

**TOPCO SCIENTIFIC CO., LTD.****Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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

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## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of Topco Scientific Co., Ltd. (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022 (restated) and January 1, 2022 (restated), the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 (restated) and January 1, 2022 (restated), and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Emphasis of Matter

We draw attention to note 6(a) of the financial statements, according to the IFRSs Q&A updated by the Financial Supervisory Commission, Securities and Futures Bureau, the repatriated offshore funds account balance amounted to \$1,035,558 thousands and \$942,939 thousands on December 31, 2022 and January 1, 2022, respectively, was reclassified from other current financial assets to cash and cash equivalents, and the financial statements were restated retrospectively. Our opinion is not modified in respect of this matter.

### Other Matter

We did not audit the financial statements for certain investments accounted for using equity method in the financial statements of the Company for 2023 and 2022. The investments accounted for using equity method constituted 9.79% and 10.34% of the total assets as of December 31, 2023 and 2022; and the share of profit of associates and joint ventures accounted for using equity method constituted 13.91% and 14.60% of profits before tax for the years ended December 31, 2023 and 2022, respectively. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount of investments accounted for equity method, is based solely on the reports of the other auditors.

## Key Audit Matters

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

### 1. Recognition of Operating Revenue

Please refer to note 4(o) "Revenue" for accounting policies related to revenue recognition; and note 6(t) "Revenue" for details of revenue.

#### Description of Key Audit Matters:

Due to the wide variety of the Company's products, different transactions were generated according to customers and product portfolio. Identification of revenue recognition has significant influence on the financial statements of the Company. Therefore, revenue recognition is considered as one of the key matters in our audits.

#### How the matter was addressed in our audits:

Our principal audit procedures included: testing related manual and systematic control over sales cycle to assess if the revenue recognition policies of the Company are in accordance with the related standards. In addition, we examined the sales contracts between the Company and its customers to understand their trading modality and conditions, evaluating and comparing if revenue recognition is consistent with the terms of the contracts; conducting testing for details of revenue before and after the balance sheet date and verifying if revenue recognition is in accordance with the contract terms.

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

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

#### Description of Key Audit Matters:

Some of the Company's subsidiaries, which are recognized under the equity method, are distributors for the purchase and sale of semiconductor material, electronic material and construction of environmental engineering business, such as water purification plants and dust-proof rooms. The amounts and changes in operating revenues, which are significant sources of revenues from the perspective of consolidation, may affect the users' understanding of the overall financial statements. Therefore, we have included this as one of the key audit matters.

#### How the matter was addressed in our audits:

Our principal audit procedures included: testing related manual and systematic control over sales cycle of certain subsidiaries using the equity method of investment, performing analytical procedures to operating income, and testing relevant vouchers, as well as assessing whether the Company's timing on revenue recognition and the amounts recognized are in accordance with related standards, and acquiring construction contracts that have significant effects on financial results to verify that there is no diffidence in the percentage of completion calculated by the Company.

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
February 29, 2024

#### **Notes to Readers**

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

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

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

| Assets                     |   | December 31, 2023    |            | December 31, 2022<br>(Restated) |            | January 1, 2022<br>(Restated) |            | Liabilities and Equity                                      |  | December 31, 2023    |            | December 31, 2022<br>(Restated) |            | January 1, 2022<br>(Restated) |            |
|----------------------------|---|----------------------|------------|---------------------------------|------------|-------------------------------|------------|---|--|----------------------|------------|---------------------------------|------------|-------------------------------|------------|
|                            |   | Amount               | %          | Amount                          | %          | Amount                        | %          |   |  | Amount               | %          | Amount                          | %          | Amount                        | %          |
| <b>Current assets:</b>     |   |                      |            |                                 |            |                               |            | <b>Current liabilities:</b>                                 |  |                      |            |                                 |            |                               |            |
| 1100                       | Cash and cash equivalents (note 6(a))   | \$ 3,354,582         | 14         | 2,274,408                       | 11         | 1,332,396                     | 8          | 2100  | Short-term borrowings (note 6(k))  | \$ 1,255,000         | 5          | 630,000                         | 3          | 1,300,000                     | 7          |
| 1110                       | Current financial assets at fair value through profit or loss (note 6(b))                 | 2,491                | -          | 4,451                           | -          | 6,425                         | -          | 2120  | Current financial liabilities at fair value through profit or loss (note 6(b)) | -                    | -          | -                               | -          | 302                           | -          |
| 1170                       | Notes and accounts receivable, net (note 6(d))  | 3,005,880            | 13         | 3,023,028                       | 15         | 3,385,944                     | 19         | 2130  | Current contract liabilities (note 6(t))                                       | 165,230              | 1          | 177,221                         | 1          | 180,755                       | 1          |
| 1180                       | Notes and accounts receivable due from related parties, net (notes 6(d) and 7)            | 153,315              | 1          | 115,965                         | 1          | 117,874                       | 1          | 2170  | Notes and accounts payable   | 3,123,425            | 13         | 3,929,012                       | 19         | 3,010,343                     | 17         |
| 1476                       | Other current financial assets (notes 6(j), 7 and 8)                                      | 24,453               | -          | 21,369                          | -          | 80,502                        | -          | 2180  | Notes and accounts payable to related parties (note 7)                         | 228,309              | 1          | 210,883                         | 1          | 214,944                       | 1          |
| 1311                       | Inventories, net (note 6(e))  | 2,130,605            | 9          | 2,694,994                       | 13         | 1,881,788                     | 10         | 2200  | Other current financial liabilities  | 773,509              | 4          | 857,425                         | 4          | 610,483                       | 4          |
| 1479                       | Other current assets, others  | 128,562              | -          | 181,590                         | 1          | 162,670                       | 1          | 2251  | Current provisions   | -                    | -          | -                               | -          | 773                           | -          |
|                            |   | <u>8,799,888</u>     | <u>37</u>  | <u>8,315,805</u>                | <u>41</u>  | <u>6,967,599</u>              | <u>39</u>  | 2230  | Current tax liabilities  | 447,339              | 2          | 410,324                         | 2          | 145,738                       | 1          |
|                            |   |                      |            |                                 |            |                               |            | 2280  | Current lease liabilities (note 6(n))  | 53,748               | -          | 57,237                          | -          | 31,248                        | -          |
| <b>Non-current assets:</b> |   |                      |            |                                 |            |                               |            | 2365  | Current refund liabilities   | 8,549                | -          | 13,105                          | -          | 14,434                        | -          |
| 1510                       | Non-current financial assets at fair value through profit or loss (note 6(b))             | 577,498              | 2          | 434,362                         | 2          | 248,329                       | 1          | 2399  | Other current liabilities  | 103,574              | -          | 54,009                          | -          | 66,326                        | -          |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (note 6(c)) | 1,319,167            | 6          | 1,280,032                       | 6          | 1,189,933                     | 7          |   |  | <u>6,158,683</u>     | <u>26</u>  | <u>6,339,216</u>                | <u>30</u>  | <u>5,575,346</u>              | <u>31</u>  |
| 1550                       | Investments accounted for using equity method (notes 6(f), 6(g) and 7)                    | 8,970,163            | 38         | 7,883,215                       | 38         | 6,929,475                     | 39         | <b>Non-Current liabilities:</b>                             |  |                      |            |                                 |            |                               |            |
| 1600                       | Property, plant and equipment (notes 6(h) and 7)  | 2,155,216            | 9          | 2,204,449                       | 11         | 2,148,800                     | 12         | 2530  | Bonds payable (note 6(m))  | 956,809              | 4          | -                               | -          | -                             | -          |
| 1755                       | Right-of-use assets (note 6(i))   | 110,128              | 1          | 158,516                         | 1          | 117,766                       | 1          | 2541  | Long-term borrowings (note 6(l))   | 600,000              | 3          | 600,000                         | 3          | -                             | -          |
| 1840                       | Deferred tax assets (note 6(p))   | 63,925               | -          | 50,697                          | -          | 87,573                        | -          | 2570  | Deferred tax liabilities and others (note 6(p))                                | 590,050              | 2          | 449,808                         | 2          | 401,828                       | 2          |
| 1900                       | Other non-current assets (notes 6(j) and 8)   | 1,610,154            | 7          | 256,098                         | 1          | 149,052                       | 1          | 2580  | Non-current lease liabilities (note 6(n))                                      | 58,914               | -          | 103,328                         | 1          | 87,827                        | 1          |
|                            |   | <u>14,806,251</u>    | <u>63</u>  | <u>12,267,369</u>               | <u>59</u>  | <u>10,870,928</u>             | <u>61</u>  | 2640  | Non-current net defined benefit liabilities (note 6(o))                        | 132,618              | 1          | 131,178                         | 1          | 176,954                       | 1          |
|                            |   |                      |            |                                 |            |                               |            |   |  | <u>2,338,391</u>     | <u>10</u>  | <u>1,284,314</u>                | <u>7</u>   | <u>666,609</u>                | <u>4</u>   |
|                            |   |                      |            |                                 |            |                               |            | <b>Total liabilities</b>                                    |  | <u>8,497,074</u>     | <u>36</u>  | <u>7,623,530</u>                | <u>37</u>  | <u>6,241,955</u>              | <u>35</u>  |
|                            |   |                      |            |                                 |            |                               |            | <b>Equity attributable to owners of parent: (note 6(q))</b> |  |                      |            |                                 |            |                               |            |
|                            |   |                      |            |                                 |            |                               |            | 3100  | Ordinary shares  | 1,886,996            | 8          | 1,816,996                       | 9          | 1,816,996                     | 10         |
|                            |   |                      |            |                                 |            |                               |            | 3200  | Capital surplus  | 2,688,841            | 12         | 2,343,848                       | 11         | 2,345,202                     | 13         |
|                            |   |                      |            |                                 |            |                               |            | 3300  | Retained earnings  | 9,757,304            | 41         | 8,041,653                       | 39         | 6,604,677                     | 37         |
|                            |   |                      |            |                                 |            |                               |            | 3400  | Other equity   | 775,924              | 3          | 757,147                         | 4          | 829,697                       | 5          |
|                            |   |                      |            |                                 |            |                               |            | <b>Total equity</b>   |  | <u>15,109,065</u>    | <u>64</u>  | <u>12,959,644</u>               | <u>63</u>  | <u>11,596,572</u>             | <u>65</u>  |
| <b>Total assets</b>        |   | <u>\$ 23,606,139</u> | <u>100</u> | <u>20,583,174</u>               | <u>100</u> | <u>17,838,527</u>             | <u>100</u> | <b>Total liabilities and equity</b>                         |  | <u>\$ 23,606,139</u> | <u>100</u> | <u>20,583,174</u>               | <u>100</u> | <u>17,838,527</u>             | <u>100</u> |

See accompanying notes to financial statements.

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

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

|  |   | <u>2023</u>         |            | <u>2022</u>       |            |
|--|---|---------------------|------------|-------------------|------------|
|  |   | <u>Amount</u>       | <u>%</u>   | <u>Amount</u>     | <u>%</u>   |
| <b>Operating Revenues: (notes 6(t) and 7)</b>  |   |                     |            |                   |            |
| 4110   | Sales revenue   | \$ 25,286,674       | 96         | 27,129,041        | 96         |
| 4800   | Other operating revenue   | <u>1,102,556</u>    | <u>4</u>   | <u>1,102,944</u>  | <u>4</u>   |
|  | <b>Operating revenue, net</b>   | <u>26,389,230</u>   | <u>100</u> | <u>28,231,985</u> | <u>100</u> |
| <b>Operating costs: (notes 6(e), 7 and 12)</b> |   |                     |            |                   |            |
| 5110   | Cost of sales   | 22,749,094          | 86         | 24,342,245        | 86         |
| 5800   | Other operating costs   | <u>254,719</u>      | <u>1</u>   | <u>272,639</u>    | <u>1</u>   |
|  |   | <u>23,003,813</u>   | <u>87</u>  | <u>24,614,884</u> | <u>87</u>  |
|  | <b>Gross profit</b>   | <u>3,385,417</u>    | <u>13</u>  | <u>3,617,101</u>  | <u>13</u>  |
| <b>Operating expenses: (notes 7 and 12)</b>    |   |                     |            |                   |            |
| 6100   | Selling expenses  | 651,891             | 2          | 691,457           | 3          |
| 6200   | Administrative expenses   | 1,162,914           | 5          | 1,194,564         | 4          |
| 6300   | Research and development expenses   | <u>33,735</u>       | <u>-</u>   | <u>26,694</u>     | <u>-</u>   |
|  | <b>Total operating expenses</b>   | <u>1,848,540</u>    | <u>7</u>   | <u>1,912,715</u>  | <u>7</u>   |
|  | <b>Net operating income</b>   | <u>1,536,877</u>    | <u>6</u>   | <u>1,704,386</u>  | <u>6</u>   |
| <b>Non-operating income and expenses:</b>      |   |                     |            |                   |            |
| 7100   | Interest income   | 35,673              | -          | 19,945            | -          |
| 7101   | Other income (notes 6(b), 6(c) and 6(v))  | 147,834             | 1          | 117,024           | -          |
| 7102   | Other gains and losses (notes 6(b), 6(g) and 6(v))  | 137,252             | -          | 287,197           | 1          |
| 7105   | Financial costs   | (46,183)            | -          | (17,164)          | -          |
| 7060   | Share of profits of subsidiaries, associates and joint ventures accounted for using equity method (note 6(f))   | <u>1,633,273</u>    | <u>6</u>   | <u>1,621,653</u>  | <u>6</u>   |
|  |   | <u>1,907,849</u>    | <u>7</u>   | <u>2,028,655</u>  | <u>7</u>   |
| 7900   | <b>Profit from continuing operations before tax</b>   | 3,444,726           | 13         | 3,733,041         | 13         |
| 7950   | Less: Income tax expenses (note 6(p))   | <u>609,702</u>      | <u>2</u>   | <u>714,563</u>    | <u>2</u>   |
|  | <b>Profit</b>   | <u>2,835,024</u>    | <u>11</u>  | <u>3,018,478</u>  | <u>11</u>  |
| 8300   | <b>Other comprehensive income:</b>  |                     |            |                   |            |
| 8310   | <b>Items that will not be reclassified to profit or loss</b>  |                     |            |                   |            |
| 8311   | Gains (losses) on remeasurements of defined benefit plans   | (6,215)             | -          | 21,812            | -          |
| 8316   | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income  | 39,135              | -          | (159,901)         | -          |
| 8330   | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss | (1,842)             | -          | 7,293             | -          |
| 8349   | Less: Income tax related to items that will not be reclassified to profit or loss   | <u>(1,243)</u>      | <u>-</u>   | <u>4,363</u>      | <u>-</u>   |
|  |   | <u>32,321</u>       | <u>-</u>   | <u>(135,159)</u>  | <u>-</u>   |
| 8360   | <b>Items that will be reclassified to profit or loss</b>  |                     |            |                   |            |
| 8361   | Exchange differences on translation of foreign financial statements   | (52,692)            | -          | 99,732            | -          |
| 8399   | Less: Income tax related to items that will be reclassified to profit or loss   | <u>(9,973)</u>      | <u>-</u>   | <u>19,669</u>     | <u>-</u>   |
|  | Items that will be reclassified to profit or loss   | <u>(42,719)</u>     | <u>-</u>   | <u>80,063</u>     | <u>-</u>   |
| 8300   | <b>Other comprehensive income</b>   | <u>(10,398)</u>     | <u>-</u>   | <u>(55,096)</u>   | <u>-</u>   |
|  | <b>Comprehensive income</b>   | <u>\$ 2,824,626</u> | <u>11</u>  | <u>2,963,382</u>  | <u>11</u>  |
|  | <b>Earnings per share: (note 6(s))</b>  |                     |            |                   |            |
| 9750   | Basic earnings per share (NT Dollars)   | <u>\$ 15.36</u>     |            | <u>16.61</u>      |            |
| 9850   | Diluted earnings per share (NT Dollars)   | <u>\$ 15.03</u>     |            | <u>16.41</u>      |            |

See accompanying notes to financial statements.



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

**TOPCO SCIENTIFIC CO., LTD.****Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|   | Ordinary shares | Capital surplus | Legal reserve | Retained earnings                |                         | Exchange differences on translation of foreign financial statements | Other equity  |                    | Total equity |
|---|-----------------|-----------------|---------------|----------------------------------|-------------------------|---|---|--------------------|--------------|
|   |                 |                 |               | Unappropriated retained earnings | Total retained earnings |   | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Total other equity |              |
| <b>Balance at January 1, 2022</b>   | \$ 1,816,996    | 2,345,202       | 1,643,582     | 4,961,095                        | 6,604,677               | (127,797)   | 957,494   | 829,697            | 11,596,572   |
| Profit for the year ended December 31, 2022   | -               | -               | -             | 3,018,478                        | 3,018,478               | -   | -   | -                  | 3,018,478    |
| Other comprehensive income  | -               | -               | -             | 17,454                           | 17,454                  | 80,063  | (152,613)   | (72,550)           | (55,096)     |
| Total comprehensive income  | -               | -               | -             | 3,035,932                        | 3,035,932               | 80,063  | (152,613)   | (72,550)           | 2,963,382    |
| Appropriation and distribution of retained earnings:  |                 |                 |               |                                  |                         |   |   |                    |              |
| Legal reserve appropriated  | -               | -               | 229,146       | (229,146)                        | -                       | -   | -   | -                  | -            |
| Cash dividends of ordinary share  | -               | -               | -             | (1,598,956)                      | (1,598,956)             | -   | -   | -                  | (1,598,956)  |
| Changes in ownership interests in subsidiaries  | -               | (403)           | -             | -                                | -                       | -   | -   | -                  | (403)        |
| Changes in equity of associates and joint ventures accounted for using equity method                      | -               | (951)           | -             | -                                | -                       | -   | -   | -                  | (951)        |
| <b>Balance at December 31, 2022</b>   | 1,816,996       | 2,343,848       | 1,872,728     | 6,168,925                        | 8,041,653               | (47,734)  | 804,881   | 757,147            | 12,959,644   |
| Profit for the year ended December 31, 2023   | -               | -               | -             | 2,835,024                        | 2,835,024               | -   | -   | -                  | 2,835,024    |
| Other comprehensive income  | -               | -               | -             | (5,000)                          | (5,000)                 | (42,719)  | 37,321  | (5,398)            | (10,398)     |
| Total comprehensive income  | -               | -               | -             | 2,830,024                        | 2,830,024               | (42,719)  | 37,321  | (5,398)            | 2,824,626    |
| 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)  |
| Other changes in capital surplus:   |                 |                 |               |                                  |                         |   |   |                    |              |
| Cash dividends from capital surplus   | -               | (726,798)       | -             | -                                | -                       | -   | -   | -                  | (726,798)    |
| Issue of shares   | 70,000          | 977,210         | -             | -                                | -                       | -   | -   | -                  | 1,047,210    |
| Changes in ownership interests in subsidiaries  | -               | (1,260)         | -             | -                                | -                       | -   | -   | -                  | (1,260)      |
| Due to recognition of equity component of convertible bonds issued  | -               | 59,026          | -             | -                                | -                       | -   | -   | -                  | 59,026       |
| Compensation cost of employee stock option  | -               | 36,815          | -             | -                                | -                       | -   | -   | -                  | 36,815       |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -               | -               | -             | (24,175)                         | (24,175)                | -   | 24,175  | 24,175             | -            |
| <b>Balance at December 31, 2023</b>   | \$ 1,886,996    | 2,688,841       | 2,176,321     | 7,580,983                        | 9,757,304               | (90,453)  | 866,377   | 775,924            | 15,109,065   |

See accompanying notes to financial statements.

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

**Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

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

|   | <b>2023</b>         | <b>2022<br/>(Restated)</b> |
|---|---------------------|----------------------------|
| <b>Cash flows from (used in) operating activities:</b>  |                     |                            |
| <b>Profit before tax</b>  | \$ 3,444,726        | 3,733,041                  |
| <b>Adjustments:</b>   |                     |                            |
| <b>Adjustments to reconcile profit:</b>   |                     |                            |
| Depreciation expense  | 176,912             | 173,414                    |
| Amortization expense  | 22,471              | 26,179                     |
| Expected credit (gains) loss  | (992)               | 866                        |
| Net gain on financial assets at fair value through profit or loss                                 | (120,650)           | (185,655)                  |
| Interest expense  | 46,183              | 17,164                     |
| Interest income   | (35,673)            | (19,945)                   |
| Dividend income   | (100,357)           | (70,706)                   |
| Compensation cost of share-based payment  | 36,815              | -                          |
| Share of profits of subsidiaries, associates and joint ventures accounted for using equity method | (1,633,273)         | (1,621,653)                |
| Loss on disposal of property, plant and equipment, net  | 375                 | 5,775                      |
| Others  | (99)                | (1,135)                    |
| <b>Total adjustments to reconcile profit</b>  | <u>(1,608,288)</u>  | <u>(1,675,696)</u>         |
| <b>Changes in operating assets and liabilities:</b>   |                     |                            |
| <b>Changes in operating assets:</b>   |                     |                            |
| (Increase) decrease in notes and accounts receivable  | (19,210)            | 363,959                    |
| Decrease (increase) in inventories  | 564,389             | (813,206)                  |
| Increase in financial assets at fair value through profit or loss                                 | (41,348)            | (10,802)                   |
| Decrease (increase) in other current assets   | 53,028              | (18,920)                   |
| Decrease in other financial assets  | 203                 | 64,114                     |
| <b>Total changes in operating assets</b>  | <u>557,062</u>      | <u>(414,855)</u>           |
| <b>Changes in operating liabilities:</b>  |                     |                            |
| (Decrease) increase in notes and accounts payable   | (788,161)           | 914,608                    |
| Decrease in contract liabilities  | (11,991)            | (3,534)                    |
| (Decrease) increase in other current financial liabilities  | (63,436)            | 238,863                    |
| Decrease in provisions  | -                   | (773)                      |
| Decrease in refund liabilities  | (4,556)             | (1,329)                    |
| Increase (decrease) in other current liabilities  | 49,565              | (12,317)                   |
| Decrease in net defined benefit liabilities   | (4,775)             | (23,964)                   |
| <b>Total changes in operating liabilities</b>   | <u>(823,354)</u>    | <u>1,111,554</u>           |
| <b>Total changes in operating assets and liabilities</b>  | <u>(266,292)</u>    | <u>696,699</u>             |
| <b>Total adjustments</b>  | <u>(1,874,580)</u>  | <u>(978,997)</u>           |
| Cash inflow generated from operations   | 1,570,146           | 2,754,044                  |
| Interest received   | 33,809              | 19,031                     |
| Interest paid   | (37,079)            | (17,149)                   |
| Dividends received  | 985,750             | 1,652,484                  |
| Income taxes paid   | (434,457)           | (367,665)                  |
| <b>Net cash flows from operating activities</b>   | <u>2,118,169</u>    | <u>4,040,745</u>           |
| <b>Cash flows from (used in) investing activities:</b>  |                     |                            |
| Acquisition of financial assets at fair value through other comprehensive income                  | -                   | (250,000)                  |
| Proceeds from capital reduction of financial assets at fair value through profit or loss          | 20,922              | 12,096                     |
| Acquisition of investments accounted for using equity method                                      | (387,026)           | (821,018)                  |
| Acquisition of property, plant and equipment  | (60,878)            | (177,223)                  |
| Proceeds from disposal of property, plant and equipment   | 250                 | 2,140                      |
| (Decrease) increase in refundable deposits  | 6,336               | (116,009)                  |
| Acquisition of intangible assets  | (7,339)             | (17,216)                   |
| Increase in restricted assets   | (1,431)             | (4,067)                    |
| Payment of remuneration to employees of subsidiaries  | (28,724)            | -                          |
| Increase in prepayments of land and buildings   | (1,375,516)         | -                          |
| <b>Net cash flows used in investing activities</b>  | <u>(1,833,406)</u>  | <u>(1,371,297)</u>         |
| <b>Cash flows from (used in) financing activities:</b>  |                     |                            |
| Increase (decrease) in short-term borrowings  | 625,000             | (670,000)                  |
| Cash dividends paid   | (1,816,996)         | (1,598,956)                |
| Proceeds from issuance of bonds   | 1,007,039           | -                          |
| Addition of long-term borrowings  | -                   | 600,000                    |
| Decrease in guarantee deposits  | -                   | (600)                      |
| Payment of lease liabilities  | (66,842)            | (57,880)                   |
| Issue of shares   | 1,047,210           | -                          |
| <b>Net cash flows from (used in) financing activities</b>   | <u>795,411</u>      | <u>(1,727,436)</u>         |
| <b>Net increase in cash and cash equivalents</b>  | 1,080,174           | 942,012                    |
| <b>Cash and cash equivalents at beginning of period</b>   | 2,274,408           | 1,332,396                  |
| <b>Cash and cash equivalents at end of period</b>   | <u>\$ 3,354,582</u> | <u>2,274,408</u>           |

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD.**  
**Notes to the Financial Statements**  
**For the years ended December 31, 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 engages in the trading of electronics products, high technology products and related materials and components, pollution prevention equipment; designing and installation of water purification and recycling systems, solar energy materials; providing solar energy system integration services and operation power of solar stations, as well as setting up a sport center that operates and provides sport training programs.

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

These financial statements were authorized for issuance by the Board of directors on February 29, 2024.

**(3) New standards, amendments and interpretations adopted:**

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 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”

In addition, the Company has adopted Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules” on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2022, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Company’s condensed interim financial statements. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax, and expects to disclose the mandatory relief and the new disclosures in the Company’s consolidated financial statements for the year ended December 31, 2023.

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its 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 Company 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 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 material policies**

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(Continued)

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

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

(Continued)

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

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

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

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

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

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

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

(e) Cash and cash equivalents

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

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

(f) Financial instruments

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

(Continued)

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

(Continued)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(Continued)



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

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

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

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

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

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

5) Derecognition of financial assets

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

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

(Continued)

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

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

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

(Continued)

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

(Continued)

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

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

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

(i) Investment in subsidiary

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

(Continued)

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

Land is not depreciated.

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

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

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

(k) Lease

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

(i) As a lessee

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

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

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

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

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

(Continued)

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

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

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

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

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

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

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

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

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

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

(Continued)

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

(ii) As a lessor

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

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

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

(l) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

- 1) Computer software: 1~5 years
- 2) Right of using: the contract period

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

(m) Impairment of non-financial assets

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

(Continued)

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

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

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

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

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

(n) Provisions

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

(o) Revenue from contracts with customers

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

(i) Sale of goods

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

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

(Continued)



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

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

(ii) Commissions

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

(iii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(Continued)

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

(iii) Short-term employee benefits

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

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

(q) Share-based payment

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

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

(r) Income taxes

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

The Company has determined that the global minimum top-up tax - which it is required to pay under Pillar Two legislation - is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

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

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

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

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

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

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

(s) Earnings per share

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

(t) Operating segments

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

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

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

There are no critical judgments in applying accounting policies that have significant effect on amount recognized in the financial statements.

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

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

(a) Cash and cash equivalents

|                                       | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022<br/>(Restated)</b> |
|---------------------------------------|------------------------------|---|
| Cash on hand                          | \$ 1,966                     | 1,950                                       |
| Checking accounts and demand deposits | 484,973                      | 776,250                                     |
| Time deposits                         | <u>2,867,643</u>             | <u>1,496,208</u>                            |
|                                       | <b><u>\$ 3,354,582</u></b>   | <b><u>2,274,408</u></b>                     |

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

According to the IFRSs Q&A updated by the Financial Supervisory Commission, Securities and Futures Bureau on January 5, 2024, the repatriated offshore funds account balance amounted to \$1,035,558 and \$942,939 for December 31, 2022 and January 1, 2022, respectively, were reclassified from other current financial assets to cash and cash equivalents. Therefore, the “increase in restricted assets” under investing activities was reduced by \$92,619 for 2022.

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Mandatorily measured at fair value through profit or loss: |                              |                              |
| Beneficiary certificate-Funds                              | \$ 2,491                     | 4,451                        |
| Domestic listed stocks                                     | 211,631                      | 144,843                      |
| Foreign listed stocks                                      | 63,214                       | 83,370                       |
| Unlisted stocks and limited partnership                    | 264,235                      | 160,751                      |
| Foreign unlisted funds                                     | <u>38,418</u>                | <u>45,398</u>                |
|  | <b><u>\$ 579,989</u></b>     | <b><u>438,813</u></b>        |
| Current  | \$ 2,491                     | 4,451                        |
| Non-current  | <u>577,498</u>               | <u>434,362</u>               |
|  | <b><u>\$ 579,989</u></b>     | <b><u>438,813</u></b>        |

The gain or loss on valuation of financial assets at fair value of the Company for the years ended December 31, 2023 and 2022, was a gain of \$120,750, and a gain of \$185,655, respectively.

- (i) During the years ended December 31, 2023 and 2022, the dividends of \$11,686 and \$19,826, respectively, related to mandatorily measured at fair value through profit or loss held on the years then ended, were recognized as other income by the Company, please refer to note 6(v).
- (ii) The Company’s information of market risk, please refer to note 6(w).

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

(iii) As of December 31, 2023 and 2022, the Company did not provide financial assets as collateral for its loans.

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

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income |                              |                              |
| Domestic listed stocks  | \$ 194,250                   | 143,450                      |
| Domestic unlisted stocks  | <u>1,124,917</u>             | <u>1,136,582</u>             |
|   | <b><u>\$ 1,319,167</u></b>   | <b><u>1,280,032</u></b>      |

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

The Company's subsidiaries' part of the stocks designated as fair value through other comprehensive gains and losses were liquidated in the first quarter of 2023. The remaining assets allocated were \$0 and the investment losses were \$24,175. The aforementioned investments have been transferred from other equity to retained earnings.

During the years ended December 31, 2023 and 2022, the dividends of \$88,671 and \$50,880, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized as other income by the Company, please refer to note 6(v).

During the years ended December 31, 2023 and 2022, the Company's unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income was a gain of \$39,135 and a loss of \$159,901, respectively.

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

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

(d) Notes and accounts receivable

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Notes receivable from operating activities                  | \$ 6,156                     | 12,221                       |
| Accounts receivable from measured as amortized cost         | 3,157,438                    | 3,132,163                    |
| Less: loss allowance  | <u>4,399</u>                 | <u>5,391</u>                 |
|   | <b><u>\$ 3,159,195</u></b>   | <b><u>3,138,993</u></b>      |
| Notes and accounts receivable, net                          | <b><u>\$ 3,005,880</u></b>   | <b><u>3,023,028</u></b>      |
| Notes and accounts receivable due from related parties, net | <b><u>\$ 153,315</u></b>     | <b><u>115,965</u></b>        |

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

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due according to the historical credit loss experience as well as incorporated forward looking information, such as the reasonable prediction of future economic situation. The loss allowance provisions were determined as follows:

|                      | <b>December 31, 2023</b>         |  |                                     |
|----------------------|----------------------------------|--|-------------------------------------|
|                      | <b>Gross carrying<br/>amount</b> | <b>Weighted-<br/>average loss<br/>rate</b> | <b>Loss allowance<br/>provision</b> |
| Current              | \$ 3,091,015                     | 0.1%                                       | 2,947                               |
| Overdue 0-30 days    | 60,159                           | 1.0%                                       | 602                                 |
| Overdue 31-60 days   | 4,733                            | 3.0%                                       | 142                                 |
| Overdue 61-90 days   | 1,208                            | 5.0%                                       | 60                                  |
| Overdue over 91 days | 6,479                            | 10.0%                                      | 648                                 |
|                      | <b>\$ 3,163,594</b>              |  | <b>4,399</b>                        |
|                      | <b>December 31, 2022</b>         |  |                                     |
|                      | <b>Gross carrying<br/>amount</b> | <b>Weighted-<br/>average loss<br/>rate</b> | <b>Loss allowance<br/>provision</b> |
| Current              | \$ 2,987,932                     | 0.1%                                       | 2,797                               |
| Overdue 0-30 days    | 130,497                          | 1.0%                                       | 1,305                               |
| Overdue 31-60 days   | 18,531                           | 3.0%                                       | 556                                 |
| Overdue 61-90 days   | 180                              | 5.0%                                       | 9                                   |
| Overdue over 91 days | 7,244                            | 10.0%                                      | 724                                 |
|                      | <b>\$ 3,144,384</b>              |  | <b>5,391</b>                        |

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

|                                       | <b>2023</b>     | <b>2022</b>  |
|---------------------------------------|-----------------|--------------|
| Balance at January 1                  | \$ 5,391        | 4,525        |
| Impairment loss recognized (reversed) | (992)           | 866          |
| Balance at December 31                | <b>\$ 4,399</b> | <b>5,391</b> |

(e) Inventories

|                         | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------------------|------------------------------|------------------------------|
| Merchandise inventories | \$ 2,067,385                 | 2,619,122                    |
| Goods in transit        | 63,220                       | 75,872                       |
|                         | <b>\$ 2,130,605</b>          | <b>2,694,994</b>             |

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

The details of the cost of sales were as follows:

|   | <u>2023</u>          | <u>2022</u>       |
|---|----------------------|-------------------|
| Cost of sales   | \$ 22,746,927        | 24,343,050        |
| Provision (reversal) for inventory valuation loss and<br>obsolescence | 1,884                | (813)             |
| Loss on indemnity of inventory and others                             | <u>283</u>           | <u>8</u>          |
|   | <u>\$ 22,749,094</u> | <u>24,342,245</u> |

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

(f) Investments accounted for using equity method

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

|              | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--------------|------------------------------|------------------------------|
| Subsidiaries | \$ 6,659,308                 | 5,754,839                    |
| Associates   | <u>2,310,855</u>             | <u>2,128,376</u>             |
|              | <u>\$ 8,970,163</u>          | <u>7,883,215</u>             |

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

During the years ended December 31, 2023 and 2022, the share of profits of subsidiaries accounted for using equity method amounted to \$1,154,065 and \$1,076,728, respectively.

The Company acquired 77.06% of the shares of its subsidiary Unitech New Energy Engineering in 2021. According to the share purchase agreements, if Unitech New Energy Engineering's net profit meets the certain criteria in 2021 and 2022, the Company will pay \$20,888 at the settlement expiration of one year and two years to Unitech New Energy Engineering, respectively, totaling \$41,776. The investment payment amounting to \$20,888 and \$12,824 had been paid by the Company in 2023 and 2022, resulting in the remaining amount of \$8,064 to be recognized as other current financial liabilities in the balance sheet.

(ii) Associates

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

|   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|---|------------------------------|------------------------------|
| The carrying amount of individually insignificant<br>associates' equity | <u>\$ 2,310,855</u>          | <u>2,128,376</u>             |

(Continued)

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

|                                   | <u>2023</u>              | <u>2022</u>           |
|-----------------------------------|--------------------------|-----------------------|
| Attributable to the Company:      |                          |                       |
| Profit from continuing operations | \$ 479,208               | 544,925               |
| Other comprehensive income        | <u>(28)</u>              | <u>5</u>              |
| Total comprehensive income        | <u><u>\$ 479,180</u></u> | <u><u>544,930</u></u> |

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

(g) Changes in ownership of subsidiaries

(i) For the year ended December 31, 2023, The Company failed to subscribe proportionately in the cash capital increase of its subsidiary, Xiang Yueh, due to issued new shares and repurchase shares from minority interest resulting in a decrease in its net equity in Xiang Yueh by \$1,260. Moreover, for the year ended December 31, 2022, the Company failed to subscribe proportionately in the cash capital increase of its subsidiary, Xiang Yueh, resulting in a decrease in its net equity in Xiang Yueh by \$398.

(ii) The associate of the Company, Fei Da Intelligent, which was accounted for using the equity method, increased capital and issued new shares in 2022. Due to the acquisition of new shares at a non-shareholding ratio, the net value of equity of Topco Investment that held by the Company decreased \$951 for the years ended December 31, 2022.

(iii) The Company acquired the entire shares of its sub-subsidiary, Yun Yueh Technology, a subsidiary of Topco Investment, and sold a portion of the shares in 2022, resulting in the net value of the Company in Topco Investment to decrease by \$5.

(iv) In summary, the above capital surplus decreased by \$1,260 and \$1,354 for the years ended December 31, 2023 and 2022, respectively, due to the above transaction.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

|                              | <u>Land</u>              | <u>Buildings and<br/>building<br/>improvement</u> | <u>Machinery and<br/>others</u> | <u>Construction in<br/>progress and<br/>equipment to<br/>be inspected</u> | <u>Total</u>            |
|------------------------------|--------------------------|---|---------------------------------|---|-------------------------|
| <b>Cost:</b>                 |                          |   |                                 |   |                         |
| Balance at January 1, 2023   | \$ 671,773               | 1,396,759   | 543,019                         | 131,617   | 2,743,168               |
| Additions                    | -                        | 3,737   | 32,459                          | 24,682  | 60,878                  |
| Disposals                    | -                        | (22,550)  | (36,050)                        | -   | (58,600)                |
| Reclassifications            | -                        | <u>520</u>  | <u>14,668</u>                   | <u>(15,188)</u>   | <u>-</u>                |
| Balance at December 31, 2023 | <u><u>\$ 671,773</u></u> | <u><u>1,378,466</u></u>                           | <u><u>554,096</u></u>           | <u><u>141,111</u></u>   | <u><u>2,745,446</u></u> |
| Balance at January 1, 2022   | \$ 671,773               | 1,405,236   | 525,079                         | 22,657  | 2,624,745               |
| Additions                    | -                        | 2,964   | 42,642                          | 131,617   | 177,223                 |
| Disposals                    | -                        | (12,141)  | (46,659)                        | -   | (58,800)                |
| Reclassifications            | -                        | <u>700</u>  | <u>21,957</u>                   | <u>(22,657)</u>   | <u>-</u>                |
| Balance at December 31, 2022 | <u><u>\$ 671,773</u></u> | <u><u>1,396,759</u></u>                           | <u><u>543,019</u></u>           | <u><u>131,617</u></u>   | <u><u>2,743,168</u></u> |

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

|   | <u>Land</u>       | <u>Buildings and<br/>building<br/>improvement</u> | <u>Machinery and<br/>others</u> | <u>Construction in<br/>progress and<br/>equipment to<br/>be inspected</u> | <u>Total</u>     |
|---|-------------------|---|---------------------------------|---|------------------|
| <b>Depreciation and impairments loss:</b> |                   |   |                                 |   |                  |
| Balance at January 1, 2023                | \$ -              | 316,091   | 222,628                         | -   | 538,719          |
| Depreciation                              | -                 | 45,668  | 63,818                          | -   | 109,486          |
| Disposals                                 | -                 | (22,550)  | (35,425)                        | -   | (57,975)         |
| Balance at December 31, 2023              | <u>\$ -</u>       | <u>339,209</u>                                    | <u>251,021</u>                  | <u>-</u>  | <u>590,230</u>   |
| Balance at January 1, 2022                | \$ -              | 280,149   | 195,796                         | -   | 475,945          |
| Depreciation                              | -                 | 48,083  | 65,576                          | -   | 113,659          |
| Disposal                                  | -                 | (12,141)  | (38,744)                        | -   | (50,885)         |
| Balance at December 31, 2022              | <u>\$ -</u>       | <u>316,091</u>                                    | <u>222,628</u>                  | <u>-</u>  | <u>538,719</u>   |
| Carrying amounts:                         |                   |   |                                 |   |                  |
| Balance at December 31, 2023              | <u>\$ 671,773</u> | <u>1,039,257</u>                                  | <u>303,075</u>                  | <u>141,111</u>  | <u>2,155,216</u> |
| Balance at January 1, 2022                | <u>\$ 671,773</u> | <u>1,125,087</u>                                  | <u>329,283</u>                  | <u>22,657</u>   | <u>2,148,800</u> |
| Balance at December 31, 2022              | <u>\$ 671,773</u> | <u>1,080,668</u>                                  | <u>320,391</u>                  | <u>131,617</u>  | <u>2,204,449</u> |

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

(i) Right-of-use assets

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

|                              | <u>Land</u>     | <u>Buildings</u> | <u>Vehicles</u> | <u>Machinery</u> | <u>Total</u>   |
|------------------------------|-----------------|------------------|-----------------|------------------|----------------|
| Cost:                        |                 |                  |                 |                  |                |
| Balance at January 1, 2023   | \$ 6,624        | 162,930          | 75,215          | 4,941            | 249,710        |
| Additions                    | -               | 12,788           | 8,879           | -                | 21,667         |
| Disposals                    | -               | (25,531)         | (9,148)         | -                | (34,679)       |
| Balance at December 31, 2023 | <u>\$ 6,624</u> | <u>150,187</u>   | <u>74,946</u>   | <u>4,941</u>     | <u>236,698</u> |
| Balance at January 1, 2022   | \$ 3,333        | 111,408          | 58,480          | 4,941            | 178,162        |
| Additions                    | 4,980           | 67,961           | 33,809          | -                | 106,750        |
| Disposals                    | (1,689)         | (16,439)         | (17,074)        | -                | (35,202)       |
| Balance at December 31, 2022 | <u>\$ 6,624</u> | <u>162,930</u>   | <u>75,215</u>   | <u>4,941</u>     | <u>249,710</u> |
| Depreciation:                |                 |                  |                 |                  |                |
| Balance at January 1, 2023   | \$ 1,187        | 60,324           | 27,492          | 2,191            | 91,194         |
| Depreciation                 | 591             | 44,812           | 21,053          | 970              | 67,426         |
| Disposals                    | -               | (22,902)         | (9,148)         | -                | (32,050)       |
| Balance at December 31, 2023 | <u>\$ 1,778</u> | <u>82,234</u>    | <u>39,397</u>   | <u>3,161</u>     | <u>126,570</u> |
| Balance at January 1, 2022   | \$ 1,498        | 31,306           | 26,371          | 1,221            | 60,396         |
| Depreciation                 | 542             | 40,048           | 18,195          | 970              | 59,755         |
| Disposals                    | (853)           | (11,030)         | (17,074)        | -                | (28,957)       |
| Balance at December 31, 2022 | <u>\$ 1,187</u> | <u>60,324</u>    | <u>27,492</u>   | <u>2,191</u>     | <u>91,194</u>  |

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**TOPCO SCIENTIFIC CO., LTD.**  
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|                              | <u>Land</u>     | <u>Buildings</u> | <u>Vehicles</u> | <u>Machinery</u> | <u>Total</u>   |
|------------------------------|-----------------|------------------|-----------------|------------------|----------------|
| Carrying amount:             |                 |                  |                 |                  |                |
| Balance at December 31, 2023 | \$ <u>4,846</u> | <u>67,953</u>    | <u>35,549</u>   | <u>1,780</u>     | <u>110,128</u> |
| Balance at January 1, 2022   | \$ <u>1,835</u> | <u>80,102</u>    | <u>32,109</u>   | <u>3,720</u>     | <u>117,766</u> |
| Balance at December 31, 2022 | \$ <u>5,437</u> | <u>102,606</u>   | <u>47,723</u>   | <u>2,750</u>     | <u>158,516</u> |

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

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

|                   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022<br/>(Restated)</u> |
|-------------------|------------------------------|---|
| Restricted assets | \$ 11,130                    | 9,707                                       |
| Other receivables | 13,323                       | 11,662                                      |
|                   | <u>\$ 24,453</u>             | <u>21,369</u>                               |

The restricted time deposits to be used for sport training courses had been collected in advance. Please refer to note 8.

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

|                                   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|-----------------------------------|------------------------------|------------------------------|
| Prepayments of land and buildings | \$ 1,375,516                 | -                            |
| Restricted assets                 | 2,398                        | 2,390                        |
| Refundable deposits               | 198,036                      | 204,372                      |
| Computer software cost and others | 34,204                       | 49,336                       |
|                                   | <u>\$ 1,610,154</u>          | <u>256,098</u>               |

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

For the collateral for restricted assets as of December 31, 2023 and 2022, please refer to note 8.

(k) Short-term borrowings

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

|                         | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|-------------------------|------------------------------|------------------------------|
| Unsecured bank loans    | \$ <u>1,255,000</u>          | <u>630,000</u>               |
| Unused credit lines     | \$ <u>5,927,182</u>          | <u>5,814,027</u>             |
| Range of interest rates | <u>1.56%~1.83%</u>           | <u>0.59%~1.86%</u>           |

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

- (i) For information on the Company's interest risk, foreign currency risk and liquidity risk, please refer to note 6(w).
- (ii) The Company did not provide any assets as collaterals for its loans.

(l) Long-term borrowings

The details were as follows:

|                       | <b>December 31, 2023</b> |             |                      |                   |
|-----------------------|--------------------------|-------------|----------------------|-------------------|
|                       | <b>Currency</b>          | <b>Rate</b> | <b>Maturity year</b> | <b>Amount</b>     |
| Unsecured bank loans  | TWD                      | 1.69%       | October 2025         | \$ 600,000        |
| Less: current portion |                          |             |                      | -                 |
| Total                 |                          |             |                      | <b>\$ 600,000</b> |
| Unused credit lines   |                          |             |                      | <b>\$ -</b>       |

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

- (i) For information on the Company's interest risk, foreign currency risk and liquidity risk, please refer to note 6(w).
- (ii) The Company did not provide any assets as collaterals for its loans.
- (m) Convertible bonds payable

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

|  | <b>December 31,<br/>2023</b> |
|--|------------------------------|
| Total convertible corporate bonds issued   | \$ 1,000,000                 |
| Unamortized discounted corporate bonds payable   | (40,871)                     |
|  | 959,129                      |
| Unamortized issuing costs of corporate bonds payable   | (2,320)                      |
| Corporate bonds issued balance at year-end   | <b>\$ 956,809</b>            |
| Embedded derivatives – call option, include in non-current financial assets at fair value through profit or loss | <b>\$ -</b>                  |
| Equity component – conversion rights, include in capital surplus   | <b>\$ 59,026</b>             |

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

|  | <b>2023</b>              |
|--|--------------------------|
| 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 | <b>\$ <u>(100)</u></b>   |
| Interest expenses  | <b>\$ <u>(8,696)</u></b> |

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.
    - 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.

(Continued)

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

- (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.

- (n) Lease liabilities

The lease liabilities of the Company were as follows:

|             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------|------------------------------|------------------------------|
| Current     | <u>\$ 53,748</u>             | <u>57,237</u>                |
| Non-current | <u>\$ 58,914</u>             | <u>103,328</u>               |

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

The amounts recognized in profit or loss were as follows:

|   | <b>2023</b>     | <b>2022</b>  |
|---|-----------------|--------------|
| Interest on lease liabilities   | <u>\$ 2,628</u> | <u>2,976</u> |
| Variable lease payments not included in the measurement of lease liabilities                    | <u>\$ 2,917</u> | <u>3,741</u> |
| Expenses relating to short-term leases  | <u>\$ 3,718</u> | <u>1,953</u> |
| Expense relating to leases of low-value assets, excluding short-term leases of low-value assets | <u>\$ 6,397</u> | <u>6,748</u> |

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

|                               | <b>2023</b>      | <b>2022</b>   |
|-------------------------------|------------------|---------------|
| Total cash outflow for leases | <u>\$ 82,502</u> | <u>73,298</u> |

- (i) Real estate leases

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

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

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

(ii) Other leases

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

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

(o) Employee benefits

(i) Defined benefit plans

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Present value of defined benefit obligations | \$ (249,275)                 | (243,058)                    |
| Fair value of plan assets                    | 116,657                      | 111,880                      |
| Net defined benefit liabilities              | <b>\$ (132,618)</b>          | <b>(131,178)</b>             |

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$116,657 as of reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds Ministry of Labor.

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

2) Movements in present value of defined benefit obligations

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

|   | <u>2023</u>         | <u>2022</u>      |
|---|---------------------|------------------|
| Defined benefit obligation at January 1           | \$ (243,058)        | (275,432)        |
| Current service costs and interest costs          | (4,522)             | (2,575)          |
| Remeasurements of net defined benefit liabilities | (7,070)             | 14,679           |
| Benefits paid by plan assets                      | 5,375               | 20,270           |
| Defined benefit obligations at December 31        | <u>\$ (249,275)</u> | <u>(243,058)</u> |

3) Movements of defined benefit plan assets

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

|   | <u>2023</u>       | <u>2022</u>    |
|---|-------------------|----------------|
| Fair value of plan assets at January 1            | \$ 111,880        | 98,478         |
| Contributions paid by the employer                | 2,400             | 6,400          |
| Expected return on plan assets                    | 1,522             | 525            |
| Remeasurements of net defined benefit liabilities | 855               | 7,133          |
| Benefits paid by plan assets                      | -                 | (656)          |
| Fair value of plan assets at December 31          | <u>\$ 116,657</u> | <u>111,880</u> |
| Actual return on plan assets                      | <u>\$ 2,377</u>   | <u>7,658</u>   |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

|   | <u>2023</u>     | <u>2022</u>  |
|---|-----------------|--------------|
| Service cost  | \$ 726          | 952          |
| Net interest of net liabilities for defined benefit obligations | 2,274           | 1,098        |
|   | <u>\$ 3,000</u> | <u>2,050</u> |
| Selling expenses  | -               | -            |
| Administrative expenses   | \$ 3,000        | 2,050        |
|   | <u>\$ 3,000</u> | <u>2,050</u> |

(Continued)

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

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

The Company's re-measurements of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

|                                   | <u>2023</u>      | <u>2022</u>   |
|-----------------------------------|------------------|---------------|
| Accumulated amount at January 1   | \$ 49,576        | 71,388        |
| Recognized during the period      | 6,215            | (21,812)      |
| Accumulated amount at December 31 | <u>\$ 55,791</u> | <u>49,576</u> |

- 6) Actuarial assumptions

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

|                              | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------------------|------------------------------|------------------------------|
| Discount rate                | 1.625 %                      | 1.750 %                      |
| Future salary increases rate | 3.00 %                       | 3.00 %                       |

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

The weighted-average lifetime of the defined benefit plan is 12.50 years.

- 7) Sensitivity analysis

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

|                               | <u>Effects to the defined<br/>benefit obligation</u> |                        |
|-------------------------------|--|------------------------|
|                               | <u>Increased 0.25%</u>                               | <u>Decreased 0.25%</u> |
| <b>December 31, 2023</b>      |  |                        |
| Discount rate                 | \$ (4,155)   | 4,284                  |
| Future salary increasing rate | 4,124  | (4,022)                |
| <b>December 31, 2022</b>      |  |                        |
| Discount rate                 | (4,409)  | 4,551                  |
| Future salary increasing rate | 4,391  | (4,277)                |

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

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

(ii) Defined contribution plans

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

The Company recognized the pension costs under the defined contribution method amounting to \$29,380 and \$28,009 for the years ended December 31, 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

(p) Income taxes

(i) Income tax expenses

- 1) The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

|   | <u>2023</u>       | <u>2022</u>    |
|---|-------------------|----------------|
| Current tax expense                               |                   |                |
| Current period                                    | \$ 389,365        | 609,083        |
| Surtax on unappropriated earnings                 | <u>82,107</u>     | <u>23,168</u>  |
|   | 471,472           | 632,251        |
| Deferred tax expense                              |                   |                |
| Origination and reversal of temporary differences | <u>138,230</u>    | <u>82,312</u>  |
| Income tax expense                                | <u>\$ 609,702</u> | <u>714,563</u> |

- 2) The amounts of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

|   | <u>2023</u>        | <u>2022</u>   |
|---|--------------------|---------------|
| Items that may not be reclassified subsequently to profit or loss:  |                    |               |
| Remeasurements from defined benefit plans                           | \$ (1,243)         | 4,363         |
| Items that may be reclassified subsequently to profit or loss:      |                    |               |
| Exchange differences on translation of foreign financial statements | <u>(9,973)</u>     | <u>19,669</u> |
|   | <u>\$ (11,216)</u> | <u>24,032</u> |

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- 3) Reconciliations of income tax and profit before tax for 2023 and 2022 were as follows:

|   | <b>2023</b>              | <b>2022</b>           |
|---|--------------------------|-----------------------|
| Profit before tax   | <u>\$ 3,444,726</u>      | <u>3,733,041</u>      |
| Income tax calculated based on local tax rate of the Company                  | 688,945                  | 746,608               |
| Tax exemption income and domestic investment income, net                      | (158,666)                | (110,713)             |
| Effects of the difference applicable exchange rate of foreign dividend income | 1,326                    | 30,851                |
| Estimated difference adjustment and others                                    | (4,010)                  | 24,649                |
| Surtax on unappropriated earnings   | <u>82,107</u>            | <u>23,168</u>         |
|   | <u><b>\$ 609,702</b></u> | <u><b>714,563</b></u> |

- (ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Tax effect of deductible temporary differences | <u><b>\$ 5,153</b></u>       | <u><b>5,153</b></u>          |

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

- 2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

|  | <b>Defined<br/>benefit plan</b> | <b>Exchange<br/>differences on<br/>translation of<br/>foreign<br/>financial<br/>statements</b> | <b>Others</b>        | <b>Total</b>         |
|--|---------------------------------|--|----------------------|----------------------|
| <b>Deferred tax assets:</b>              |                                 |  |                      |                      |
| Balance at January 1, 2023               | \$ 27,103                       | 11,537   | 12,057               | 50,697               |
| Recognized in profit or loss             | (955)                           | -  | 2,967                | 2,012                |
| Recognized in other comprehensive income | <u>1,243</u>                    | <u>9,973</u>   | <u>-</u>             | <u>11,216</u>        |
| Balance at December 31, 2023             | <u><b>\$ 27,391</b></u>         | <u><b>21,510</b></u>   | <u><b>15,024</b></u> | <u><b>63,925</b></u> |
| Balance at January 1, 2022               | \$ 36,259                       | 31,206   | 20,108               | 87,573               |
| Recognized in profit or loss             | (4,793)                         | -  | (8,051)              | (12,844)             |
| Recognized in other comprehensive income | <u>(4,363)</u>                  | <u>(19,669)</u>  | <u>-</u>             | <u>(24,032)</u>      |
| Balance at December 31, 2022             | <u><b>\$ 27,103</b></u>         | <u><b>11,537</b></u>   | <u><b>12,057</b></u> | <u><b>50,697</b></u> |

(Continued)

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|                                  | <b>Foreign<br/>investment<br/>income under<br/>equity method</b> | <b>Others</b>        | <b>Total</b>          |
|----------------------------------|--|----------------------|-----------------------|
| <b>Deferred tax liabilities:</b> |  |                      |                       |
| Balance at January 1, 2023       | \$ 435,757   | 14,051               | 449,808               |
| Recognized in profit or loss     | <u>142,718</u>   | <u>(2,476)</u>       | <u>140,242</u>        |
| Balance at December 31, 2023     | <u><b>\$ 578,475</b></u>   | <u><b>11,575</b></u> | <u><b>590,050</b></u> |
| Balance at January 1, 2022       | \$ 380,340   | -                    | 380,340               |
| Recognized in profit or loss     | <u>55,417</u>  | <u>14,051</u>        | <u>69,468</u>         |
| Balance at December 31, 2022     | <u><b>\$ 435,757</b></u>   | <u><b>14,051</b></u> | <u><b>449,808</b></u> |

(iii) The ROC tax authorities have examined the income tax returns of the Company through 2021.

(q) Capital and other equities

(i) Common stock

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

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

|                          | <b>Ordinary Shares</b> |                       |
|--------------------------|------------------------|-----------------------|
|                          | <b>2023</b>            | <b>2022</b>           |
| Balance on January 1     | <u>181,700</u>         | <u>181,700</u>        |
| Capital increase by cash | <u>7,000</u>           | <u>-</u>              |
| Balance on December 31   | <u><b>188,700</b></u>  | <u><b>181,700</b></u> |

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.

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**TOPCO SCIENTIFIC CO., LTD.**  
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(iii) Capital surplus

The balances of capital surplus were as follows:

|  | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> |
|--|------------------------------------|------------------------------------|
| Capital premium  | \$ 2,626,402                       | 2,339,175                          |
| Convertible bonds-conversion options   | 59,026                             | -                                  |
| Changes in the equity ownership of the subsidiaries  | 706                                | 1,966                              |
| Stock option – fair value differences of associates and joint ventures accounted under equity method | 2,285                              | 2,285                              |
| Others   | <u>422</u>                         | <u>422</u>                         |
|  | <u>\$ 2,688,841</u>                | <u>2,343,848</u>                   |

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

On February 29, 2024 and March 13, 2023, the Company's Board of Directors resolved to distribute the cash dividends of \$188,700 (New Taiwan dollars \$1 per share) and \$726,798 (New Taiwan dollars \$4 per share), respectively, from capital surplus.

(iv) Retained earnings

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

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

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**TOPCO SCIENTIFIC CO., LTD.**  
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1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2022 and 2021 had been approved in the Board meetings held on March 13, 2023 and March 15, 2022, respectively. The amount of other appropriation items of earnings for 2022 and 2021 had been approved in the regular shareholders' meetings held on May 30, 2023 and 2022, respectively. These earnings were appropriated as follows:

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

On February 29, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

|  | 2023                                |                 |
|--|-------------------------------------|-----------------|
|  | Amount per<br>share<br>NT (Dollars) | Total<br>amount |
| Dividends distributed to common shareholder: |                                     |                 |
| Cash dividends                               | \$ 9.0                              | 1,698,296       |

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

(Continued)

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

## 4) Other equity

|  | Exchange<br>differences on<br>translation of<br>foreign financial<br>statements | Unrealized gains<br>(losses) from<br>financial assets<br>measured at fair<br>value through<br>other<br>comprehensive<br>income | Total          |
|--|---|--|----------------|
| <b>Balance at January 1, 2023</b>  | \$ (47,734)   | 804,881  | 757,147        |
| Exchange differences on foreign operations:  |   |  |                |
| Subsidiary   | (42,719)  | -  | (42,719)       |
| Unrealized gains (losses) from financial assets<br>measured at fair value through other<br>comprehensive income: |   |  |                |
| The Company  | -   | 39,135   | 39,135         |
| Subsidiary   | -   | (1,814)  | (1,814)        |
| Disposal of investments in equity<br>instruments designated at fair value<br>through other comprehensive income  | -   | 24,175   | 24,175         |
| <b>Balance at December 31, 2023</b>  | <b>\$ (90,453)</b>  | <b>866,377</b>   | <b>775,924</b> |
| <b>Balance at January 1, 2022</b>  | \$ (127,797)  | 957,494  | 829,697        |
| Exchange differences on foreign operations:  |   |  |                |
| Subsidiaries   | 80,063  | -  | 80,063         |
| Unrealized gains (losses) from financial assets<br>measured at fair value through other<br>comprehensive income: |   |  |                |
| The Company  | -   | (159,901)  | (159,901)      |
| Subsidiaries   | -   | 7,288  | 7,288          |
| <b>Balance at December 31, 2022</b>  | <b>\$ (47,734)</b>  | <b>804,881</b>   | <b>757,147</b> |

## (r) Share-based payment

|                          | <b>Equity-settled</b>  |
|--------------------------|--|
|                          | <b>Capital increase reserved for<br/>employee subscription</b> |
| 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.

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## (s) Earnings per share

The calculation of basic and diluted earnings per share for the years 2023 and 2022 are as follows:

|  | <u>2023</u>         | <u>2022</u>      |
|--|---------------------|------------------|
| <b>Basic earnings per share:</b>   |                     |                  |
| Profit attributable to ordinary shareholders of the Company  | \$ <u>2,835,024</u> | <u>3,018,478</u> |
| Weighted-average number of outstanding ordinary shares (thousands)                                 | <u>184,616</u>      | <u>181,700</u>   |
| Basic earnings per share (dollars)   | \$ <u>15.36</u>     | <u>16.61</u>     |
| <b>Diluted earnings per share:</b>   |                     |                  |
| Profit attributable to ordinary shareholders of the Company  | \$ 2,835,024        | 3,018,478        |
| The after-tax impact of interest on convertible bonds and other income or losses                   | <u>8,702</u>        | <u>-</u>         |
| Profit attributable to ordinary shareholders of the Company  | \$ <u>2,843,726</u> | <u>3,018,478</u> |
| Weighted-average number of outstanding ordinary shares (thousands)                                 | 184,616             | 181,700          |
| Effect of diluted potential ordinary share (thousands)   |                     |                  |
| Effect of employee share bonuses   | 2,534               | -                |
| Employee bonuses   | <u>2,009</u>        | <u>2,232</u>     |
| Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) | <u>189,159</u>      | <u>183,932</u>   |
| Diluted earnings per share (dollars)   | \$ <u>15.03</u>     | <u>16.41</u>     |

## (t) Revenue from contracts with customers

## (i) Details of revenue

|   | <u>2023</u>          | <u>2022</u>       |
|---|----------------------|-------------------|
| Primary geographical markets:               |                      |                   |
| Taiwan                                      | \$ 19,460,428        | 22,385,384        |
| China                                       | 6,693,479            | 5,638,712         |
| Others                                      | <u>235,323</u>       | <u>207,889</u>    |
|   | \$ <u>26,389,230</u> | <u>28,231,985</u> |
| Major products / services:                  |                      |                   |
| Semiconductor and optoelectronic industries | \$ 26,313,626        | 28,173,908        |
| Others                                      | <u>75,604</u>        | <u>58,077</u>     |
|   | \$ <u>26,389,230</u> | <u>28,231,985</u> |

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(ii) Contract balance

|  | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> | <u>January 1,<br/>2022</u> |
|--|------------------------------|------------------------------|----------------------------|
| Notes and accounts receivable<br>(including related parties) | \$ 3,163,594                 | 3,144,384                    | 3,508,343                  |
| Less: allowance for impairment                               | <u>4,399</u>                 | <u>5,391</u>                 | <u>4,525</u>               |
| Total  | <u>\$ 3,159,195</u>          | <u>3,138,993</u>             | <u>3,503,818</u>           |
| Contract liabilities – unearned<br>revenue                   | <u>\$ 165,230</u>            | <u>177,221</u>               | <u>180,755</u>             |

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

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in contract liability balance at the beginning of the period were \$146,884 and \$139,506, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes for the years ended December 31, 2023 and 2022.

(u) Remuneration to employees, directors

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

For the years ended December 31, 2023 and 2022, the Company estimated its employees' remuneration amounting to \$306,198 and \$331,826, respectively, and the directors' remuneration amounting to \$76,549 and \$82,956, 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 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 employees' remuneration are calculated based on the closing price of the Company's ordinary shares on the day before the approval by the Board of Directors. Related information would be available at the Market Observation Post System website.

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(v) Non-operating income and expenses

(i) Other income

The details of other income for the years ended December 31, 2023 and 2022 were as follows:

|                   | <b>2023</b>              | <b>2022</b>           |
|-------------------|--------------------------|-----------------------|
| Rental income     | \$ 13,945                | 10,940                |
| Dividend income   | \$ 100,357               | 70,706                |
| Government grants | 9,544                    | 8,258                 |
| Others            | <u>23,988</u>            | <u>27,120</u>         |
|                   | <b><u>\$ 147,834</u></b> | <b><u>117,024</u></b> |

(ii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

|   | <b>2023</b>              | <b>2022</b>           |
|---|--------------------------|-----------------------|
| Foreign currency exchange gains (losses), net                                       | \$ 16,856                | 106,155               |
| Gains on financial assets and liabilities at fair value through profit or loss, net | 120,650                  | 185,655               |
| Losses on disposal of property, plant and equipment, net                            | (375)                    | (5,775)               |
| Others  | <u>121</u>               | <u>1,162</u>          |
|   | <b><u>\$ 137,252</u></b> | <b><u>287,197</u></b> |

(w) Financial instruments

(i) Credit risk

1) Credit risk – exposure to credit risk

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

2) Concentration to credit risk

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

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**TOPCO SCIENTIFIC CO., LTD.**  
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3) Receivables and debt securities

For credit risk exposure of note and account receivables, please refer to note 6(d).

These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The loss allowance provisions were determined as follows:

|                        | <u>2023</u>      | <u>2022</u>   |
|------------------------|------------------|---------------|
| Balance at January 1   | \$ 14,300        | 14,300        |
| Impairment loss        | -                | -             |
| Balance at December 31 | <u>\$ 14,300</u> | <u>14,300</u> |

(ii) Liquidity risk

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

|   | <u>Carrying<br/>Amount</u> | <u>Contractual<br/>cash flows</u> | <u>Within a<br/>year</u> | <u>1 ~ 2 years</u> | <u>Over 2<br/>years</u> |
|---|----------------------------|-----------------------------------|--------------------------|--------------------|-------------------------|
| <b>December 31, 2023</b>                                  |                            |                                   |                          |                    |                         |
| Non-derivative financial liabilities                      |                            |                                   |                          |                    |                         |
| Short-term bank loans                                     | \$ 1,255,000               | (1,258,035)                       | (1,258,035)              | -                  | -                       |
| Long-term bank loans                                      | 600,000                    | (618,252)                         | (10,140)                 | (608,112)          | -                       |
| Notes and accounts payable<br>(including related parties) | 3,351,734                  | (3,351,734)                       | (3,351,734)              | -                  | -                       |
| Accrued expenses and other<br>payables                    | 773,509                    | (773,509)                         | (773,509)                | -                  | -                       |
| Lease liabilities (including<br>current and non-current)  | 112,662                    | (117,523)                         | (55,362)                 | (26,550)           | (35,611)                |
| Bonds payable   | 956,809                    | (1,000,000)                       | -                        | -                  | (1,000,000)             |
|   | <u>\$ 7,049,714</u>        | <u>(7,119,053)</u>                | <u>(5,448,780)</u>       | <u>(634,662)</u>   | <u>(1,035,611)</u>      |
| <b>December 31, 2022</b>                                  |                            |                                   |                          |                    |                         |
| Non-derivative financial liabilities                      |                            |                                   |                          |                    |                         |
| Short-term bank loans                                     | \$ 630,000                 | (631,270)                         | (631,270)                | -                  | -                       |
| Long-term bank loans                                      | 600,000                    | (626,168)                         | (8,700)                  | (8,700)            | (608,768)               |
| Notes and accounts payable<br>(including related parties) | 4,139,895                  | (4,139,895)                       | (4,139,895)              | -                  | -                       |
| Accrued expenses and other<br>payables                    | 857,425                    | (857,425)                         | (857,425)                | -                  | -                       |
| Lease liabilities (including<br>current and non-current)  | 160,565                    | (167,660)                         | (59,721)                 | (53,319)           | (54,620)                |
|   | <u>\$ 6,387,885</u>        | <u>(6,422,418)</u>                | <u>(5,697,011)</u>       | <u>(62,019)</u>    | <u>(663,388)</u>        |

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

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**TOPCO SCIENTIFIC CO., LTD.**  
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(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

|                              | December 31, 2023   |                  |           | December 31, 2022   |                  |           |
|------------------------------|---------------------|------------------|-----------|---------------------|------------------|-----------|
|                              | Foreign<br>currency | Exchange<br>rate | TWD       | Foreign<br>currency | Exchange<br>rate | TWD       |
| <b>Financial assets</b>      |                     |                  |           |                     |                  |           |
| Monetary items               |                     |                  |           |                     |                  |           |
| USD                          | \$ 79,449           | 30.7050          | 2,439,482 | 119,697             | 30.71            | 3,675,895 |
| JPY                          | 4,552,243           | 0.2172           | 988,747   | 4,217,786           | 0.2324           | 980,213   |
| <b>Financial liabilities</b> |                     |                  |           |                     |                  |           |
| Monetary items               |                     |                  |           |                     |                  |           |
| USD                          | 70,970              | 30.7050          | 2,179,134 | 86,183              | 30.71            | 2,646,680 |
| JPY                          | 4,033,583           | 0.2172           | 876,094   | 4,586,122           | 0.2324           | 1,065,815 |

2) Sensitivity analysis

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

|                       | December 31,<br>2023 | December 31,<br>2022 |
|-----------------------|----------------------|----------------------|
| USD (against the TWD) |                      |                      |
| Appreciation 5%       | \$ 13,018            | 51,461               |
| Depreciation 5%       | (13,018)             | (51,461)             |
| JPY (against the TWD) |                      |                      |
| Appreciation 5%       | 5,633                | (4,280)              |
| Depreciation 5%       | (5,633)              | 4,280                |

3) Foreign exchange gain and loss on monetary items

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

(Continued)

**TOPCO SCIENTIFIC CO., LTD.**  
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|   | <b>2023</b>      | <b>2022</b>    |
|---|------------------|----------------|
| Foreign exchange gains (losses)<br>(including realized and unrealized portions) | \$ <b>16,856</b> | <b>106,155</b> |
| (iv) Interest rate analysis   |                  |                |

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

|                            | <b>Carrying amount</b>       |                              |
|----------------------------|------------------------------|------------------------------|
|                            | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
| Variable rate instruments: |                              |                              |
| Financial assets           | \$ 541,734                   | 786,281                      |
| Financial liabilities      | 1,285,000                    | 1,000,000                    |

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

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

|                                  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------------------|------------------------------|------------------------------|
| Interest rate increased by 0.25% | \$ (1,858)                   | (534)                        |
| Interest rate decreased by 0.25% | 1,858                        | 534                          |

(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 Company's accounting policy. The Company'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 Company 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:

(Continued)

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

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

|   | December 31, 2023 |            |         |         |         |
|---|-------------------|------------|---------|---------|---------|
|   | Book value        | Fair value |         |         | Total   |
|   |                   | Level 1    | Level 2 | Level 3 |         |
| <b>Financial assets at fair value through profit or loss</b>  |                   |            |         |         |         |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds           | \$ 2,491          | 2,491      | -       | -       | 2,491   |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-listed stocks                           | 211,631           | 211,631    | -       | -       | 211,631 |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks                   | 63,214            | 63,214     | -       | -       | 63,214  |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks and limited partnership | 264,235           | 76,324     | -       | 187,911 | 264,235 |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds                  | <u>38,418</u>     | -          | -       | 38,418  | 38,418  |
| Subtotal  | <u>579,989</u>    |            |         |         |         |

(Continued)

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

|  | December 31, 2023          |            |         |           |           |
|--|----------------------------|------------|---------|-----------|-----------|
|  | Book value                 | Fair value |         |           | Total     |
|  |                            | Level 1    | Level 2 | Level 3   |           |
| <b>Financial assets at fair value through other comprehensive income</b>       | <u>1,319,167</u>           | 194,250    | -       | 1,124,917 | 1,319,167 |
| <b>Financial assets measured at amortized cost</b>                             |                            |            |         |           |           |
| Cash and cash equivalents  | 3,354,582                  | -          | -       | -         | -         |
| Notes and accounts receivable (including related parties)                      | 3,159,195                  | -          | -       | -         | -         |
| Other current financial assets   | 24,453                     | -          | -       | -         | -         |
| Other non-current assets (refundable deposits and pledged asset-time deposits) | <u>200,434</u>             | -          | -       | -         | -         |
| Subtotal   | <u>6,738,664</u>           |            |         |           |           |
| Total  | <u><b>\$ 8,637,820</b></u> |            |         |           |           |
| <b>Financial liabilities measured at amortized cost</b>                        |                            |            |         |           |           |
| Short-term bank loans  | \$ 1,255,000               | -          | -       | -         | -         |
| Long-term bank loans   | 600,000                    | -          | -       | -         | -         |
| Notes and accounts payable (including related parties)                         | 3,351,734                  | -          | -       | -         | -         |
| Accrued expenses and other payables  | 773,509                    | -          | -       | -         | -         |
| Lease liabilities (including current and non-current)                          | 112,662                    | -          | -       | -         | -         |
| Bonds payable  | <u>956,809</u>             | -          | -       | -         | -         |
| Total  | <u><b>\$ 7,049,714</b></u> |            |         |           |           |

(Continued)

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

|   | December 31, 2022   |            |         |           |           |
|---|---------------------|------------|---------|-----------|-----------|
|   | Book value          | Fair value |         |           | Total     |
|   |                     | Level 1    | Level 2 | Level 3   |           |
| <b>Financial assets fair value through profit or loss</b>   |                     |            |         |           |           |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds           | \$ 4,451            | 4,451      | -       | -         | 4,451     |
| Non derivative financial assets mandatorily measured at fair value through profit or loss domestic listed stocks                  | 144,843             | 144,843    | -       | -         | 144,843   |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss foreign listed stocks                   | 83,370              | 83,370     | -       | -         | 83,370    |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks and limited partnership | 160,751             | -          | -       | 160,751   | 160,751   |
| Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds                  | <u>45,398</u>       | -          | -       | 45,398    | 45,398    |
| Subtotal  | <u>438,813</u>      |            |         |           |           |
| <b>Financial assets at fair value through other comprehensive income</b>  | <u>1,280,032</u>    | 143,450    | -       | 1,136,582 | 1,280,032 |
| <b>Financial assets measured at amortized cost</b>  |                     |            |         |           |           |
| Cash and cash equivalents   | 2,274,408           | -          | -       | -         | -         |
| Notes and accounts receivable (including related parties)   | 3,138,993           | -          | -       | -         | -         |
| Other current financial assets  | 21,369              | -          | -       | -         | -         |
| Other non-current assets (refundable deposits and pledged assets-time deposits)   | <u>206,762</u>      | -          | -       | -         | -         |
| Subtotal  | <u>5,641,532</u>    |            |         |           |           |
| Total   | <u>\$ 7,360,377</u> |            |         |           |           |

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

|  | December 31, 2022          |            |         |         |       |
|--|----------------------------|------------|---------|---------|-------|
|  | Book value                 | Fair value |         |         | Total |
|  |                            | Level 1    | Level 2 | Level 3 |       |
| <b>Financial liabilities at amortized cost</b>         |                            |            |         |         |       |
| Short-term bank loans                                  | \$ 630,000                 | -          | -       | -       | -     |
| Long-term bank loans                                   | 600,000                    | -          | -       | -       | -     |
| Notes and accounts payable (including related parties) | 4,139,895                  | -          | -       | -       | -     |
| Accrued expenses and other payables                    | 857,425                    | -          | -       | -       | -     |
| Lease liabilities (including current and non-current)  | <u>160,565</u>             | -          | -       | -       | -     |
| <b>Total</b>   | <b><u>\$ 6,387,885</u></b> |            |         |         |       |

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

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

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 – Non-derivative financial instruments

a) Non-derivative financial instruments

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

b) Derivative financial instruments

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.**  
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5) Transfer between levels

The Company's equity holdings in Win Win Precision Technology Co., Ltd. with the fair values of \$49,373, which were previously categorized as Level 3, had been classified as fair value through profit or loss 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 the company's equity shares have been listed on an active market in January, 2023, its fair value measurement had been reclassified from Level 3 to Level 1 of the fair value hierarchy as of December 31, 2023.

6) Reconciliation of level 3 fair value

|   | Financial assets at fair value<br>through profit or loss   |   |   | Financial assets at<br>fair value through<br>other comprehensive<br>income | Total            |
|---|--|---|---|--|------------------|
|   | Derivative<br>financial<br>assets-<br>convertible<br>bonds | Equity<br>investment<br>without<br>quoted price | Debt<br>investment<br>without<br>quoted price | Equity investment<br>without quoted price                                  |                  |
| Balance at January 1, 2023                  | \$ -   | 49,373  | 156,776                                       | 1,136,582  | 1,342,731        |
| Issued                                      | 100  | -   | -   | -  | 100              |
| Total gains and losses recognized:          |  |   |   |  |                  |
| In profit (loss)                            | (100)  | -   | 16,587  | -  | 16,487           |
| In other comprehensive income               | -  | -   | -   | (11,665)   | (11,665)         |
| Purchased                                   | -  | -   | 73,888  | -  | 73,888           |
| Proceeds of capital reduction of investment | -  | -   | (20,922)                                      | -  | (20,922)         |
| Reclassify from Level 3                     | -  | (49,373)  | -   | -  | (49,373)         |
| Balance at December 31, 2023                | <u>\$ -</u>  | <u>-</u>  | <u>226,329</u>                                | <u>1,124,917</u>   | <u>1,351,246</u> |
| Balance at January 1, 2022                  | \$ -   | -   | 94,148  | 1,189,933  | 1,284,081        |
| Total gains and losses recognized:          |  |   |   |  |                  |
| In profit (loss)                            | -  | 5,873   | (11,942)                                      | -  | (6,069)          |
| In other comprehensive income               | -  | -   | -   | (53,351)   | (53,351)         |
| Purchased                                   | -  | 43,500  | 86,666  | -  | 130,166          |
| Proceeds of capital reduction of investment | -  | -   | (12,096)                                      | -  | (12,096)         |
| Balance at December 31, 2022                | <u>\$ -</u>  | <u>49,373</u>                                   | <u>156,776</u>                                | <u>1,136,582</u>   | <u>1,342,731</u> |

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

The Company's financial instruments that use level 3 input to measure fair values include financial assets at fair value through other comprehensive income— equity instruments, 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.

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

The quantified information for significant unobservable inputs was as follows:

| <u>Item</u>   | <u>Valuation technique</u>                | <u>Significant unobservable inputs</u>  | <u>Inter relationships between significant unobservable inputs and fair value measurement</u> |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income – equity investment without quoted price  | Comparable market approach                | Price Book ratio multiples.<br>(14.53~81.32 and 10.58~86.21, respectively, on December 31, 2023 and 2022) | The higher the multiple is, the higher the fair value will be.                                |
|   |   | Lack of Marketability discount rate (20% both on December 31, 2023 and 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 on December 31, 2022)   | The higher the multiple is, the higher the fair value will be.                                |
|   |   | Lack of Marketability discount rate (20% on December 31, 2022)  | The higher the Lack of Marketability discount rate is, the lower the fair value will be.      |
| Financial assets at fair value through profit or loss – convertible bonds redemption right                  | Binomial convertible bonds pricing models | Volatility (16.41% on December 31, 2023)  | The higher the volatility, the higher the fair value will be.                                 |
| 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:

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

|   | Input                          | Move up or down | Impacts of fair value change on net income or loss |                    | Impacts of fair value change on other comprehensive income |                    |
|---|--------------------------------|-----------------|--|--------------------|--|--------------------|
|   |                                |                 | Favorable change                                   | Unfavorable change | Favorable change   | Unfavorable change |
| <b>December 31, 2023</b>  |                                |                 |  |                    |  |                    |
| Financial assets at fair value through other comprehensive income |                                |                 | \$   |                    |  |                    |
| Equity investment without quoted price                            | P/B ratio                      | 5%              | \$ <u>-</u>  | <u>-</u>           | <u>56,308</u>  | <u>(56,308)</u>    |
|   | Lack of marketability discount | 5%              | \$ <u>-</u>  | <u>-</u>           | <u>70,307</u>  | <u>(70,307)</u>    |
| <b>December 31, 2022</b>  |                                |                 |  |                    |  |                    |
| Financial assets at fair value through profit or loss             |                                |                 |  |                    |  |                    |
| Equity investment without quoted price                            | P/B ratio                      | 5%              | \$ <u>2,465</u>                                    | <u>(2,465)</u>     | <u>-</u>   | <u>-</u>           |
|   | Lack of marketability discount | 5%              | \$ <u>3,086</u>                                    | <u>(3,086)</u>     | <u>-</u>   | <u>-</u>           |
| Financial assets at fair value through other comprehensive income |                                |                 |  |                    |  |                    |
| Equity investment without quoted price                            | P/B ratio                      | 5%              | \$ <u>-</u>  | <u>-</u>           | <u>56,821</u>  | <u>(56,821)</u>    |
|   | Lack of marketability discount | 5%              | \$ <u>-</u>  | <u>-</u>           | <u>71,036</u>  | <u>(71,036)</u>    |

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

(x) Financial risk management

(i) Briefings

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

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

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

2) Investments

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

3) Guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to subsidiaries, companies that the Company has business with, and the investees, based on the percentage of ownership by each shareholder. As of December 31, 2023 and 2022, no guarantees were provided to non-subsidiary. The guarantees provided to subsidiaries please refer to note 13(a).

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**TOPCO SCIENTIFIC CO., LTD.**  
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(iv) Liquidity risk

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

Loans and borrowings from the bank form an important source of liquidity for the Company. The Company's unused credit line were amounted to \$5,927,182 and \$5,814,027 as of December 31, 2023 and 2022, respectively.

(v) Market risk

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

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

1) Currency risk

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

2) Interest rate risk

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

3) Other price risk

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

(y) Capital management

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

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

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As of December 31, 2023 and 2022, the liability ratios were as follows:

|                   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|-------------------|------------------------------|------------------------------|
| Total liabilities | \$ 8,497,074                 | 7,623,530                    |
| Total assets      | 23,606,139                   | 20,583,174                   |
| Liability ratio   | 36 %                         | 37 %                         |

As of December 31, 2023, there were no changes in the Company's approach to capital management.

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

The Company's investing and financial activities which did not affect the current cash flow in the years ended December 31, 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:

|   | <u>January 1,<br/>2023</u> | <u>Cash flow</u> | <u>Non-cash changes</u>        |                                  |                 | <u>December<br/>31, 2023</u> |
|---|----------------------------|------------------|--------------------------------|----------------------------------|-----------------|------------------------------|
|   |                            |                  | <u>Additions of<br/>leases</u> | <u>Cancellation<br/>of lease</u> | <u>Other</u>    |                              |
| Short term borrowings                       | \$ 630,000                 | 625,000          | -                              | -                                | -               | 1,255,000                    |
| Long term borrowings                        | 600,000                    | -                | -                              | -                                | -               | 600,000                      |
| Bonds payable                               | -                          | 1,007,039        | -                              | -                                | (50,230)        | 956,809                      |
| Lease liabilities                           | <u>160,565</u>             | <u>(66,842)</u>  | <u>21,667</u>                  | <u>(2,728)</u>                   | <u>-</u>        | <u>112,662</u>               |
| Total liabilities from financing activities | <u>\$ 1,390,565</u>        | <u>1,565,197</u> | <u>21,667</u>                  | <u>(2,728)</u>                   | <u>(50,230)</u> | <u>2,924,471</u>             |

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

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**(7) Related-party transactions:**

(a) Names and relationship with related parties

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

| <u>Name of related party</u>  | <u>Relationship with the Company</u> |
|---|--------------------------------------|
| Taiwan E&M System Inc. (Taiwan E&M)                                       | Subsidiary                           |
| Topco Group Ltd. (Topco Group)  | Subsidiary                           |
| Topco International Investment Co., Ltd. (Topco International Investment) | Subsidiary                           |
| Topco Investment Co., Ltd. (Topco Investment)                             | Subsidiary                           |
| ECO Technology Services Co., Ltd. (Chien Yueh)                            | Subsidiary                           |
| Hong Kong Topco Trading Limited (Topco Trading)                           | Subsidiary                           |
| Cityspace International Co., Ltd. (Cityspace)                             | Subsidiary                           |
| Kuan Yueh Technology Engineering Co., Ltd. (Kuan Yueh Technology)         | Subsidiary                           |
| Jia Yi Energy Co., Ltd. (Jia Yi Energy)                                   | Subsidiary                           |
| Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)                             | Subsidiary                           |
| Jing Chen Energy Co., Ltd. (Jing Chen)                                    | Subsidiary                           |
| Jing Yang Energy Co., Ltd. (Jing Yang)                                    | Subsidiary                           |
| Anyong Biotechnology, Inc. (Anyong Biotechnology)                         | Subsidiary                           |
| Anyong FreshMart. Inc (Anyong Fresh Mart)                                 | Subsidiary                           |
| Topchem Materials Co., Ltd. (Topchem Materials)                           | Subsidiary                           |
| Xiang Yueh Co., Ltd. (Xiang Yueh)   | Subsidiary (Note 4)                  |
| Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)                             | Subsidiary                           |
| Suzhou Topco Construction Ltd. (Topco Suzhou)                             | Subsidiary                           |
| Topco Scientific (Shanghai) Co. Ltd. (Topco Shanghai)                     | Subsidiary                           |
| Topco Chemical (Z.F.T.Z) Co., Ltd. (Topco Chemical)                       | Subsidiary                           |
| Topco Engineering (Suzhou) Ltd. (Topco Engineering)                       | Subsidiary                           |
| Topsience (s) Pte. Ltd. (Topsience (s))                                   | Subsidiary                           |
| Topscio Scientific (Japan) Co., Ltd. (Topco Japan)                        | Subsidiary                           |
| Yilan Anyong Lohas Co., Ltd. (Anyong Lohas)                               | Subsidiary                           |
| XPORTS SPORTS CO., LTD. (XPORTS SPORTS)                                   | Subsidiary                           |
| Unitech New Energy Engineering Co., Ltd (Unitech New Energy Engineering)  | Subsidiary                           |
| TOP VACUUM CO., LTD. (TOP VACUUM )  | Subsidiary                           |
| Yun Yueh Technology Co., Ltd. (Yun Yueh Technology)                       | Subsidiary                           |

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**TOPCO SCIENTIFIC CO., LTD.**  
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| <u>Name of related party</u>  | <u>Relationship with the Company</u>                       |
|---|--|
| Topchip electronic Co. Ltd. (Topchip)                               | Subsidiary (Note 1)  |
| Thermaltake green power Co. Ltd. (Thermaltake green power)          | Subsidiary (Note 2)  |
| Fong Rong Smart Machinery Co., Ltd. (Fong Rong Smart Machinery)     | An associate of subsidiary (Note 3)                        |
| Eastwind Tsusho Inc. (Eastwind Tsusho)                              | An associate of subsidiary                                 |
| Topco Quartz Products Co., Ltd. (Topco Quartz)                      | Associate  |
| Shin-Etsu Handotai Taiwan Co, Ltd.<br>(Shin-Etsu Handotai Taiwan)   | The Company is the corporate director of the related party |
| Shin-Etsu Opto Electronics Co. Ltd.<br>(Shin-Etsu Opto Electronics) | The Company is the corporate director of the related party |

Note 1: The Company set up Topchip in May 2022.

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

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

Note 4: Xiang Yueh applied for approval to the liquidation procedures in September 2023.

(b) Significant transactions with related parties

(i) Sales

1) Sales

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

|                       | <u>2023</u>       | <u>2022</u>    |
|-----------------------|-------------------|----------------|
| Subsidiaries          | \$ 273,446        | 130,842        |
| Associates            | 16                | 194            |
| Other related parties | <u>20,802</u>     | <u>43,215</u>  |
|                       | <u>\$ 294,264</u> | <u>174,251</u> |

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

(Continued)



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

2) Service revenue — commission and others

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

|                           | <u>2023</u>       | <u>2022</u>    |
|---------------------------|-------------------|----------------|
| Subsidiaries              | \$ 685            | -              |
| Associates:               |                   |                |
| Topco Quartz              | 276,962           | 264,500        |
| Other related parties:    |                   |                |
| Shin-Etsu Handotai Taiwan | 343,387           | 324,184        |
| Other related parties     | <u>237</u>        | <u>505</u>     |
|                           | <u>\$ 621,271</u> | <u>589,189</u> |

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

(ii) Purchases

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

|                       | <u>2023</u>       | <u>2022</u>    |
|-----------------------|-------------------|----------------|
| Subsidiaries          | \$ 53,319         | 31,875         |
| Associates            | 643,516           | 676,925        |
| Other related parties | <u>1,427</u>      | <u>10,822</u>  |
|                       | <u>\$ 698,262</u> | <u>719,622</u> |

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

(iii) Operating lease

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

|                                | <u>2023</u>      | <u>2022</u>  |
|--------------------------------|------------------|--------------|
| Anyong Fresh Mart              | \$ 3,149         | 3,555        |
| Unitech New Energy Engineering | 3,870            | -            |
| Chien Yueh                     | 6,368            | 5,846        |
| Other subsidiaries             | <u>344</u>       | <u>299</u>   |
|                                | <u>\$ 13,731</u> | <u>9,700</u> |

(Continued)

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

(iv) Other non-operating income

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

|              | <u>2023</u>     | <u>2022</u>  |
|--------------|-----------------|--------------|
| Subsidiaries | \$ <u>5,909</u> | <u>5,702</u> |

(v) Loans to other parties

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

December 31, 2023: None.

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

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

(vi) Receivables from related parties

The receivables from related parties were as follows:

| <u>Account</u>      | <u>Relationship</u>   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|---------------------|-----------------------|------------------------------|------------------------------|
| Accounts receivable | Subsidiaries          | \$ 49,806                    | 17,561                       |
| Accounts receivable | Associates            | 39,961                       | 42,135                       |
| Accounts receivable | Other related parties | 63,548                       | 56,269                       |
| Other receivables   | Subsidiaries          | 9,101                        | 9,451                        |
| Other receivables   | Associates            | <u>32</u>                    | <u>31</u>                    |
|                     |                       | <u>\$ 162,448</u>            | <u>125,447</u>               |

(Continued)

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

## (vii) Payables to related parties

The payables to related parties were as follows:

| <u>Account</u>   | <u>Relationship</u>   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------|-----------------------|------------------------------|------------------------------|
| Accounts payable | Subsidiaries          | \$ 8,295                     | 16,349                       |
| Accounts payable | Associates            | 218,978                      | 193,591                      |
| Accounts payable | Other related parties | 1,036                        | 943                          |
|                  |                       | <u>\$ 228,309</u>            | <u>210,883</u>               |

## (viii) Guarantees

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

|                        | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------------|------------------------------|------------------------------|
| Subsidiaries           |                              |                              |
| Topco Shanghai         | \$ 191,027                   | 305,739                      |
| Chien Yueh             | 2,295,000                    | 2,300,000                    |
| Kuan Yueh Technology   | 1,155,906                    | 1,186,372                    |
| TOPSCIENCE(S) PTE LTD. | 962,715                      | 1,499,777                    |
| Other Subsidiaries     | 1,874,416                    | 2,268,359                    |
|                        | <u>\$ 6,479,064</u>          | <u>7,560,247</u>             |

## (ix) Equity transaction

On October 25, 2023, in order to coordinate the adjustment of the group organization, the Company purchased all of Topco Japan shares from Topco International Investment, a subsidiary of the Company. As of December 31, 2023, the transfer price has been fully paid, and the transfer of equity process has been completed.

## (c) Transactions with key management personnel

Key management personnel compensation comprised:

|                              | <u>2023</u>       | <u>2022</u>    |
|------------------------------|-------------------|----------------|
| Short-term employee benefits | \$ 327,311        | 364,394        |
| Post-employment benefits     | 3,386             | 2,766          |
| Share-based payments         | 6,290             | -              |
|                              | <u>\$ 336,987</u> | <u>367,160</u> |

(Continued)

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

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| <u>Assets</u>   | <u>Subject</u>   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|---|--|------------------------------|------------------------------|
| Other non-current financial assets<br>– time deposits | Deposit for lease                                      | \$ 2,398                     | 2,390                        |
| Other current financial assets                        | Fees received in advance for sport<br>training courses | <u>11,130</u>                | <u>9,707</u>                 |
|   |  | <u>\$ 13,528</u>             | <u>12,097</u>                |

**(9) Commitments and contingencies:**

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

|  | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--|------------------------------|------------------------------|
| Commitments for construction contracts       | <u>\$ 9,687</u>              | <u>19,761</u>                |
| Bank guarantees to construction contracts    | <u>\$ 31,772</u>             | <u>410</u>                   |
| Acquisition of property, plant and equipment | <u>\$ 3,974,484</u>          | <u>-</u>                     |

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

|  | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--|------------------------------|------------------------------|
| Unused and outstanding letters of credit | <u>\$ 958,522</u>            | <u>1,355,153</u>             |

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

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

| By function                | 2023           |                    |           | 2022           |                    |           |
|----------------------------|----------------|--------------------|-----------|----------------|--------------------|-----------|
|                            | Operating cost | Operating expenses | Total     | Operating cost | Operating expenses | Total     |
| By item                    |                |                    |           |                |                    |           |
| Employee benefit expenses  |                |                    |           |                |                    |           |
| Salaries                   | 61,860         | 1,053,507          | 1,115,367 | 57,552         | 1,188,168          | 1,245,720 |
| Labor and health insurance | 495            | 62,981             | 63,476    | -              | 58,403             | 58,403    |
| Pension                    | 190            | 32,190             | 32,380    | -              | 30,059             | 30,059    |
| Remuneration of directors  | -              | 77,296             | 77,296    | -              | 83,700             | 83,700    |
| Other employee benefits    | 544            | 49,459             | 50,003    | 384            | 47,098             | 47,482    |
| Depreciation               | 12,913         | 163,999            | 176,912   | 11,291         | 162,123            | 173,414   |
| Amortization               | 60             | 22,411             | 22,471    | -              | 26,179             | 26,179    |

(Continued)

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

The number of employees and employee benefit expenses of the Company for the years ended December 31, 2023 and 2022 were as follows:

|  | <u>2023</u>     | <u>2022</u>  |
|--|-----------------|--------------|
| Number of employees                            | <u>540</u>      | <u>557</u>   |
| Non-employee directors                         | <u>5</u>        | <u>5</u>     |
| Average benefit expense per employee           | <u>\$ 2,357</u> | <u>2,503</u> |
| Average salary expense per employee            | <u>\$ 2,085</u> | <u>2,257</u> |
| Average salary expense adjustment per employee | <u>(7.62)%</u>  |              |

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

(i) Employees:

Remuneration should be based on the Company's overall operating performance with consideration of the contribution of each Directors and executive officers to the Company and the risk the Company will face. The remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations to reach a balance between the Company's sustainable operation and risk control.

(ii) Managers:

The total compensation paid to the managers is decided based on their job responsibility, contribution and with reference to industry. The compensations are reviewed regularly in Remuneration Committee then submitted to the Board of directors for approval.

(iii) Directors:

The remunerations for the Directors are determined in accordance with the procedures set force in the Company's Article of Incorporation and the Company's overall operating performance. The compensations are reviewed regularly in Remuneration Committee then submitted to the Board of Directors for approval.

**(13) Other disclosures:**

(a) Information on significant transactions: Please refer to table.

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: Please refer to table 1

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 2

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to table 3

(Continued)

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

- (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
- (b) Information on investees: Please refer to table 5
- (c) Information on investment in mainland China: Please refer to table 6
- (d) Major shareholders holding more than 5% of ownership for the year ended December 31, 2023: None

**(14) Segment information:**

Please refer to the consolidated financial reports for the year ended December 31, 2023.

## TOPCO SCIENTIFIC CO., LTD.

### 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   | 129,810   | 4,757                                 | -   | 0.86%   | (Note 5)                                       | Y  | N  | Y  |
| "   | "                 | Topco Shanghai                                    | (Note 2)                      | (Note 4)  | 416,115   | 191,027   | 191,027                               | -   | 1.26%   | (Note 5)                                       | Y  | N  | Y  |
| "   | "                 | Shanghai Chong Yao                                | (Note 2)                      | (Note 4)  | 44,450  | 43,270  | -                                     | -   | 0.29%   | (Note 5)                                       | Y  | N  | Y  |
| "   | "                 | Chien Yueh  | (Note 2)                      | (Note 4)  | 2,295,000   | 2,295,000   | 190,955                               | -   | 15.19%  | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | JiaYi Energy                                      | (Note 2)                      | (Note 4)  | 262,177   | 180,000   | -                                     | -   | 1.19%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Jing Chen Energy                                  | (Note 2)                      | (Note 4)  | 113,620   | 113,620   | 37,156                                | -   | 0.75%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Jing Yang Energy                                  | (Note 2)                      | (Note 4)  | 197,960   | 178,600   | 138,070                               | -   | 1.18%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Jing Yuch Energy                                  | (Note 2)                      | (Note 4)  | 375,684   | 191,994   | 169,152                               | -   | 1.27%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Kuan Yueh Technology                              | (Note 2)                      | (Note 4)  | 1,186,372   | 1,155,906   | 589,107                               | -   | 7.65%   | (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)  | 1,015,960   | 962,715   | 365,845                               | -   | 6.37%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Topchem Materials                                 | (Note 2)                      | (Note 4)  | 200,000   | 200,000   | 11,791                                | -   | 1.32%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Topco Engineering                                 | (Note 2)                      | (Note 4)  | 497,370   | 129,810   | -                                     | -   | 0.86%   | (Note 5)                                       | Y  | N  | Y  |
| "   | "                 | Unitech New Energy Engineering                    | (Note 2)                      | (Note 4)  | 421,097   | 271,097   | 111,250                               | -   | 1.79%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Topscience Vietnam Co., Ltd.                      | (Note 2)                      | (Note 4)  | 125,680   | 107,468   | 47,652                                | -   | 0.71%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Topchip   | (Note 2)                      | (Note 4)  | 202,177   | 202,177   | 119,750                               | -   | 1.34%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Shunkawa  | (Note 2)                      | (Note 4)  | 65,160  | 65,160  | -                                     | -   | 0.43%   | (Note 5)                                       | Y  | N  | N  |
| "   | "                 | Topco Scientific USA                              | (Note 2)                      | (Note 4)  | 61,410  | 61,410  | -                                     | -   | 0.41%   | (Note 5)                                       | Y  | N  | N  |
| 1   | Topco Suzhou      | Suzhou Sujing Environmental Engineering Co., Ltd. | (Note 3)                      | (Note 4)  | 26,496  | 25,793  | 25,793                                | -   | 0.17%   | (Note 6)                                       | N  | N  | Y  |
| 2   | Chien Yueh        | Grace&Partners, Architects and Planners           | (Note 3)                      | (Note 7)  | 300,000   | 300,000   | 300,000                               | -   | 1.99%   | (Note 7)                                       | N  | N  | N  |
| "   | "                 | New Asia Construction & Development Corp.         | (Note 3)                      | (Note 7)  | 7,544,000   | 7,544,000   | 7,544,000                             | -   | 49.93%  | (Note 7)                                       | N  | N  | N  |
| 3   | Topchem Materials | Topco Scientific Co., Ltd.                        | (Note 11)                     | (Note 8)  | 26,349  | 26,349  | 26,349                                | -   | 0.17%   | (Note 8)                                       | N  | Y  | 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 \$15,109,065, 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 \$24,174,504, 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 \$19,478,075, 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 \$10,323,240 and \$17,205,400, which is 30-50 times of the net value of the Chien Yueh's latest financial reports.

Note 8: According to the Topchem Materials' "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for a single enterprise shall not exceed \$102,558 which is one time of the net value of the Topchem Materials' latest financial reports.

Note 9: 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 10: Due to the early renewal of the endorsement guarantee contract, the Company's endorsement guarantee to Chien Yueh, Jing Chen, Kuan Yueh Technology, and Topchem Materials were double-calculated in the amount NTD700,000, NTD25,000, NTD300,000, and NTD100,000, respectively.

Note 11: The company that directly or indirectly holds more than 50% of the company's voting shares.

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(ii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder                 | Category and name of security              | Relationship with company           | Account title   | Ending balance           |                |                             |            | Note   |
|--------------------------------|--|-------------------------------------|---|--------------------------|----------------|-----------------------------|------------|--------|
|                                |  |                                     |   | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value |        |
|                                | Fund:                                      |                                     |   |                          |                |                             |            |        |
| The Company                    | Mega Diamond Money Market Fund             | None                                | Current financial assets at fair value through profit or loss                 | 193                      | 2,491          | -                           | 2,491      |        |
|                                | Stock:                                     |                                     |   |                          |                |                             |            |        |
| The Company                    | Eversol Corporation                        | None                                | Non-current financial assets at fair value through other comprehensive income | 230                      | -              | 8.21                        | -          |        |
| "                              | Shin-Etsu Opto Electronic                  | The Company is its company director | "   | 2,000                    | 118,260        | 10                          | 118,260    |        |
| "                              | Shin-Etsu Handotai Taiwan                  | "                                   | "   | 12,000                   | 975,840        | 8                           | 975,840    |        |
| "                              | Everglory Resource Technology Co., Ltd.    | "                                   | "   | 2,000                    | 29,060         | 8.18                        | 29,060     |        |
| "                              | ProMOS Technologies Inc.                   | "                                   | "   | 71                       | 1,757          | 0.16                        | 1,757      |        |
| "                              | SOLAR APPLIED MATERIALS TECHNOLOGY CORP.   | "                                   | "   | 5,000                    | 194,250        | 0.84                        | 194,250    |        |
| "                              | Win Win Precision Technology Co. Ltd       | "                                   | Non-current financial assets at fair value through profit or loss             | 1,595                    | 64,980         | 2.63                        | 64,980     |        |
| "                              | Barits Biofund, Inc.                       | "                                   | "   | 7,209                    | 76,486         | 3.6                         | 76,486     |        |
| "                              | Shih Her Technologies Inc.                 | "                                   | "   | 1,977                    | 167,254        | 3.48                        | 167,254    |        |
| "                              | Guangxin Venture Capital Co., Ltd.         | "                                   | "   | 6,667                    | 69,600         | 6.67                        | 69,600     |        |
| "                              | Belite Bio, Inc.                           | "                                   | "   | 45                       | 63,214         | 0.16                        | 63,214     |        |
| "                              | Fu You Private Equity Fund Limited Partner | "                                   | "   | 3,500                    | 41,825         | 5.00                        | 41,825     |        |
| "                              | Lin Bioscience, Inc.                       | "                                   | "   | 100                      | 11,344         | 0.13                        | 11,344     |        |
| "                              | Foxtron Vehicle Technologies Co., Ltd.     | "                                   | "   | 995                      | 44,377         | 0.06                        | 44,377     |        |
|                                | Other:                                     |                                     |   |                          |                |                             |            |        |
| The Company                    | LEAP FUND L.P.                             | None                                | Non-current financial assets at fair value through profit or loss             | -                        | 38,418         | 12.22                       | 38,418     |        |
|                                | Fund:                                      |                                     |   |                          |                |                             |            |        |
| Topco International Investment | Taishin 1699 Money Market                  | None                                | Current financial assets at fair value through profit or loss                 | 1,010                    | 14,079         | -                           | 14,079     |        |
| "                              | Mega Diamond Money Market                  | "                                   | "   | 3,884                    | 50,104         | -                           | 50,104     |        |
| "                              | Taishin Ta-Chong Money Market              | "                                   | "   | 2,058                    | 30,062         | -                           | 30,062     |        |
| "                              | Hua Nan Phoenix Money Market               | "                                   | "   | 2,990                    | 50,001         | -                           | 50,001     |        |
|                                | Stock:                                     |                                     |   |                          |                |                             |            |        |
| "                              | Win Win Precision Technology Co., Ltd.     | None                                | Non-current financial assets at fair value through other comprehensive income | 855                      | 34,851         | 1.41                        | 34,851     |        |
| "                              | Mylight Technology Co., Ltd. (Mylight)     | "                                   | "   | -                        | -              | -                           | -          | Note 1 |
| "                              | Archers Inc.                               | "                                   | "   | -                        | -              | -                           | -          | Note2  |
| "                              | Ultramed Technology Co., Ltd.              | "                                   | "   | 100                      | 3,668          | 5.26                        | 3,668      |        |
| "                              | Sunergy development corporation            | "                                   | "   | 285                      | -              | -                           | -          |        |
| "                              | Mycopore Corporation Ltd.                  | "                                   | "   | 400                      | 2,696          | 2.29                        | 2,696      |        |
| "                              | Syu Yang Technology Corporation            | "                                   | Non-current financial assets at fair value through profit or loss             | 30                       | -              | 10                          | -          |        |
| "                              | Win Win Precision Technology Co., Ltd.     | "                                   | "   | 711                      | 28,951         | 1.17                        | 28,951     |        |
| "                              | 3S Silicon Tech., Inc.                     | "                                   | "   | 400                      | 5,797          | 1.08                        | 5,797      |        |
|                                | Fund:                                      |                                     |   |                          |                |                             |            |        |
| Topco Investment               | Taishin 1699 Money Market                  | None                                | Current financial assets at fair value through profit or loss                 | 302                      | 4,208          | -                           | 4,208      |        |
|                                | Stock:                                     |                                     |   |                          |                |                             |            |        |
| "                              | Mylight                                    | None                                | Non-current financial assets at fair value through other comprehensive income | -                        | -              | -                           | -          | Note 1 |
| "                              | H2U Corporation                            | "                                   | "   | 273                      | 3,653          | 1.08                        | 3,653      |        |
| "                              | TFBS BIOSCIENCE, INC.                      | "                                   | "   | 262                      | 11,933         | 0.78                        | 11,933     |        |
| "                              | Hun Chun Venture Capital Corporation       | "                                   | Non-current financial assets at fair value through profit or loss             | 1,699                    | 15,156         | 5.75                        | 15,156     |        |
| "                              | TFBS BIOSCIENCE, INC.                      | "                                   | "   | 1,394                    | 63,450         | 4.01                        | 63,450     |        |



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

| Name of holder                 | Category and name of security                 | Relationship with company | Account title   | Ending balance              |                   |                                |            | Note |
|--------------------------------|---|---------------------------|---|-----------------------------|-------------------|--------------------------------|------------|------|
|                                |   |                           |   | Shares/Units<br>(thousands) | Carrying<br>value | Percentage of<br>ownership (%) | Fair value |      |
|                                | Fund:   |                           |   |                             |                   |                                |            |      |
| Taiwan E&M                     | Mega Diamond Money Market Fund                | None                      | Current financial assets at fair value through profit or loss                 | 4,176                       | 53,873            | -                              | 53,873     |      |
| "                              | Franklin U.S. Government Money Fund           | "                         | "   | 4,187                       | 44,496            | -                              | 44,496     |      |
| "                              | FSITC Taiwan Money Market                     | "                         | "   | 3,266                       | 51,397            | -                              | 51,397     |      |
| "                              | Taishin 1699 Money Market                     | "                         | "   | 3,540                       | 49,353            | -                              | 49,353     |      |
| "                              | KGI Victory Money Market Fund                 | "                         | "   | 1,261                       | 15,001            | -                              | 15,001     |      |
|                                | Stock:  |                           |   |                             |                   |                                |            |      |
| Top Vacuum                     | ProMOS Technologies Inc                       | None                      | Non-current financial assets at fair value through other comprehensive income | 14                          | 357               | -                              | 357        |      |
|                                | Fund:   |                           |   |                             |                   |                                |            |      |
| Ding Yue Solar                 | FSITC Money Market                            | None                      | Current financial assets at fair value through profit or loss                 | 7                           | 1,366             | -                              | 1,366      |      |
|                                | Fund:   |                           |   |                             |                   |                                |            |      |
| Anyong Biotechnology           | Taishin 1699 Money Market                     | None                      | Current financial assets at fair value through profit or loss                 | 1,256                       | 17,517            | -                              | 17,517     |      |
|                                | Fund:   |                           |   |                             |                   |                                |            |      |
| Anyong Fresh Mart              | Jih Sun Money Market Fund                     | None                      | Current financial assets at fair value through profit or loss                 | 2,627                       | 40,081            | -                              | 40,081     |      |
|                                | Fund:   |                           |   |                             |                   |                                |            |      |
| Xports Sports                  | Jih Sun Money Market Fund                     | None                      | Current financial assets at fair value through profit or loss                 | 526                         | 8,026             | -                              | 8,026      |      |
|                                | Stock:  |                           |   |                             |                   |                                |            |      |
| Unitech New Energy Engineering | United Microelectronics Corporation Co., Ltd. | None                      | Non-current financial assets at fair value through profit or loss             | 10                          | 551               | -                              | 551        |      |
| "                              | United Renewable Energy Co., Ltd.             | "                         | "   | 10                          | 154               | -                              | 154        |      |

Note 1: Liquidation of Mylight was completed in the first quarter of 2023.

Note 2: Liquidation of Archers Inc. was completed in the first quarter of 2023.

## TOPCO SCIENTIFIC CO., LTD.

### Notes to the Consolidated Financial Statements

(iii) Acquisition of individual real estate with amount exceeding the lower of NTS300 million or 20% of the capital stock:

(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, whose data was transferred last time |               |        | Reference basis for price determination                         | Purpose of acquisition and usage | Others |
|--------------|--------------------|-----------|-----------|-------------------|---|------------------------|---|---------------|--------|---|----------------------------------|--------|
|              |                    |           |           |                   |   |                        | Relationship with Issuer  | Transfer date | Amount |   |                                  |        |
| The Company  | Land and Buildings | 2023/1/17 | 5,350,000 | 1,375,516         | China Real Estate Management Co., Ltd. and 11 natural persons. China Construction Manager Co., Ltd. | non-related            | None  | None          | None   | Valuation report from bon-de Real Estate Joint Appraisers Firm. | For Operating purpose            | None   |

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 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                 | (364,190) | (1%)                                  | Net 30 days from the end of the month of delivery | -   | -             | Accounts receivable                 | 2%  |      |
| The Company    | Topco Quartz              | The Company's investment accounted for using equity method        | Sale                 | (276,977) | (1%)                                  | Net 60 days from the end of the month of delivery | -   | -             | Accounts receivable                 | 1%  |      |
| "              | "                         | "   | Purchase             | 609,426   | 3%                                    | Net 60 days from the end of the month of delivery | -   | -             | Accounts Payable                    | (7%)  |      |
| Chien Yueh     | Topco Quartz              | The parent company's investment accounted for using equity method | Construction Revenue | (149,649) | (7%)                                  | Net 30 days from the end of the month of delivery | -   | -             | Accounts receivable                 | 5%  |      |
| Topco Shanghai | Shin Etsu Handotai Taiwan | The parent company of the company is its company director         | Purchase             | 5,467,826 | 61%                                   | Net 90 days from the end of the month of delivery | -   | -             | Accounts payable                    | (32%)   |      |

## TOPCO SCIENTIFIC CO., LTD.

### Notes to the Consolidated Financial Statements

**(v) Information on investees:**

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars and foreign currencies)

| Investor Company               | Investee Company                | Location       | Main Businesses and Products   | Original Investment Amount           |                                      | Balance as of December 31, 2023 |                         |                  | Net income (losses) of investee | Share of profits/losses of investee                                    | Note  |
|--------------------------------|---------------------------------|----------------|--|--------------------------------------|--------------------------------------|---------------------------------|-------------------------|------------------|---------------------------------|--|---|
|                                |                                 |                |  | December 31, 2023                    | December 31, 2022                    | Shares (thousands)              | Percentage of Ownership | Carrying Value   |                                 |  |   |
| The Company                    | Topco Quartz                    | Hsinchu County | Manufacture and repair of quartz equipment, quartz tube e.g.                                       | 99,232                               | 99,232                               | 13                              | 40%                     | 2,057,455        | 1,177,500                       | 453,682  |   |
|                                | Taiwan E&M                      | Hsinchu City   | Sales of electronic material   | 425,000                              | 425,000                              | 42,500                          | 100%                    | 538,771          | 69,291                          | 69,291   |   |
|                                | Fortune                         | Taipei City    | Clean up of waste and environmental management service   | 149,600                              | 149,600                              | 14,960                          | 25%                     | 253,400          | 102,141                         | 25,526   |   |
|                                | Topco Group                     | Samoa          | Investment activities  | 714,206                              | 714,206                              | 22,432                          | 100%                    | 3,309,706        | 1,143,087                       | 1,148,687  |   |
|                                | Topsience(s)                    | Singapore      | Sales of parts of semiconductor and optoelectronic industries                                      | 411,513                              | 411,513                              | 4,153                           | 100%                    | 572,836          | 4,139                           | 4,139  |   |
|                                | Topco International Investment  | Taipei City    | Investment activities  | 495,000                              | 495,000                              | 66,962                          | 100%                    | 650,157          | 39,772                          | 39,772   |   |
|                                | Topco Investment                | Taipei City    | Investment activities  | 315,000                              | 315,000                              | 19,009                          | 100%                    | 121,818          | (54,619)                        | (54,619)   |   |
|                                | Chien Yueh                      | Taipei City    | Water purification and construction of dust-proof room   | 475,000                              | 475,000                              | 53,829                          | 100%                    | 313,193          | 50,416                          | 36,374   |   |
|                                | Anyong Biotechnology            | Taipei City    | Aquaculture and strategic partnership with fish processing   | 540,629                              | 540,629                              | 30,000                          | 100%                    | 69,116           | (32,041)                        | (32,041)   |   |
|                                | Winfull Bio-tech Co., Ltd.      | Tainan City    | Manufacture of organic fertilizer  | 35,000                               | 35,000                               | 3,500                           | 39%                     | -                | -                               | -  |   |
|                                | Anyong Fresh Mart.              | Taipei City    | Wholesale and retail sales of fishery products and supermarket operation                           | 699,350                              | 604,350                              | 29,500                          | 100%                    | 133,557          | (62,909)                        | (62,888)   |   |
|                                | Jia Yi Energy                   | Taipei City    | Solar system engineering   | 236,792                              | 236,792                              | 25,924                          | 84%                     | 190,812          | 6,578                           | 5,492  |   |
|                                | Xiang Yueh                      | Taipei City    | Waste disposal   | 91,170                               | 76,770                               | 7,340                           | 100%                    | 11,453           | (23,042)                        | (19,622)   | Note 4  |
|                                | Anyong Lohas                    | Yilan County   | Restaurant and retail sales of food products   | 355,000                              | 317,000                              | 25,500                          | 100%                    | 32,121           | (24,946)                        | (24,946)   |   |
|                                | Xports Sports                   | Taipei City    | Sports Training  | 145,508                              | 95,508                               | 15,000                          | 100%                    | 117,543          | (14,453)                        | (14,453)   |   |
|                                | Unitech New Energy Engineering  | Taipei City    | Environment-related engineering planning, assessment, supervision and monitoring                   | 434,560                              | 434,560                              | 776                             | 77.6%                   | 386,698          | 131,821                         | 74,385   |   |
|                                | TOPCO SCIENTIFIC USA            | USA            | Wholesale of semiconductor material  | 152,011                              | 91,233                               | 10                              | 100%                    | 136,116          | (13,097)                        | (13,097)   |   |
|                                | Topco Japan                     | Japan          | Sales of facilities of semiconductor and clean room  | 77,367                               | -                                    | 45                              | 100%                    | 75,411           | (9,502)                         | (2,409)  | Note 3  |
|                                |                                 |                |  |                                      |                                      |                                 |                         | <b>8,970,163</b> |                                 | <b>1,633,273</b>   |   |
|                                | Topco Group                     | Topco Trading  | Hong Kong  | Wholesale of semiconductor material  | 46,058                               | 46,058                          | 1,500                   | 100%             | 130,586                         | 40,481   | Investment gains (losses) recognized by Topco Group |
|                                | Asia Topco Holding              | Cayman         | Investment activities  | (USD1,500)<br>614,100<br>(USD20,000) | (USD1,500)<br>614,100<br>(USD20,000) | 20,000                          | 100%                    | 3,157,462        | 1,103,545                       | "  |   |
| Asia Topco Holding             | Asia Topco                      | Mauritius      | Investment activities  | 614,100<br>(USD20,000)               | 614,100<br>(USD20,000)               | 20,000                          | 100%                    | 3,154,391        | 1,103,545                       | "  |   |
| Topsience(s)                   | Topsience Vietnam               | Vietnam        | Sales of parts of semiconductor and optoelectronic industries                                      | 103,594<br>(SGD4,448)                | 56,758<br>(SGD2,437)                 | -                               | 100%                    | 66,060           | (13,511)                        | Investment gains (losses) recognized by Topsience(s)                   |   |
|                                | Anyong (s)                      | Singapore      | Wholesale and retail sales of fishery products   | 6,195<br>(SGD267)                    | -<br>(SGD -)                         | 266                             | 100%                    | 2,627            | (3,554)                         | "  |   |
|                                | Ping Yue Technology             | Malaysia       | Sales of semiconductor material and equipment  | 14,533<br>(SGD624)                   | 14,533<br>(SGD624)                   | 2,056                           | 100%                    | 9,641            | (2,235)                         | "  |   |
| Topco International Investment | Cityspace                       | Taipei City    | Wholesale sales of cosmetics   | 12,000                               | 12,000                               | 1,267                           | 67%                     | 20,713           | 7,297                           | Investment gains (losses) recognized by Topco International Investment |   |
|                                | Topco Japan                     | Japan          | Sales of facilities of semiconductor and clean room  | 0                                    | 54,300<br>(JPY250,000)               | -                               | -%                      | -                | (9,502)                         | "  | Note 3  |
|                                | Kuan Yueh Technology            | Taipei City    | Development of renewable energy projects / Configure pipeline construction and device installation | 149,640                              | 149,640                              | 19,300                          | 100%                    | 212,148          | 11,590                          | "  |   |
|                                | Jia Yi Energy                   | Taipei City    | Solar system engineering   | 28,208                               | 28,208                               | 5,005                           | 16%                     | 50,417           | 6,578                           | "  |   |
|                                | Kanbo Biomedical                | Taipei City    | Sales of health food products  | 6,287                                | 6,287                                | 1,000                           | 100%                    | 1,360            | 1                               | "  |   |
|                                | Ruey Sheng Industrial Co., Ltd. | Samoa          | Investment activities  | 4,197                                | 4,197                                | 142                             | 36%                     | -                | -                               | "  |   |
|                                | Topchem Materials               | Taipei City    | Antifouling surface protection, light-blocking material and the manufacture of other chemicals     | 31,000                               | 31,000                               | 5,500                           | 100%                    | 102,558          | 30,235                          | "  |   |
|                                | Fortune                         | Taipei City    | Clean up of waste and environmental management service   | 771                                  | 771                                  | 40                              | 0.07%                   | 712              | 102,141                         | "  |   |
|                                | Tai Ying Resource               | Kaohsiung City | Clean up of waste  | 83,144                               | 141,704                              | 4,880                           | 48.80%                  | 83,096           | (19,155)                        | "  |   |
|                                | EastWind Tsusho                 | Taipei City    | Manufacturing and trading of electronic parts, etc.  | 5,000                                | 5,000                                | 500                             | 25%                     | 7,640            | 10,836                          | "  |   |
|                                | Topchip                         | Taipei City    | IC Design and Sales Company  | 10,000                               | 5,000                                | 1000                            | 100%                    | 10,514           | 524                             | "  |   |
|                                | Thermaltake green power         | Taipei City    | Sales of renewable energy  | 1,000                                | 1,000                                | 100                             | 100%                    | 935              | (42)                            | "  |   |
|                                | Fong Rong Smatr Machinery       | Hsinchu City   | Machinery manufacturing and repair industry  | 4,550                                | 4,550                                | 350                             | 25%                     | 3,052            | (6,408)                         | "  |   |

## TOPCO SCIENTIFIC CO., LTD.

### 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 December 31, 2023 |                         |                        | Net income (losses) of investee | Share of profits/losses of investee                       | Note   |
|-------------------|--------------------------------|----------------|--|----------------------------|------------------------|---------------------------------|-------------------------|------------------------|---------------------------------|---|--------|
|                   |                                |                |  | December 31, 2023          | December 31, 2022      | Shares (thousands)              | Percentage of Ownership | Carrying Value         |                                 |   |        |
| Topco Investment  | Multi Rich Technology          | Taichung City  | Wholesale of fishery products  | 20,500                     | 20,500                 | 2,050                           | 98%                     | 1,153                  | (346)                           | Investment gains (losses) recognized by Topco Investment  | Note 6 |
|                   | Ding Yue Solar                 | Taipei City    | Development of renewable energy project  | 9,000                      | 9,000                  | 900                             | 100%                    | 3,703                  | 17                              | "   |        |
|                   | Min Jen Restaurant             | Taipei City    | Restaurant   | -                          | 110,000                | -                               | -%                      | -                      | 3,120                           | "   | Note 5 |
|                   | Fei Da Intelligent Co., Ltd.   | Taipei City    | Manpower dispatch  | 8,875                      | 8,875                  | 725                             | 14%                     | 2,718                  | (11,860)                        | "   | Note 2 |
|                   | STARX INC.                     | Hsinchu City   | Precision instrument manufacturing   | 8,000                      | 8,000                  | 8,626                           | 26%                     | 5,464                  | (4,961)                         | "   |        |
| Topco Investment  | Yun Yueh Technology            | Taichung City  | Aquaculture and wholesale and sales of fishery products                          | 555                        | 555                    | 60                              | 55%                     | 518                    | (8)                             | Investment gains (losses) recognized by Topco Investment  |        |
|                   | Great Talent Tech Co., Ltd.    | Taipei City    | Personnel training   | 5,000                      | 5,000                  | 500                             | 31%                     | 1,558                  | (6,600)                         | "   |        |
| Jia Yi energy     | Jing Chen Energy               | Taipei City    | Development of renewable energy project  | 71,050                     | 71,050                 | 7,586                           | 100%                    | 71,063                 | 4,998                           | Investment gains (losses) recognized by Jia Yi energy     |        |
|                   | Jing Yang Energy               | Taipei City    | "  | 86,497                     | 86,497                 | 8,795                           | 100%                    | 68,791                 | 8,148                           | "   |        |
|                   | Jing Yueh Energy               | Taipei City    | "  | 92,160                     | 92,160                 | 9,122                           | 100%                    | 95,164                 | 5,571                           | "   |        |
| Taiwan E&M        | Top Vacuum                     | Hsinchu City   | Vacuum pump equipment maintenance  | 45,035                     | 45,035                 | 6,000                           | 60%                     | 79,744                 | 21,626                          | Investment gains (losses) recognized by Taiwan E&M        |        |
| Chien Yueh        | Tai Ying Resource              | Kaohsiung City | Clean up of waste  | 6,261                      | 9,916                  | 305                             | 3%                      | 5,903                  | (19,155)                        | Investment gains (losses) recognized by Chien Yueh        |        |
|                   | Unitech New Energy Engineering | Taipei City    | Environment-related engineering planning, assessment, supervision and monitoring | 5,600                      | 5,600                  | 10                              | 1%                      | 4,983                  | 131,820                         | "   |        |
| Topco Japan       | Shunkawa                       | Japan          | Import and export of semiconductor raw materials                                 | 21,720<br>(JPY100,000)     | 21,720<br>(JPY100,000) | 10                              | 100%                    | 60,734<br>(JPY279,624) | (1,472)<br>(JPY6,622)           | Investment gains (losses) recognized by Topco Japan       |        |
| Tai Ying Resource | Tai Ying Global Trading        | Kaohsiung City | International Trading  | 15,000                     | 5,000                  | 1,500                           | 100%                    | 13,399                 | (1,126)                         | Investment gains (losses) recognized by Tai Ying Resource |        |

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

Note 2: The Group holds a seat of director of Fei Da Intelligent and has significant influence. As a result, the Group accounted it for using the equity method.

Note 3: In order to coordinate the adjustment of the group organization, the Company purchased all of the Topco Japan shares from Topco International Investment in October 2023.

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.

Note 6: Multi Rich Technology had applied for liquidation procedures in August 2023.

## TOPCO SCIENTIFIC CO., LTD.

### Notes to the Consolidated Financial Statements

(vi) 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 2) | Investment flows |                     | Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 3) | Net income (losses) of the investee | Percentage of ownership | Investment gains (losses) (Note 2) | Book value (Note 3)       | Accumulated remittance of earnings in current period |
|-----------------------------------|---|--|-------------------------------|--|------------------|---------------------|--|-------------------------------------|-------------------------|------------------------------------|---------------------------|--|
|                                   |   |  |                               |  | Outflow          | Inflow              |  |                                     |                         |                                    |                           |  |
| Topco Shanghai                    | Wholesale of electronic material and equipment              | 269,897<br>(USD 8,790)<br>(Note 4)       | Note 1                        | -  | -                | -                   | -  | 670,527<br>(USD 21,518)             | 100%                    | 670,527<br>(USD 21,518)            | 1,925,572<br>(USD 62,712) | 1,468,908<br>(USD 47,139)                            |
| Shanghai Chong Yao                |   | 56,251<br>(RMB 13,000)                   | Note 5                        | Note 5   | -                | -                   | -  | 37,445<br>(RMB 8,519)               | 100%                    | 37,445<br>(RMB 8,519)              | 82,494<br>(RMB 19,065)    | -  |
| Topco Suzhou                      | Water purification and construction of dust-proof room      | 324,675<br>(USD 10,574)<br>(Note 4)      | Note 1                        | -  | -                | -                   | -  | 179,644<br>(USD 5,765)              | 100%                    | 179,644<br>(USD 5,765)             | 783,469<br>(USD 25,516)   | 164,593<br>(USD 5,282)                               |
| Topco Chemical                    | Wholesale and sales of chemical products                    | 21,985<br>(USD 716)<br>(Note 4)          | Note 1                        | 13,602<br>(USD 443)  | -                | 13,602<br>(USD 443) | -  | 242,590<br>(USD 7,785)              | 100%                    | 242,590<br>(USD 7,785)             | 356,884<br>(USD 11,623)   | 218,315<br>(USD 7,006)                               |
| Topco Engineering                 | Water purification and construction of dust-proof room      | 86,540<br>(RMB 20,000)                   | Note 6                        | Note 6   | -                | -                   | -  | 2,105<br>(RMB 479)                  | 100%                    | 2,105<br>(RMB 479)                 | 96,293<br>(RMB 22,254)    | -  |
| Shanghai Perfect Microelectronics | IC Design Company   | 8,654<br>(RMB 2,000)                     | Note 9                        | -  | -                | -                   | -  | 88<br>(RMB 20)                      | 51%                     | 44<br>(RMB 10)                     | 4,721<br>(RMB 1,091)      | -  |
| Wuxi super sunrise material       | Semiconductor wafer cassette recycling and cleaning service | 129,810<br>(RMB 30,000)                  | Note 10                       | -  | -                | -                   | -  | (2,967)<br>(RMB (675))              | 20%                     | (593)<br>(RMB (135))               | 35,557<br>(RMB 8,218)     | -  |
| Chung-Ling Chemical               | Wholesale and sales of chemical products                    | 43,270<br>(RMB 10,000)                   | Note 11                       | -  | -                | -                   | -  | (92)<br>(RMB (21))                  | 70%                     | (66)<br>(RMB (15))                 | 30,224<br>(RMB 6,985)     | -  |

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2023 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|--|--|---------------------------|
| 93,650<br>(USD 3,050)<br>(Note 7)                                | 710,268 (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 Shanghai Perfect Microelectronics and Wuxi Super Sunrise Material were recognized based on the financial statements prepared by the subsidiaries and not audited by the CPA; and the investment gains (losses) of other Companies were recognized based on the financial statements which have been audited by the CPA.

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rate of USD 1:30.705 and CNY 1:4.327, respectively, as of December 31, 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 year ended December 31, 2023, the significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

**Topco Scientific Co., Ltd.**  
**Statement of Cash and Cash Equivalents**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                           | <u>Description</u>  | <u>Amount</u>              |
|---------------------------------------|---|----------------------------|
| Cash on hand                          |   | \$ <u>1,966</u>            |
| Checking accounts and demand deposits | NTD   | 33,672                     |
|                                       | Foreign currencies (including USD 4,068 thousands, JPY 592,644 thousands, RMB 45,332 and others)  | <u>451,301</u>             |
|                                       |   | <u>484,973</u>             |
|                                       | NTD (Maturity date: 2024.01.04~2025.10.31), including NTD 1,031,382 of repatriated offshore funds | 2,551,382                  |
| Time deposits                         | Foreign currency (including USD 10,300 thousands, maturity date: 2024.01.10)                      | <u>316,261</u>             |
| Total                                 |   | <u>\$ <u>3,354,582</u></u> |

Note: The exchange rate is 30.705 New Taiwan Dollars for 1 US Dollar ; 0.2172 New Taiwan Dollars for 1 JPY and 4.327 New Taiwan Dollars for 1 RMB.

**Statement of Notes and Accounts Receivable**

| <u>Item</u>                                | <u>Description</u>      | <u>Amount</u>              |
|--|-------------------------|----------------------------|
| Notes receivable (Note)                    | Non-related party sales | \$ <u>6,156</u>            |
| Accounts receivable :                      |                         |                            |
| A Company                                  | Non-related party sales | 1,056,832                  |
| Others (Note)                              | "                       | <u>1,947,291</u>           |
|  |                         | 3,004,123                  |
| Less: Allowance for uncollectible accounts |                         | <u>(4,399)</u>             |
| Total                                      |                         | <u>\$ <u>3,005,880</u></u> |

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

**Topco Scientific Co., Ltd.**

**Statement of Inventories**

**December 31, 2023**

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

| <u>Item</u>                            | <u>Cost</u>                | <u>Net Realizable Value</u> |
|--|----------------------------|-----------------------------|
| High technology products (Note 1)      | \$ 2,071,506               | 2,213,863                   |
| Less : Allowance for loss on inventory | <u>(4,362)</u>             |                             |
|  | <u>2,067,144</u>           |                             |
| Goods in transit                       | 63,220                     | 63,220                      |
| Others                                 | <u>241</u>                 | <u>241</u>                  |
| <b>Total</b>                           | <b><u>\$ 2,130,605</u></b> | <b><u>2,277,324</u></b>     |

Note 1: Including integrated circuit, optoelectronics, packaging materials and electronic component products, etc.

**Statement of other current assets, others**

| <u>Item</u>              | <u>Description</u>                                   | <u>Amount</u>            |
|--------------------------|--|--------------------------|
| Prepayment for purchases | Prepaid accounts of vendors                          | \$ 55,439                |
| Prepaid expenses         | Prepaid rent and insurance, etc.                     | 19,791                   |
| Temporary debits         | Fees paid on behalf of employees and suppliers, etc. | 51,899                   |
| Others (Note)            | Prepaid stationery and postage, etc.                 | <u>1,433</u>             |
| <b>Total</b>             |  | <b><u>\$ 128,562</u></b> |

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

## Topco Scientific Co., Ltd.

## Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars and Shares)

| Investees Company              | Balance, January 1, 2023 |                     | Increase (Decrease)<br>(Note1) |                  | Share of<br>profits (losses)<br>recognized | Amounts of<br>exchanges<br>difference on<br>translation<br>foreign<br>operations | Other adjustment<br>(Note2) |         | Balance, December 31, 2023 |                               |           | Market<br>price or<br>net value | Collaterals<br>or pledged<br>assets |
|--------------------------------|--------------------------|---------------------|--------------------------------|------------------|--|--|-----------------------------|---------|----------------------------|-------------------------------|-----------|---------------------------------|-------------------------------------|
|                                | Shares                   | Amounts             | Shares                         | Amounts          |  |  | Shares                      | Amounts | Shares                     | Percentage<br>of<br>ownership | Amounts   |                                 |                                     |
| Topco Quartz                   | 13                       | \$ 1,863,773        |                                | (260,000)        | 453,682                                    | -  | -                           | 13      | 40 %                       | 2,057,455                     | 2,105,647 | None                            |                                     |
| Taiwan E&M                     | 42,500                   | 534,058             |                                | (64,793)         | 69,291                                     | -  | 215                         | 42,500  | 100 %                      | 538,771                       | 538,771   | None                            |                                     |
| Fortune                        | 14,960                   | 264,603             |                                | (36,729)         | 25,526                                     | -  | -                           | 14,960  | 25 %                       | 253,400                       | 253,400   | None                            |                                     |
| Topco Group                    | 22,432                   | 2,589,941           |                                | (375,325)        | 1,148,687                                  | (53,597)   | -                           | 22,432  | 100 %                      | 3,309,706                     | 3,304,069 | None                            |                                     |
| Topscience(s)                  | 3,153                    | 535,634             | 1,000                          | 30,582           | 4,139                                      | 2,481  | -                           | 4,153   | 100 %                      | 572,836                       | 572,836   | None                            |                                     |
| Topco International Investment | 60,358                   | 599,004             | 6,604                          | 3,827            | 39,772                                     | (1,660)  | 9,214                       | 66,962  | 100 %                      | 650,157                       | 724,663   | None                            |                                     |
| Topco Investment               | 16,500                   | 187,680             | 2,509                          | -                | (54,619)                                   | -  | (11,243)                    | 19,009  | 100 %                      | 121,818                       | 121,818   | None                            |                                     |
| Chien Yueh                     | 53,829                   | 269,829             |                                | 6,990            | 36,374                                     | -  | -                           | 53,829  | 100 %                      | 313,193                       | 344,108   | None                            |                                     |
| Anyong Biotechnology           | 30,000                   | 99,897              |                                | 1,260            | (32,041)                                   | -  | -                           | 30,000  | 100 %                      | 69,116                        | 69,116    | None                            |                                     |
| Winfull Bio-tech Co., Ltd      | 3,500                    | -                   |                                | -                | -  | -  | -                           | 3,500   | 39 %                       | -                             | -         | None                            |                                     |
| Anyong Fresh Mart              | 35,800                   | 99,845              | (6,300)                        | 96,600           | (62,888)                                   | -  | -                           | 29,500  | 100 %                      | 133,557                       | 133,526   | None                            |                                     |
| Jia Yi Energy                  | 25,924                   | 183,015             |                                | 2,305            | 5,492                                      | -  | -                           | 25,924  | 84 %                       | 190,812                       | 311,599   | None                            |                                     |
| Xiang Yueh                     | 5,040                    | 17,936              | 2,300                          | 13,139           | (19,622)                                   | -  | -                           | 7,340   | 100 %                      | 11,453                        | 11,453    | None                            |                                     |
| Anyong Lohas                   | 21,700                   | 17,807              | 3,800                          | 39,260           | (24,946)                                   | -  | -                           | 25,500  | 100 %                      | 32,121                        | 32,121    | None                            |                                     |
| Xports Sports                  | 10,000                   | 81,226              | 5,000                          | 50,770           | (14,453)                                   | -  | -                           | 15,000  | 100 %                      | 117,543                       | 117,543   | None                            |                                     |
| Unitech New Energy Engineering | 776                      | 451,341             |                                | (139,028)        | 74,385                                     | -  | -                           | 776     | 77.6 %                     | 386,698                       | 122,179   | None                            |                                     |
| TOPCO SCIENTIFIC USA           | 6                        | 87,626              | 4                              | 60,788           | (13,097)                                   | 799  | -                           | 10      | 100 %                      | 136,116                       | 136,116   | None                            |                                     |
| Topco Japan                    |                          | -                   | 45                             | 78,535           | (2,409)                                    | (715)  | -                           | 45      | 100 %                      | 75,411                        | 75,411    | None                            |                                     |
| <b>Total</b>                   |                          | <b>\$ 7,883,215</b> |                                | <b>(491,819)</b> | <b>1,633,273</b>                           | <b>(52,692)</b>  | <b>(1,814)</b>              |         |                            | <b>8,970,163</b>              |           |                                 |                                     |

Note1 : The change in the current period included the cash dividend of \$885,393, the investment increase of \$366,138, remeasurement of defined benefit plans of \$28, disburse employee remuneration to subsidiary of \$28,724, and non-proportionate purchase of new shares to adjust capital surplus of \$1,260.

Note2 : The Company decreased its other equity and retained earnings by \$22,361 and \$24,175, respectively, based on its investee's adjustments by using International Financial Reporting Standards No. 9.



**Topco Scientific Co., Ltd.**

**Statement of Changes in Property, Plant and Equipment**

**For the year ended December 31, 2023**

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

Please refer to note 6(h).

**Statement of Changes in Right-of-use Assets**

**For the year ended December 31, 2023**

Please refer to note 6(i).

**Statement of Short-term Borrowings**

**December 31, 2023**

| <u>Type of loan</u> | <u>Description</u> | <u>Contract Term</u> | <u>Range of Interest Rates (%)</u> | <u>Loan Commitments</u> | <u>Collaterals or pledged assets</u> | <u>Amount</u>    |
|---------------------|--------------------|----------------------|------------------------------------|-------------------------|--------------------------------------|------------------|
| Credit loans        | Operating capital  | Due within one year  | 1.71%                              | \$ 950,000              | None                                 | 80,000           |
| "                   | "                  | "                    | 1.71%                              | 706,215                 | "                                    | 685,000          |
| "                   | "                  | "                    | 1.70%                              | 200,000                 | "                                    | 200,000          |
| "                   | "                  | "                    | 1.72%                              | 736,920                 | "                                    | 290,000          |
| Total               |                    |                      |                                    | <u>\$ 2,593,135</u>     |                                      | <u>1,255,000</u> |

Note: The financial institutions included Hua Nan Commercial Bank, Ltd., HSBC Bank (Taiwan) Limited, E.SUN Commercial Bank, Ltd., and Citibank (Taiwan) Limited.

**Topco Scientific Co., Ltd.**  
**Statement of Notes and Accounts Payable**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>   | <u>Description</u>                | <u>Amount</u>       |
|---------------|-----------------------------------|---------------------|
| A Company     | Non-related party operating costs | \$ 2,401,810        |
| B Company     | "                                 | 219,468             |
| Others (Note) |                                   | <u>502,147</u>      |
| Total         |                                   | <u>\$ 3,123,425</u> |

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

**Statement of Other Current Financial Liabilities**

| <u>Item</u>  | <u>Description</u>   | <u>Amount</u>     |
|--|--|-------------------|
| Accrued payroll, bonuses,<br>employees and directors'<br>compensations | Estimated year-end bonuses, performance bonuses,<br>employees benefits and employees and directors'<br>compensations in 2023 | \$ 616,055        |
| Customs clearance fee payables   |  | 30,271            |
| Employees benefit liabilities  | Provisions of employees' compensatory leave  | 35,567            |
| Others (Note)  | Accrued expense of vendors and employees and labor<br>and health insurance expenses, etc.                                    | <u>91,616</u>     |
| Total  |  | <u>\$ 773,509</u> |

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

**Topco Scientific Co., Ltd.**  
**Statement of Lease Liabilities**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                         | <u>Lease term</u> | <u>Discount rate</u> | <u>Amount</u>           |
|-------------------------------------|-------------------|----------------------|-------------------------|
| Land                                | 5~8 years         | 1.56 %               | \$ 4,988                |
| Buildings                           | 1~20 years        | 1.56 %               | 69,440                  |
| Machinery                           | 5 years           | 1.56 %               | 2,180                   |
| Vehicles                            | 3~4 years         | 1.56 %               | <u>36,054</u>           |
|                                     |                   |                      | 112,662                 |
| Less: classified as current portion |                   |                      | <u>(53,748)</u>         |
| Non-current lease liabilities       |                   |                      | <u><u>\$ 58,914</u></u> |

**Statement of Operating Revenues**  
**For the year ended December 31, 2023**

| <u>Item</u>  | <u>Quantity</u> | <u>Amount</u>               |
|--|-----------------|-----------------------------|
| Semiconductor and optoelectronics related products | Note            | \$ 26,313,626               |
| Others   |                 | <u>75,604</u>               |
|  |                 | <u><u>\$ 26,389,230</u></u> |

Note: Due to the many of different kinds of product unit and no consistent methodology of unit quantification; therefore, the quantity was not disclosed.

**Topco Scientific Co., Ltd.**  
**Statement of Operating Costs**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>   | <u>Amount</u>               |
|---|-----------------------------|
| Inventories, beginning of the year  | \$ 2,697,472                |
| Add: Purchase of inventories  | 22,219,200                  |
| Less: Inventories, end of the year  | (2,134,967)                 |
| Transferred to operating expenses and others  | (11,335)                    |
| Transferred to other operating costs-maintenance costs and construction in progress | <u>(23,443)</u>             |
| Cost of sales   | 22,746,927                  |
| Indemnity of inventories and others   | 283                         |
| Reversal of allowance for loss on inventories                                       | <u>1,884</u>                |
|   | <u>22,749,094</u>           |
| Other operating costs   | <u>254,719</u>              |
| Operating costs   | <u><u>\$ 23,003,813</u></u> |

**Statement of Operating Expenses**

| <u>Item</u>               | <u>Selling expenses</u>  | <u>Administrative expenses</u> | <u>Research and development expenses</u> | <u>Total</u>            |
|---------------------------|--------------------------|--------------------------------|--|-------------------------|
| Wages and salaries        | \$ 357,649               | 678,509                        | 17,349                                   | 1,053,507               |
| Depreciation              | 42,409                   | 121,112                        | 478                                      | 163,999                 |
| Remuneration to directors | -                        | 77,296                         | -  | 77,296                  |
| Consumables               | 736                      | 696                            | 5,616                                    | 7,048                   |
| Others (Note)             | <u>251,097</u>           | <u>285,301</u>                 | <u>10,292</u>                            | <u>546,690</u>          |
| Total                     | <u><u>\$ 651,891</u></u> | <u><u>1,162,914</u></u>        | <u><u>33,735</u></u>                     | <u><u>1,848,540</u></u> |

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