	-	1,345,396	1,345,396
	<u>\$ 30,686,407</u>	<u>5,008,231</u>	<u>1,345,396</u>	<u>37,040,034</u>
For the nine months ended September 30, 2022				
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 17,910,606	1,866,095	1,412,574	21,189,275
China	14,112,470	2,512,788	2,567	16,627,825
Others	1,325,581	424,906	33,169	1,783,656
	<u>\$ 33,348,657</u>	<u>4,803,789</u>	<u>1,448,310</u>	<u>39,600,756</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 33,348,657	-	-	33,348,657
Water purification and construction of dust-proof room	-	4,803,789	-	4,803,789
Others	-	-	1,448,310	1,448,310
	<u>\$ 33,348,657</u>	<u>4,803,789</u>	<u>1,448,310</u>	<u>39,600,756</u>

(ii) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts receivable (including related parties)	\$ 7,538,404	7,230,934	7,968,986
Less: allowance for impairment	30,156	66,543	70,535
Total	<u>\$ 7,508,248</u>	<u>7,164,391</u>	<u>7,898,451</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Contract assets – construction	<u>\$ 1,954,910</u>	<u>1,671,753</u>	<u>1,925,219</u>
Contract liabilities – construction	\$ 1,309,337	1,368,819	1,127,717
Contract liabilities – unearned revenue	<u>448,127</u>	<u>418,987</u>	<u>426,339</u>
Total	<u>\$ 1,757,464</u>	<u>1,787,806</u>	<u>1,554,056</u>

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

The amounts of revenue recognized for the nine months ended September 30 2023 and 2022 that were included in contract liability balance at the beginning of the period were \$339,703 and \$240,231, respectively.

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 nine months ended September 30, 2023 and 2022.

(y) 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.

For the three months and nine months ended September 30, 2023 and 2022, the Company estimated its employees' remuneration amounting to \$83,806, \$97,343, \$236,460 and \$264,235, respectively, and the directors' remuneration amounting to \$20,951, \$24,336, \$59,115 and \$66,059, 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 nine months ended September 30, 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.

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

(z) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Government grants	\$ 308	1,159	8,605	16,529
Dividends income	46	1,013	104,268	71,031
Rental income	2,127	3,316	6,247	7,431
Indemnity income	12	180	10,391	228
Others	1,548	135	7,194	5,052
	\$ 4,041	5,803	136,705	100,271

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Foreign currency exchange gains (losses), net	\$ 14,224	72,437	8,360	156,706
Gains on financial assets at fair value through profit or loss, net	7,762	42,805	77,040	226,408
Losses on disposal of property, plant and equipment, net	(5,456)	(8,988)	(26,078)	(19,403)
Others	536	(2,980)	597	(1,421)
	\$ 17,066	103,274	59,919	362,290

(aa) 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.

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

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 nine months ended September 30, 2023 and 2022, the loss allowance provisions were determined as follows:

	For the nine months ended September 30,	
	2023	2022
Balance at January 1	\$ 14,355	16,235
Amounts reversed	-	(1,760)
Balance at September 30	\$ 14,355	14,475

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
September 30, 2023					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 4,365,711	(4,566,288)	(3,104,722)	(112,064)	(1,349,502)
Notes and accounts payable (including related parties)	6,538,626	(6,538,626)	(6,538,626)	-	-
Accrued expenses and other payables	1,354,421	(1,354,421)	(1,354,421)	-	-
Lease liabilities (including current and non-current)	461,054	(491,674)	(133,405)	(92,657)	(265,612)
Bonds payable	952,485	(1,000,000)	-	-	(1,000,000)
Guarantee deposits received	159,636	(159,636)	(159,636)	-	-
Dividends payable	10,304	(10,304)	(10,304)	-	-

(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>
Derivative financial liabilities:					
Forward exchange contract:	70				
Outflow		(64,320)	(64,320)	-	-
Inflow		64,250	64,250	-	-
	<u>\$ 13,842,307</u>	<u>(14,121,019)</u>	<u>(11,301,184)</u>	<u>(204,721)</u>	<u>(2,615,114)</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>
September 30, 2022					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 3,233,492	(3,433,189)	(2,556,421)	(95,504)	(781,264)
Notes and accounts payable (including related parties)	8,968,196	(8,968,196)	(8,968,196)	-	-
Accrued expenses and other payables	1,012,736	(1,012,736)	(1,012,736)	-	-
Lease liabilities (including current and non-current)	547,362	(584,145)	(138,286)	(121,786)	(324,073)
Guarantee deposits received	161,304	(161,304)	(161,304)	-	-
Dividends payable	13,318	(13,318)	(13,318)	-	-
	<u>\$ 13,936,408</u>	<u>(14,172,888)</u>	<u>(12,850,261)</u>	<u>(217,290)</u>	<u>(1,105,337)</u>

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

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

	September 30, 2023			December 31, 2022			September 30, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets										
USD	\$	86,551	USD/TWD= 32.27	2,793,001	127,959	USD/TWD= 30.71	3,929,621	142,574	USD/TWD= 31.75	4,526,725
USD		39,807	USD/CNY= 7.3092	1,284,577	63,234	USD/CNY= 6.967	1,941,922	80,036	USD/CNY= 7.0981	2,541,127
JPY		4,927,276	JPY/TWD= 0.2162	1,065,277	4,239,122	JPY/TWD= 0.2324	985,172	4,131,759	JPY/TWD= 0.2201	909,400
JPY		1,701,380	JPY/CNY= 0.049	368,068	1,546,147	JPY/CNY= 0.0527	359,172	2,142,282	JPY/CNY= 0.0492	471,455
Financial liabilities										
USD	\$	70,448	USD/TWD= 32.27	2,273,357	89,771	USD/TWD= 30.71	2,756,867	88,765	USD/TWD= 31.75	2,818,289
USD		32,212	USD/CNY= 7.3092	1,039,485	91,086	USD/CNY= 6.967	2,797,260	83,312	USD/CNY= 7.0981	2,645,139
JPY		3,750,708	JPY/TWD= 0.2162	810,903	4,593,506	JPY/TWD= 0.2324	1,067,531	4,575,559	JPY/TWD= 0.2201	1,007,081
JPY		1,759,863	JPY/CNY= 0.049	380,720	1,229,598	JPY/CNY= 0.0527	285,638	961,519	JPY/CNY= 0.0492	211,603

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 September 30, 2023 and 2022 would have influenced the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	September 30, 2023	September 30, 2022
USD (against the TWD)		
Appreciation 5%	\$ 25,982	85,422
Depreciation 5%	(25,982)	(85,422)
JPY (against the TWD)		
Appreciation 5%	12,719	(4,884)
Depreciation 5%	(12,719)	4,884

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

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
USD (against the CNY)		
Appreciation 5%	12,254	(5,201)
Depreciation 5%	(12,254)	5,201
JPY (against the CNY)		
Appreciation 5%	(633)	12,994
Depreciation 5%	633	(12,994)

3) Foreign exchange gain and loss on monetary items

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

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses) (including realized and unrealized portions)	\$ <u>14,224</u>	<u>72,437</u>	<u>8,360</u>	<u>156,706</u>

(iv) Interest rate analysis

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

	<u>Carrying amount</u>	
	<u>September 30,</u> <u>2023</u>	<u>September</u> <u>30, 2022</u>
Variable rate instruments:		
Financial assets	\$ 2,668,948	3,878,515
Financial liabilities	1,797,397	2,589,755

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.

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

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 nine months ended September 30, 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 nine months ended	
	September 30,	
	2023	2022
Interest rate increased by 0.25%	\$ 1,634	2,416
Interest rate decreased by 0.25%	(1,634)	(2,416)

(v) Fair value of financial instruments

1) Evaluation process and fair value hierarchy

The disclosures of financial assets and liabilities are measured using the fair value method based on the Group's accounting policy. The Group's management is responsible in performing independent test on fair value by using independent source of information to obtain the fair value which is close to the market status. The management also confirms the independence, reliability and matching of the information source. In addition, it regularly tests the valuation model, updates the input and other information, as well as makes necessary adjustment to ensure the output of valuation is reasonable.

The Group uses observable market data to evaluate its assets and liabilities when it is possible. The different inputs of levels of fair value hierarchy in determination the fair value are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

2) 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:

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	September 30, 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	\$ 229,026	229,026	-	-	229,026
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	186,278	186,278	-	-	186,278
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks	62,739	62,739	-	-	62,739
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	400,624	205,161	-	195,463	400,624
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>51,022</u>	-	-	51,022	51,022
Subtotal	<u>929,689</u>				
Financial assets at fair value through other comprehensive income	<u>1,231,153</u>	243,051	-	988,102	1,231,153
Financial assets measured at amortized cost					
Cash and cash equivalents	5,003,896	-	-	-	-
Notes and accounts receivable (including related parties)	7,508,248	-	-	-	-
Other current financial assets	1,175,189	-	-	-	-
Other non-current assets (refundable deposits and pledged asset-time deposits)	<u>295,659</u>	-	-	-	-
Subtotal	<u>13,982,992</u>				
Total	<u>\$ 16,143,834</u>				

(Continued)

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

	September 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	70	-	70	-	70
Financial liabilities measured at amortized cost					
Long-term and short-term bank loans	\$ 4,365,711	-	-	-	-
Notes and accounts payable (including related parties)	6,538,626	-	-	-	-
Accrued expenses and other payables	1,354,421	-	-	-	-
Lease liabilities (including current and non-current)	461,054	-	-	-	-
Bonds payable	952,485	-	-	-	-
Guarantee deposits received	159,636	-	-	-	-
Dividends payable	10,304	-	-	-	-
Total	\$ 13,842,307				
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	777,017				

(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 at fair value through other comprehensive income	1,338,861	143,450	-	1,195,411	1,338,861
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)	339,051	-	-	-	-
Subtotal	12,963,447				
Total	\$ 15,079,325				
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	158,950	-	-	-	-
Total	\$ 13,313,899				

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

	September 30, 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	\$ 197,663	197,663	-	-	197,663
Non-derivative financial assets mandatorily measured at fair value through profit or loss-listed stocks	136,625	136,625	-	-	136,625
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks	95,914	95,914	-	-	95,914
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	286,313	-	-	286,313	286,313
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>60,399</u>	-	-	60,399	60,399
Subtotal	<u>776,914</u>				
Financial assets at fair value through other comprehensive income	<u>1,076,477</u>	133,847	-	942,630	1,076,477
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,492,947	-	-	-	-
Notes and accounts receivable (including related parties)	7,898,451	-	-	-	-
Other current financial assets	1,194,491	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>343,921</u>	-	-	-	-
Subtotal	<u>13,929,810</u>				
Total	<u>\$ 15,783,201</u>				

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

	September 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 3,233,492	-	-	-	-
Notes and accounts payable (including related parties)	8,968,196	-	-	-	-
Accrued expenses and other payables	1,012,736	-	-	-	-
Lease liabilities (including current and non-current)	547,362	-	-	-	-
Guarantee deposits received	161,304	-	-	-	-
Dividends payable	13,318	-	-	-	-
Total	<u>\$ 13,936,408</u>				

3) 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.

4) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

b) Derivative financial instruments

Measurement on the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the binomial tree pricing model.

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

5) Transfers between levels

The Group's equity holdings in Win Win Precision Technology Co., Ltd. and TFBS BIOSCIENCE, INC., with the fair values of \$189,464 and \$48,689, which were previously categorized as Level 3, had been classified as fair value through profit or loss and fair value through other comprehensive income as of December 31, 2022 because the shares had no quoted market price and the Company used significant unobservable inputs to measure the fair value. However, since both above companies' equity shares have been listed on an active market in January and May, 2023, their fair value measurement had been reclassified from Level 3 to Level 2 of the fair value hierarchy as of March 31 and June 30, 2023, respectively.

6) 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
	Derivative financial assets- convertible bonds	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
Issued	100	-	-	-	100
Total gains and losses recognized:					
In profit	(100)	-	14,795	-	14,695
In other comprehensive income	-	-	-	(158,620)	(158,620)
Purchased	-	-	73,888	-	73,888
Proceeds of capital reduction of investment	-	-	(10,800)	-	(10,800)
Reclassify from level 3	-	(189,464)	-	(48,689)	(238,153)
Balance at September 30, 2023	<u>\$ -</u>	<u>-</u>	<u>246,485</u>	<u>988,102</u>	<u>1,234,587</u>
Balance at January 1, 2022	\$ -	-	110,328	1,212,851	1,323,179
Total gains and losses recognized:					
In profit	-	38,051	(7,494)	-	30,557
In other comprehensive income	-	-	-	(285,236)	(285,236)
Purchased	-	119,161	86,666	15,015	220,842
Balance at September 30, 2022	<u>\$ -</u>	<u>157,212</u>	<u>189,500</u>	<u>942,630</u>	<u>1,289,342</u>

7) 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, financial assets at fair value through profit or loss — convertible bonds redemption rights 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.

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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. (6.94~69.52, 7.37~88.13 and 7.68~67.91 respectively, on September 30, 2023, December 31 and September 30, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% all on September 30, 2023, December 31 and September 30, 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. (, 34.05~88.13 and 29.94~70.49, respectively, on December 31 and September 30, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% and 20%~33%, respectively, on December 31 and September 30, 2022)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss — convertible bonds redemption right	Binomial convertible bonds pricing models	Volatility (19.10% on September 30, 2023)	The higher the volatility, the higher the fair value will be.

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

- 8) 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
September 30, 2023						
Financial assets at fair value through profit or loss						
Convertible bonds—redemption rights	Volatility	5%	\$ <u>10</u>	<u>-</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>49,461</u>	<u>(49,461)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>61,756</u>	<u>(61,756)</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>
September 30, 2022						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>7,861</u>	<u>(7,861)</u>	<u>-</u>	<u>-</u>
Equity investment without quoted price	Lack of marketability discount	5%	\$ <u>9,826</u>	<u>(9,826)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>47,180</u>	<u>(47,180)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>58,914</u>	<u>(58,914)</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.

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

(ab) 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.

(ac) 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.

(ad) 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 nine months ended September 30, 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				September 30, 2023
			Additions of leases	Cancellation of leases	Foreign exchange movement	Others	
Short term borrowings	\$ 755,033	2,230,149	-	-	-	-	2,985,182
Long term borrowings	1,394,894	(14,365)	-	-	-	-	1,380,529
Bonds payable	-	1,007,039	-	-	-	(54,554)	952,485
Lease liabilities	532,286	(109,228)	59,978	(22,028)	46	-	461,054
Guarantee deposits received	158,950	686	-	-	-	-	159,636
Total liabilities from financing activities	<u>\$ 2,841,163</u>	<u>3,114,281</u>	<u>59,978</u>	<u>(22,028)</u>	<u>46</u>	<u>(54,554)</u>	<u>5,938,886</u>

	January 1, 2022	Cash flows	Non-cash changes				September 30, 2022
			Additions of leases	Cancellation of leases	Foreign exchange movement	Others	
Short term borrowings	\$ 1,452,782	989,345	-	-	-	-	2,442,127
Long term borrowings	850,665	(59,300)	-	-	-	-	791,365
Lease liabilities	467,043	(103,621)	190,994	(8,237)	1,183	-	547,362
Guarantee deposits received	77,406	83,898	-	-	-	-	161,304
Total liabilities from financing activities	<u>\$ 2,847,896</u>	<u>910,322</u>	<u>190,994</u>	<u>(8,237)</u>	<u>1,183</u>	<u>-</u>	<u>3,942,158</u>

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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:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 87,097	107,001	256,924	292,275
Post-employment benefits	845	700	2,537	2,073
Share-based payments	-	-	6,290	-
	<u>\$ 87,942</u>	<u>107,701</u>	<u>265,751</u>	<u>294,348</u>

(c) Significant transactions with related party

(i) Sales

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ 416	1,186	2,478	3,518
Other related parties	4,400	10,231	18,255	32,847
	<u>\$ 4,816</u>	<u>11,417</u>	<u>20,733</u>	<u>36,365</u>

(Continued)

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

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Associates:				
Topco Quartz	\$ 122,772	68,317	320,538	203,131
Other related parties:				
Shin-Etsu Handotai Taiwan	107,569	93,267	279,848	260,927
Other related parties	<u>20</u>	<u>10,941</u>	<u>149</u>	<u>11,398</u>
	<u>\$ 230,361</u>	<u>172,525</u>	<u>600,535</u>	<u>475,456</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		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Associates	\$ 146,608	191,977	497,981	541,037
Other related parties:				
Shin-Etsu Handotai Taiwan	702,295	2,114,223	4,509,793	6,497,776
Other related parties:	<u>220</u>	<u>366</u>	<u>220</u>	<u>1,021</u>
	<u>\$ 849,123</u>	<u>2,306,566</u>	<u>5,007,994</u>	<u>7,039,834</u>

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

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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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	Associates:			
Accounts receivable	Topco Quartz	\$ 68,764	42,166	49,175
	Other related parties:			
Accounts receivable	Shin-Etsu Handotai Taiwan	70,734	66,891	66,343
Accounts receivable	Other related parties	<u>21</u>	<u>11</u>	<u>40</u>
		<u><u>\$ 139,519</u></u>	<u><u>109,068</u></u>	<u><u>115,558</u></u>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Accounts</u>	<u>Relationship</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	Associates :			
Accounts payable	Topco Quartz	\$ 148,055	212,939	198,920
Accounts payable	Other associates	1,221	1,929	1,461
	Other related parties:			
Accounts payable	Shin-Etsu Handotai Taiwan	819,078	2,558,776	2,377,366
Accounts payable	Other related parties	<u>226</u>	<u>690</u>	<u>485</u>
		<u><u>\$ 968,580</u></u>	<u><u>2,774,334</u></u>	<u><u>2,578,232</u></u>

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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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other current financial assets	Guarantees for construction contracts, warranties, coupons, and credit card readers	\$ 70,287	66,778	61,330
Other non-current assets – time deposits	Lease for plant, and guarantees for short& long term borrowings	35,555	35,802	35,335
		<u>\$ 105,842</u>	<u>102,580</u>	<u>96,665</u>

(9) Commitments and contingencies:

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Commitments for construction contracts	<u>\$ 2,808,786</u>	<u>2,649,054</u>	<u>3,036,173</u>
Bank guarantees to construction contracts	<u>\$ 1,502,698</u>	<u>1,407,494</u>	<u>1,643,794</u>
Acquisition of property, plant and equipment	<u>\$ 4,009,484</u>	<u>-</u>	<u>-</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unused and outstanding letters of credit	<u>\$ 1,309,428</u>	<u>1,517,567</u>	<u>2,626,272</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: None**

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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 September 30,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	132,620	466,680	599,300	98,716	514,887	613,603
Labor and health insurance	13,112	24,337	37,449	8,840	29,769	38,609
Pension	3,669	16,812	20,481	2,950	15,199	18,149
Others	4,278	30,027	34,305	4,927	19,202	24,129
Depreciation	36,622	64,490	101,112	33,171	63,696	96,867
Amortization	439	16,998	17,437	335	18,129	18,464

By function	For the nine months ended September 30,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	352,428	1,433,277	1,785,705	280,779	1,469,457	1,750,236
Labor and health insurance	37,125	74,392	111,517	25,806	74,562	100,368
Pension	9,848	49,398	59,246	7,885	47,396	55,281
Others	12,503	68,658	81,161	10,756	56,934	67,690
Depreciation	105,234	197,361	302,595	96,453	186,652	283,105
Amortization	1,267	52,542	53,809	378	53,941	54,319

- (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 nine months ended September 30, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to table 1.
- (iii) Securities held as of September 30, 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.

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

- (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.
- (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 September 30, 2023: None.

(14) Segment information:

	For the three months ended September 30, 2023				
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 10,246,814	1,725,526	519,998	-	12,492,338
Intersegment revenues	<u>68,442</u>	<u>1,903</u>	<u>78,842</u>	<u>(149,187)</u>	<u>-</u>
Total revenue	<u>\$ 10,315,256</u>	<u>1,727,429</u>	<u>598,840</u>	<u>(149,187)</u>	<u>12,492,338</u>
Reportable segment profit or loss	<u>\$ 809,848</u>	<u>92,263</u>	<u>163,107</u>	<u>-</u>	<u>1,065,218</u>
	For the three months ended September 30, 2022				
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 11,588,997	1,669,294	534,554	-	13,792,845
Intersegment revenues	<u>55,960</u>	<u>29,653</u>	<u>69,374</u>	<u>(154,987)</u>	<u>-</u>
Total revenue	<u>\$ 11,644,957</u>	<u>1,698,947</u>	<u>603,928</u>	<u>(154,987)</u>	<u>13,792,845</u>
Reportable segment profit or loss	<u>\$ 919,694</u>	<u>92,443</u>	<u>216,905</u>	<u>-</u>	<u>1,229,042</u>

(Continued)

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

	For the nine months ended September 30, 2023				
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 30,686,407	5,008,231	1,345,396	-	37,040,034
Intersegment revenues	<u>251,460</u>	<u>18,293</u>	<u>255,625</u>	<u>(525,378)</u>	<u>-</u>
Total revenue	<u>\$ 30,937,867</u>	<u>5,026,524</u>	<u>1,601,021</u>	<u>(525,378)</u>	<u>37,040,034</u>
Reportable segment profit or loss	<u>\$ 2,189,277</u>	<u>209,540</u>	<u>573,662</u>	<u>-</u>	<u>2,972,479</u>
	For the nine months ended September 30, 2022				
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 33,348,657	4,803,789	1,448,310	-	39,600,756
Intersegment revenues	<u>136,603</u>	<u>29,691</u>	<u>179,721</u>	<u>(346,015)</u>	<u>-</u>
Total revenue	<u>\$ 33,485,260</u>	<u>4,833,480</u>	<u>1,628,031</u>	<u>(346,015)</u>	<u>39,600,756</u>
Reportable segment profit or loss	<u>\$ 2,651,893</u>	<u>(88,340)</u>	<u>770,255</u>	<u>-</u>	<u>3,333,808</u>

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	132,450	5,000	-	0.92%	(Note 5)	Y	N	Y
"	"	Topco Shanghai Shanghai Chong Yao	(Note 2)	(Note 4)	416,115	296,639	296,639	-	2.06%	(Note 5)	Y	N	Y
"	"	Chien Yueh	(Note 2)	(Note 4)	2,095,000	1,595,000	293,640	-	11.07%	(Note 5)	Y	N	N
"	"	JiaYi Energy	(Note 2)	(Note 4)	262,177	212,177	32,177	-	1.47%	(Note 5)	Y	N	N
"	"	Jing Chen Energy	(Note 2)	(Note 4)	102,624	88,620	39,697	-	0.61%	(Note 5)	Y	N	N
"	"	Jing Yang Energy	(Note 2)	(Note 4)	197,960	187,960	127,540	-	1.30%	(Note 5)	Y	N	N
"	"	Jing Yueh Energy	(Note 2)	(Note 4)	375,684	375,684	158,933	-	2.61%	(Note 5)	Y	N	N
"	"	Kuan Yueh Technology	(Note 2)	(Note 4)	1,186,372	886,372	577,689	-	6.15%	(Note 5)	Y	N	N
"	"	Anyong Fresh Mart.	(Note 2)	(Note 4)	3,000	-	-	-	0.00%	(Note 5)	Y	N	N
"	"	Topscience(s)	(Note 2)	(Note 4)	1,011,180	1,011,180	312,883	-	7.02%	(Note 5)	Y	N	N
"	"	Topchem Materials	(Note 2)	(Note 4)	100,000	100,000	32,247	-	0.69%	(Note 5)	Y	N	N
"	"	Topco Engineering	(Note 2)	(Note 4)	497,370	326,070	-	-	2.26%	(Note 5)	Y	N	Y
"	"	Unitech New Energy	(Note 2)	(Note 4)	421,097	271,097	101,565	-	1.88%	(Note 5)	Y	N	N
"	"	Engineering Topscience	(Note 2)	(Note 4)	125,680	112,945	21,239	-	0.78%	(Note 5)	Y	N	N
"	"	Vietnam Co., Ltd.	(Note 2)	(Note 4)	106,491	106,491	106,491	-	0.74%	(Note 5)	Y	N	N
1	Topco Suzhou	Suzhou Sujing Environmental Engineering Co., Ltd.	(Note 3)	(Note 4)	26,496	26,318	26,318	-	0.18%	(Note 6)	N	N	Y
2	Chien Yueh	Grace&Partners, Architects and Planners New Asia	(Note 3)	(Note 7)	300,000	300,000	300,000	-	2.08%	(Note 7)	N	N	N
"	"	Construction & Development Corp.	(Note 3)	(Note 7)	7,544,000	7,544,000	7,544,000	-	52.34%	(Note 7)	N	N	N

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

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

Note 3: 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 \$14,413,298, 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 \$23,061,277, 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 \$17,279,375, which is 25 times of the net value of the Company's latest financial reports.

Note 7: According to the Chien Yueh's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for a single enterprise shall not exceed \$9,381,450 and \$15,635,750, which is 30-50 times of the net value of the Chien Yueh's latest financial reports.

Note 8: 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 9: Due to the early renewal of the endorsement guarantee contract, the Company's endorsement guarantee to Jing Yueh Energy was double-calculated in the amount NTD70,000, respectively.

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(ii) Securities held as of September 30, 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	
The Company	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	193	2,483	-	2,483	
The Company	Stock: Eversol Corporation	None	Non-current financial assets at fair value through other comprehensive income	230	-	8.21	-	
"	Shin-Etsu Opto Electronic	The Company is its company director	"	2,000	117,200	10	117,200	
"	Shin-Etsu Handotai Taiwan	"	"	12,000	834,240	8	834,240	
"	Everglory Resource Technology Co., Ltd.	None	"	2,000	23,480	8.18	23,480	
"	ProMOS Technologies Inc.	"	"	71	1,375	0.16	1,375	
"	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	"	"	5,000	182,500	0.84	182,500	
"	Win Win Precision Technology Co. Ltd	"	Non-current financial assets at fair value through profit or loss	1,595	87,103	2.63	87,103	
"	Barits Biofund, Inc.	"	"	7,209	74,611	12.39	74,611	
"	Shih Her Technologies Inc.	"	"	2,519	185,650	4.44	185,650	
"	Guangxin Venture Capital Co., Ltd.	"	"	6,667	68,133	6.67	68,133	
"	Belite Bio, Inc.	"	"	61	62,739	0.22	62,739	
"	Fu You Private Equity Fund Limited Partner	"	"	3,500	38,990	5.00	38,990	
The Company	Other: LEAP FUND L.P.	None	Non-current financial assets at fair value through profit or loss	-	51,022	12.22	51,022	
Topco International Investment	Fund: Taishin 1699 Money Market	None	Non-current financial assets at fair value through profit or loss	1,010	14,032	-	14,032	
"	Stock: Win Win Precision Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	855	46,716	1.41	46,716	
"	Mylight Technology Co., Ltd. (Mylight)	"	"	-	-	-	-	Note 1
"	Archers Inc.	"	"	-	-	-	-	Note 2
"	Ultramed Technology Co., Ltd.	"	"	100	3,520	5.26	3,520	
"	Sunergy development corporation	"	"	285	-	-	-	
"	Mycropore Corporation Ltd.	"	"	400	2,776	2.29	2,776	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	
"	Win Win Precision Technology Co., Ltd.	"	"	711	38,808	1.17	38,808	
"	3S Silicon Tech., Inc.	"	"	400	5,684	1.08	5,684	
Topco Investment	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	302	4,195	-	4,195	
"	Stock: Mylight	None	Non-current financial assets at fair value through other comprehensive income	-	-	-	-	Note 1
"	H2U Corporation	"	"	273	5,231	1.08	5,231	
"	TFBS BIOSCIENCE, INC.	"	"	252	13,835	0.75	13,835	
"	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	1,699	13,729	5.75	13,729	
"	TFBS BIOSCIENCE, INC.	"	"	1,340	73,566	4.01	73,566	
Taiwan E&M	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	4,176	53,703	-	53,703	
"	Franklin U.S. Government Money Fund	"	"	4,187	44,354	-	44,354	
"	FSITC Taiwan Money Market	"	"	3,266	51,230	-	51,230	
"	Taishin 1699 Money Market	"	"	2,175	30,222	-	30,222	
Top Vacuum	Stock: ProMOS Technologies Inc	None	Non-current financial assets at fair value through other comprehensive income	14	280	-	280	
Ding Yue Solar	Fund: FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,362	-	1,362	
Anyong Biotechnology	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	1,975	27,445	-	27,445	
Unitech New Energy Engineering	Stock: United Microelectronics Corporation Co., ltd	None	Non-current financial assets at fair value through profit or loss	10	474	-	474	
"	United Renewable Energy Co., ltd	"	"	10	154	-	154	

Note 1: Liquidation of Mylight was completed.

Note 2: Liquidation of Archers Inc. was completed.

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 related party relationship with Issuer		Reference basis for price determination	Purpose of acquisition and usage	Others
The Company	Land and Buildings	2023/1/17	5,350,000	1,340,516	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	Shin Etsu Handotai Taiwan	The Company is its company director	Sale	(271,559)	(1%)	Net 30 days from the end of the month of delivery	-	-	Accounts receivable 68,822	2.0%	
The Company	Topco Quartz	The Company's investment accounted for using equity method	Sale	(216,792)	(1%)	Net 60 days from the end of the month of delivery	-	-	Accounts receivable 46,822	1.0%	
"	"	"	Purchase	399,883	2%	Net 60 days from the end of the month of delivery	-	-	Accounts Payable (137,690)	(1.0%)	
Chien Yueh	Topco Quartz	The parent company's investment accounted for using equity method	Construction Revenue	(103,761)	(6%)	Net 60 days from the end of the month of delivery	-	-	Accounts receivable 21,523	4.0%	
Topco Shanghai	Shin Etsu Handotai Taiwan	The parent company of the company is its company director	Purchase	4,436,258	63%	Net 90 days from the end of the month of delivery	-	-	Accounts payable (785,952)	(66.0%)	

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	15,612	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.	0.05%
"	"	"	1	Sales Revenue	192,611	"	0.52%
"	"	Chien Yueh	1	Rent Revenue	4,800	Based on the agreement between both parties	0.02%
1	Jia Yi Energy	Kuan Yueh Technology	3	Unearned revenue	55,736	Based on the agreement between both parties	0.17%
"	"	"	3	Construction Revenue	64,669	"	0.17%
"	"	"	3	Operating Revenue	7,056	"	0.02%
"	"	Jing Yang Energy	3	Unearned revenue	55,736	"	0.17%
"	"	"	3	Construction Revenue	44,408	"	0.12%
"	"	Jing Yueh Energy	3	Unearned revenue	56,229	"	0.18%
"	"	"	3	Construction Revenue	50,168	"	0.14%
2	Anyong Fresh Mart.	The Company	2	Sales Revenue	9,907	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	Sales Revenue	14,775	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%
"	"	Topsiencecs	3	Sales Revenue	5,236	"	0.01%
4	Topchem Materials	The Company	2	Sales Revenue	24,358	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%
5	Anyong Biotechnology	Anyong Fresh Mart	3	Sales Revenue	13,636	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%
"	"	Anyong Lohas.	3	Sales Revenue	7,203	"	0.02%
6	Anyong Lohas	Anyong Fresh Mart	3	Sales Revenue	20,976	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.	0.06%
7	Tai Ying Resource	Chien Yueh.	3	Operating Revenue	13,827	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	Chien Yueh	Xports Sports	3	Construction Revenue	16,390	Based on the agreement between both parties	0.04%

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.

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 September 30, 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 September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note	
				September 30, 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%	1,982,317	945,188	378,544		
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	522,058	59,075	59,075	Note 3	
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	247,343	77,755	19,441		
	Topco Group	Samoa	Investment activities	714,206	714,206	22,432	100%	3,438,410	822,147	822,147	Note 3	
	Topsience(s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	411,513	380,931	4,153	100%	591,764	12,089	12,089	Note 3	
	Topco International Investment	Taipei City	Investment activities	495,000	495,000	66,962	100%	664,984	47,797	47,797	Note 3	
	Topco Investment	Taipei City	Investment activities	315,000	315,000	19,009	100%	134,754	(45,163)	(45,163)	Note 3	
	Chien Yueh	Taipei City	Water purification and construction of dust-proof room	475,000	475,000	53,829	100%	284,965	26,013	15,137	Note 3	
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	540,629	540,629	30,000	100%	78,300	(21,597)	(21,597)	Note 3	
	Winfill 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	23,500	100%	88,423	(46,439)	(46,422)	Note 3	
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	236,792	236,792	25,924	84%	189,924	8,279	6,909	Note 3	
	Xiang Yueh	Taipei City	Waste disposal	91,170	76,770	7,340	100%	10,938	(23,069)	(20,137)	Note 3, Note 4	
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	355,000	317,000	25,500	100%	39,617	(16,191)	(16,191)	Note 3	
	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	434,560	434,560	776	78%	380,056	118,261	70,840	Note 3	
	TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	152,011	91,223	10	100%	146,170	(10,015)	(10,015)	Note 3	
	Xsport Sports	Taipei City	Sports Training	145,508	95,508	15,000	100%	121,672	(9,555)	(9,555)	Note 3	
								8,921,695	1,262,899	1,262,899		
	Topco Group	Topco Trading	Hong Kong	Wholesale of semiconductor material	48,405	48,405	1,500	100%	124,846	28,304	Investment gains (losses) recognized by Topco Group	Note 3
		Asia Topco Holding	Cayman	Investment activities	(USD1,500)	(USD1,500)	20,000	100%	3,295,496	793,630	"	Note 3
Asia Topco Holding	Asia Topco	Mauritius	Investment activities	645,400	645,400	20,000	100%	3,295,496	793,630	"	Note 3	
				(USD20,000)	(USD20,000)							
Topsience(s)	Topsience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	104,661	57,343	-	100%	83,579	(1,531)	Investment gains (losses) recognized by Topsience(s)	Note 3	
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	(SGD4,448)	(SGD2,437)	266	100%	4,028	(2,222)	"	Note 3	
Topco International Investment	Ping Yue Technology	Malaysia	Sales of semiconductor material and equipment	6,283	-	2,056	100%	10,415	(1,755)	"	Note 3	
				(SGD267)	(SGD-)							
Topco International Investment	Cityspace	Taipei City	Wholesale sales of cosmetics	14,683	14,683	2,056	100%	10,415	(1,755)	"	Note 3	
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	(SGD624)	(SGD624)							
	Kuan Yueh Technology	Taipei City	Development of renewable energy projects / Configure pipeline construction and device installation	12,000	12,000	1,267	67%	19,439	5,385	Investment gains (losses) recognized by Topco International Investment	Note 3	
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	59,984	59,984	25	100%	34,167	(7,093)	"	Note 3	
	Kanbo Biomedical	Taipei City	Sales of health food products	149,640	149,640	19,300	100%	211,980	11,653	"	Note 3	
	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	28,208	28,208	5,005	16%	50,247	8,279	"	Note 3	
	Topchem Materials	Taipei City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	6,287	6,287	1,000	100%	1,358	-	"	Note 3	
	Fortune	Taipei City	Investment activities	4,197	4,197	142	36%	-	-	"	Note 3	
	Tai Ying Resource	Kaohsiung City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	31,000	31,000	5,500	100%	96,604	28,601	"	Note 3	
	EastWind Tsusho	Taipei City	Clean up of waste and environmental management service	771	771	40	0.07%	695	77,755	"	Note 3	
	Topchip	Taipei City	Manufacturing and trading of electronic parts, etc.	83,144	141,704	4,880	48.80%	84,521	(18,672)	"	Note 3	
	Thermaltake green power	Taipei City	Clean up of waste	5,000	5,000	500	25%	7,775	11,374	"	Note 3	
	Fong Rong Smatr Machinery	Hsinchu City	Manufacturing and trading of electronic parts, etc.	10,000	5,000	1000	100%	9,873	(117)	"	Note 3	
				1,000	1,000	100	100%	876	(101)	"	Note 3	
	Topco Investment	Multi Rich Technology	Taichung City	Machinery manufacturing and repair industry	4,550	4,550	350	25%	3,208	(5,767)	"	Note 3
Ding Yue Solar		Taipei City	Wholesale of fishery products	20,500	20,500	2,050	98%	1,151	(349)	Investment gains (losses) recognized by Topco Investment	Note 3	
Min Jen Restaurant		Taipei City	Development of renewable energy project	9,000	9,000	900	100%	3,673	(13)	"	Note 3	
Fei Da Intelligent Co., Ltd.		Taipei City	Restaurant	-	110,000	-	-%	-	3,120	"	Note 5	
STARX INC.		Hsinchu City	Manpower dispatch	8,875	8,875	725	14%	2,881	(10,662)	"	Note 2	
Yun Yueh Technology		Taichung City	Precision instrument manufacturing	8,000	8,000	8,626	26%	5,673	(4,159)	"	Note 3	
Great Talent Tech Co., Ltd.		Taipei City	Aquaculture and wholesale and sales of fishery products	555	555	60	55%	516	(10)	"	Note 3	
Jia Yi energy	Jing Chen Energy	Taipei City	Personnel training	5,000	5,000	500	31%	2,011	(5,151)	"	Note 3	
	Jing Yang Energy	Taipei City	Development of renewable energy project	71,050	71,050	7,586	100%	70,209	4,144	Investment gains (losses) recognized by Jia Yi energy	Note 3	
	Jing Yueh Energy	Taipei City	"	86,497	86,497	8,795	100%	70,501	8,265	"	Note 3	
			92,160	92,160	9,122	100%	96,333	5,120	"	Note 3		

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 September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 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%	76,969	17,079	Investment gains (losses) recognized by Taiwan E&M	Note 3
Chien Yueh	Tai Ying Resource	Kaohsiung City	Clean up of waste	6,261	9,916	305	3%	5,992	(18,672)	Investment gains (losses) recognized by Chien Yueh	Note 3
Chien Yueh	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	5,600	5,600	10	1%	4,898	118,261	"	Note 3
Topco Japan	Shunkawa	Japan	Import and export of semiconductor raw materials	21,620 (JPY100,000)	21,620 (JPY100,000)	10	100%	16,408 (JPY75,895)	(2,324) (JPY10,351)	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%	13,616	(910)	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.

Note 4: Xiang Yueh Co., Ltd. had applied for liquidation procedures in September 2023.

Note 5: Min Jen Restaurant had completed for liquidation procedures in August 2023.

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 September 30, 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	283,653 (USD 8,790) (Note 4)	Note 1	-	-	-	-	492,952 (USD 15,935)	100%	492,952 (USD 15,935)	1,786,532 (USD 55,362)	1,458,254 (USD 47,139)
Shanghai Chong Yao		57,395 (RMB 13,000)	Note 5	Note 5	-	-	-	36,926 (RMB 8,404)	100%	36,926 (RMB 8,404)	260,264 (RMB 58,950)	-
Topco Suzhou	Water purification and construction of dust-proof room	341,223 (USD 10,574) (Note 4)	Note 1	87,129 (USD 2,700)	-	-	87,129 (USD 2,700)	150,036 (USD 4,850)	100%	150,036 (USD 4,850)	769,672 (USD 23,851)	163,400 (USD 5,282)
Topco Chemical	Wholesale and sales of chemical products	23,105 (USD 716) (Note 4)	Note 1	14,296 (USD 443)	-	-	14,296 (USD 443)	142,240 (USD 4,598)	100%	142,240 (USD 4,598)	484,115 (USD 15,002)	-
Topco Engineering	Water purification and construction of dust-proof room	88,300 (RMB 20,000)	Note 6	Note 6	-	-	-	1,797 (RMB 409)	100%	1,797 (RMB 409)	97,942 (RMB 22,184)	-
Shanghai Perfect Microelectronics	IC Design Company	8,830 (RMB 2,000)	Note 9	-	-	-	-	97 (RMB 22)	51%	48 (RMB 11)	4,781 (RMB 1,083)	-
Wuxi super sunrise material	Semiconductor wafer cassette recycling and cleaning service	132,450 (RMB 30,000)	Note 10	-	-	-	-	(15,009) (RMB (3,416))	20%	(3,251) (RMB (740))	35,858 (RMB 8,122)	-
Chung-Ling Chemical	Wholesale and sales of chemical products	44,150 (RMB 10,000)	Note 11	-	-	-	-	(83) (RMB (19))	70%	(57) (RMB (13))	30,848 (RMB 6,987)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
199,848 (USD 6,193) (Note 7)	746,470 (USD 23,132)	(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 other Companies 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 1:32.27 and CNY 1:4.415, respectively, as of September 30, 2023.

Note 4 : The paid-in capital of Topco Shanghai, Topco Suzhou and Topco Chemical includes the capital increase transferred from retained earnings amounting to USD1,990, USD7,874 and USD275, 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, Wuxi Puli technology and Wuxi Xian Jeng which held 20%, 34%, 20% and 26% of the capital contribution, respectively.

Note 11 : Chung-Ling Chemical was established by subsidiaries, Topco Chemical and Tianjin Linggas.Ltd. which held 70% and 30% of the capital contribution, respectively.

(iii) Significant transactions:

For the six months ended September 30, 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".

(d) Major shareholders holding more than 5% of ownership as of September 30, 2023: None