



2023 ANNUAL REPORT

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-Notice to readers-

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

TOPCO Spokesperson

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TOPCO Deputy Spokesperson

Name: Joyce Lu

Title: CEO / CFO

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Tel: (02) 8797-8020

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Tel: (03) 598-4282

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Common Share Transfer Agent

Company: Grand Fortune Securities Corporation Registrar Transfer Department.

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

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

Tel: (02) 2371-1658

Certified Public Accountant (CPA) and accounting firm for the financial statements of the most recent year:

CPA: Kuan-Ying Kuo & Szu-Chuan Chien

Company: KPMG Certificated Public Accountants

Address: 68F, No.7, Sec.5, Xinyi Rd., Taipei (TAIPEI 101Tower) Website:

www.kpmg.com/tw Tel: (02) 8101-6666

Offshore secondary exchange and disclosure information available at: None

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

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Chapter 1 Letter to Shareholders

Dear Shareholders,

We would like to thank all shareholders for your continued support over the past year. In 2023, with the joint efforts of the TOPCO management team and all members, we continued to develop new products and expand the impact of our headquarters. Despite the unfavorable global inflation, continuous restructuring of the supply chain, and the spread of war in the Middle East and Europe, the team completed and achieved numerous records, second to the highest record over the years, reaching NT\$49.27 billion in revenue, NT\$2.853 billion in net income, and earnings per share of NT\$15.36.

TOPCO is in line with the international standards and strives to achieve global carbon reduction and corporate sustainability goals. In 2023, we received the “National Sustainable Development Award” of Executive Yuan, “The 100 Best Corporate Citizens,” “The Top 100 Decarbonization Company by *Business Weekly Magazine*,” “Taiwan Best-in-Class 100,” “Taiwan Sustainability Action Award (TSAA) – Gold,” “Taiwan Corporate Sustainability Awards (TCSA),” etc., and passed the ISO 14001 certification, and made continuous efforts in implementing the UN SDGs in environmental, social, and governance (ESG) aspects.

According to the statistics of the Industry, Science and Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI), Taiwan’s 2023 IC industry output reached NT\$4.3 trillion, declined by 11.2% compared to 2022. Semiconductor materials account for about 80% of TOPCO's revenue. Benefiting from the rapid development of AI, the demand for advanced materials for processing procedures such as photoresist, silicone, and chemicals is still large. The performance of advanced packaging continues to grow. New customers and suppliers of the Foundry Service are increasing, and suitable OEMs are being matched to increase manufacturing capacity and accelerate product launches on the market. In addition, overseas subsidiaries in the United States, Vietnam and Japan have also experienced a significant growth. The company will continue to strengthen its partnership with the semiconductor supply chain and provide comprehensive services.

In the environmental protection and green energy section, in addition to obtaining numerous large-scale wastewater treatment, air conditioning equipment cross-strait projects, and exploring new overseas markets in Malaysia and Vietnam, we are also actively expanding operational projects with investments and businesses under national policies and legal regulation; business performance of industrial waste removal, chemical sales, environmental impact assessment and renewable energy, etc., have achieved good results. The “Taiwan Sugar Corporation Huwei Sugar Factory Agricultural Modernization Circulating Production Ground” project was awarded the FIABCI-Taiwan Real Estate Excellence Awards – 2023 Best Design Planning Award, implementing environmental sustainability. In areas related to people’s daily life, Anyo Co., Ltd., holds the purpose of improving consumer health. Its main products such as sea-bass essence have been recognized by R&D and product quality awards in the United States and Japan and other countries. The amount of the sales has reached more than 200,000 boxes, and its sales performance has grown steadily.

Looking forward to 2024, driven by emerging applications such as AI PC, electric vehicles and 6G, the advanced semiconductor manufacturing processes will continuously drive demand for wafers, photoresists and other related materials, and the revenue is expected to grow. We will continue to evaluate and introduce new products, and establish value-added technologies and services, including used machine business and factory construction consulting services. In response to the decentralized shift of the global supply chain, the base in Japan will become the focus of operations to fulfill nearby customer needs. At the same time, we will expand overseas markets such as Singapore, Malaysia, Thailand, and Vietnam with Singapore as the operation center,

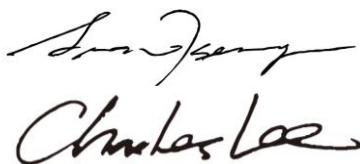
providing warehousing and water treatment engineering services. We are optimistic about the potential of the future development of the European semiconductor industry and are considering establishing a base in the Czech Republic to provide semiconductor supply chain solutions and services. In the environmental protection and green energy section, we will integrate development including turn-key project, energy development, environmental impact assessment, carbon reduction and resource recycling, and continue to develop overseas engineering business markets. In the field of people's daily life, we use innovative marketing methods to expand domestic and overseas markets, create "Anyo Freshmart" high-quality products and professional sports training brand XSPORTS, integrating the group's resources, and building a comprehensive health business with scientific and technological mindsets.

TOPCO plays the role of developer, integrator and innovator. In the future, it will continue to delve into the high-tech field, increase machine equipment and factory consulting services, accelerate new businesses through mergers, acquisitions and strategic alliances, expand overseas market arrangements, and promptly meet customers' expectations for products and services; integrating the development of environmental protection, green energy and comprehensive health businesses, recruiting and training diverse talents, taking care of employees, reciprocating shareholders, implementing corporate governance, fulfilling corporate social responsibilities, and pursuing sustainable corporate development.

Topco Scientific Co., Ltd.



Jeffery Pan
Chairman



Simon Tseng / Charles Lee
President



Nicole Lee
Chief Accounting Officer

Chapter 2 Company profile

I. Date of Incorporation: February 17, 1990

II. History :

- 1990 •Topco Scientific Co., Ltd was established on February 17, 1990 with a paid-up capital of NT\$5 million.
- 1993 •Increased capital by cash totaling NT\$ 11 million. Paid-up capital after the capital increase was NT\$ 16 million.
•Invested in Topco Quartz Products Co., Ltd.
- 1995 •Invested in Shin-Etsu Opto Electronic Co., Ltd. and Shin-Etsu Handotai Taiwan Co., Ltd.
•Increased capital by cash totaling NT\$ 20 million. Paid-up capital after the capital increase was NT\$ 36 million.
- 1996 •Increased capital by cash totaling NT\$ 24 million. Paid-up capital after the capital increase was NT\$ 60 million.
- 1997 •Increased capital by cash totaling NT\$ 60 million, and by capitalizing earnings totaling NT\$ 12 million. Paid-up capital after the capital increase was NT\$ 132 million.
•Obtained the ISO-9002 International Quality Certificate.
- 1998 •Awarded the “Customer Satisfaction Gold Award” by the Chung-Hua International Trade Association.
•Increased capital by cash totaling NT\$56.4 million, and by capitalizing earnings totaling NT\$39.6 million. Paid-up capital after the capital increase was NT\$228 million.
- 1999 •Increased capital by capitalizing earnings totaling NT\$17.1 million. Paid-up capital after the capital increase was NT\$245.1 million.
- 2000 •The Company became listed on the OTC exchange.
•Increased capital by capitalizing earnings totaling NT\$56.02 million. Paid-up capital after the capital increase was NT\$ 301.12 million.
- 2001 •Increased capital by cash totaling NT\$75 million, and by capitalizing earnings totaling NT\$ 141.95 million. Paid-up capital after the capital increase as NT\$ 518.07 million.
•Invested in Taiwan E & M Systems Co., Ltd.
- 2002 •Awarded the 2nd R.O.C. Golden Torch Award
•Increased capital by capitalizing earnings totaling NT\$ 161.38 million. Paid-up capital after the capital increase was NT\$ 679.45 million.
- 2003 •Invested in Topco Scientific (Shanghai) Co., Ltd.
•Increased capital by capitalizing earnings totaling NT\$ 96.53 million. Paid-up capital after the capital increase was NT\$ 775.98 million.
•The Company became a TWSE listed company from OTC listed company.
•Awarded the 11th Industrial Technology Advancement Award by the Ministry of Economic Affairs.
- 2004 •Invested in Topscience (s) Pte Ltd.
•First issue of domestic unsecured convertible bonds. Total funds raised were

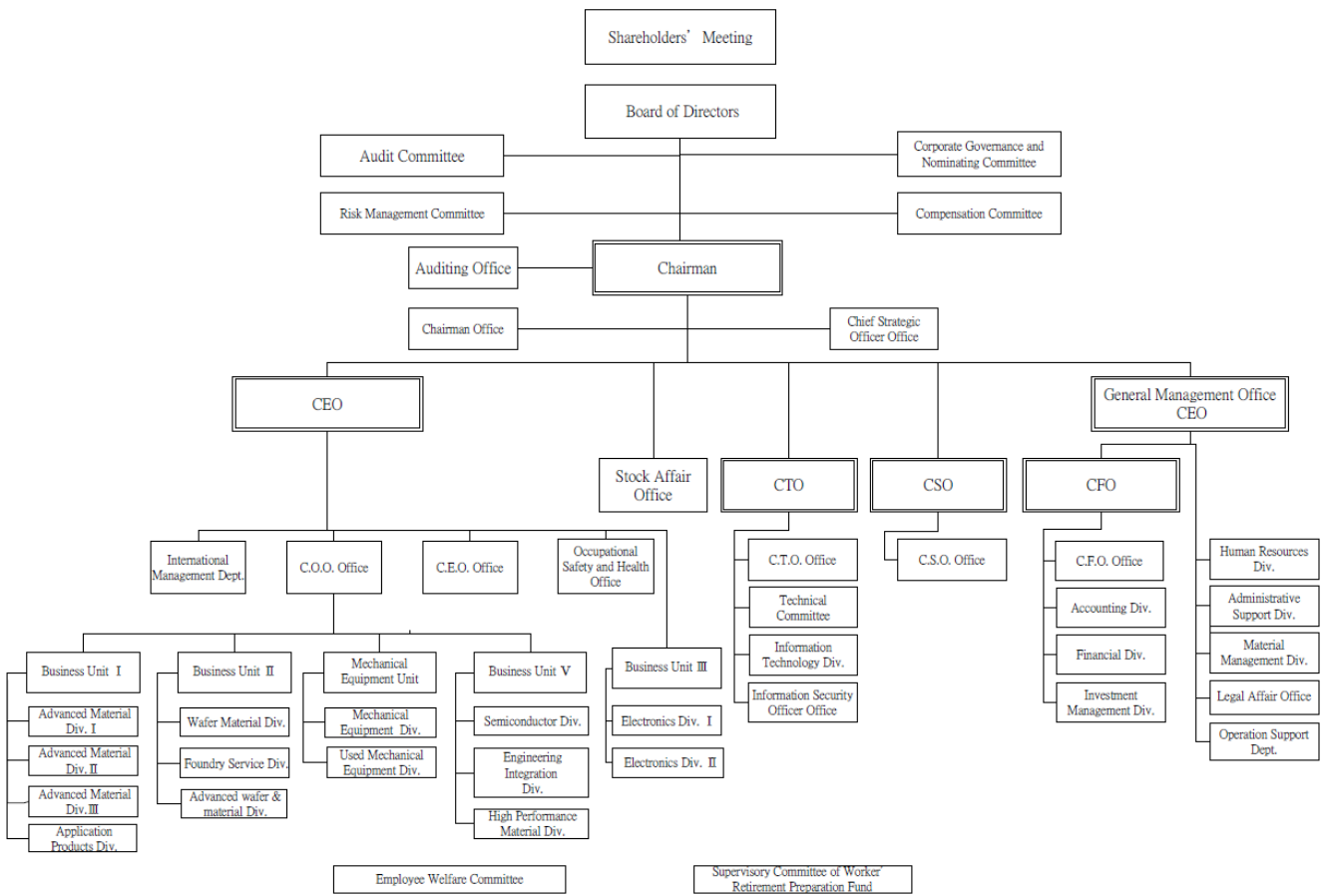
- NT\$720 million.
- Increased capital by capitalizing earnings totaling NT\$136.4 million. Paid-up capital after the capital increase was NT\$ 912.38.
- 2005
- Invested in Suzhou Topco Construction Co., Ltd., Chongzhi International Investment Co., Ltd. and Chongsheng International Investment Co., Ltd.
 - Increased capital by capitalizing earnings totaling NT\$ 111.24 million. Unsecured convertible bonds were converted to 12,989 thousand shares of common stock. After registration, the total paid-up capital was NT\$1,153.51 million.
- 2006
- The Neihu Corporate HQ Building was inaugurated.
 - Unsecured convertible bonds were converted to 96 thousand shares of common stock. After registration, the total paid-up capital was NT\$1,154.46 million. The first issue of domestic unsecured convertible bonds was called back in accordance with the criteria for issuance and conversion.
 - Increased capital by capitalizing earnings totaling NT\$ 75.72 million. Paid-up capital after the capital increase was NT\$ 1,230.18 million.
- 2007
- Increased capital by capitalizing earnings and capital reserve totaling NT\$ 106.11 million. Paid-in capital after capital increased was NT\$ 1,336.29 million.
 - The Environmental Engineering Business Unit obtained the certification of OHSAS 18001, the Occupational Health and Safety Management System.
- 2008
- Increased capital by capitalizing earnings totaling NT\$ 65.08 million. Paid-in capital after the capital increase totaled NT\$ 1,401.38 million.
 - Invested in Chien Yueh Technology Engineering Co., Ltd., Kuan Yueh Technology Engineering Co., Ltd. and Jia Yi Energy Co., Ltd.
- 2009
- Increased capital by capitalizing earnings totaling NT\$ 28.03 million. Paid-up capital after capital increased was NT\$1,429.41 million.
- 2010
- Awarded the “Outstanding Contribution Award” by Dupont USA and received the 8th Annual Taiwan Golden Root Award.
 - Constructed the Taipei City “Northern Taiwan Opto Playcity” and received the “FIABCI World Prix d'Excellence Awards”.
 - Increased capital by capitalizing earnings totaling NT\$ 28.59 million. Paid-up capital after the capital increased totaled NT\$ 1,458 million.
- 2011
- Launched the Topco Scientific Co. Division A Social Baseball Team.
 - Increased capital by capitalizing earnings totaling NT\$ 29.16 million. Paid-up capital after capital increased totaled NT\$ 1,487.16 million.
 - Invested in Jing Chen Energy Co., Ltd.
- 2012
- Invested in Anyong Biotechnology Co., Ltd, Ching Yang Energy Co., Ltd., Topchem Materials Co., Ltd. and Anyong Freshmart Co., Ltd.
 - Employee stock options were converted to 419 thousand shares of common stock. After registration total paid-up capital was NT\$ 1,491.35 million.
- 2013
- Increased capital by capitalizing earnings totaling NT\$ 29.83 million and employee stock options were converted to 1,561 thousand shares of common stock. Paid-up capital after capital increase was NT\$ 1,536.79 million.
- 2014
- Increased capital by capitalizing earnings totaling NT\$ 30.96 million and employee stock options were converted to 1,134 thousand shares of common stock. Paid-up capital after capital increase was NT\$ 1,579.09 million.

- 2015 • Increased capital by capitalizing earnings totaling NT\$ 47.37 million. Paid-up capital after capital increase was NT\$ 1,626.47 million.
- 2016 • Invested in Yilan Anyong Lohas Co., Ltd.
• Increased capital by capitalizing earnings totaling NT\$ 32.52 million. Paid-up capital after capital increase was NT\$ 1,658.99 million.
- 2017 • The grand opening of the “Anyo Museum” in Yilan.
• Increased capital by cash totaling NT\$ 158 million. Paid-up capital after the capital increase was NT\$ 1,816.99 million.
- 2018 • Obtained the “Taiwan I Sports” certification by the Sports Administration, Ministry of Education and awarded the “TCSA Corporate Sustainability Report Gold Award” and the “Social Inclusion Award”.
- 2019 • ISO 9001: 2015 Quality Management System: Topco Scientific Co., Ltd. increased the scope of certification to include all the Company’s products and the subsidiary company, Topco Scientific (Shanghai) was certified to meet the ISO 9001:2015 standards for the first time.
• Received the “Sports Activist Award- Gold Award and Long-term Sponsorship Award” by the Sports Administration ,Ministry of Education.
• Received the TCSA “Corporate Sustainability Award”, “Corporate Sustainability Report Silver Award”, “People Development Award” and “Social Inclusion Award”.
- 2020 • Received the TCSA “Corporate Sustainability Award”, “Corporate Sustainability Report Gold Award”.
• Received the “Sports Activist Award- Gold Award and Long-term Sponsorship Award”, and “Taiwan i Sports” by the Sports Administration ,Ministry of Education.
• Received the “Corporate Health Responsibility Bronze Award” by the Common Health Magazine.
- 2021 • Invested in Top Vacuum Co., Ltd., Tai Ying Resource Industrial Corporation, Unitech New Energy Engineering Co., Ltd., Topco Scientific USA Corp.
• Received the “Excellence in Corporate Social Responsibility” from Common Wealth Magazine.
• Received the TCSA “Corporate Sustainability Awards”, and the “Sports Activist Award” by the Sports Administration of Taiwan.
- 2022 • Invested in Shunkawa Co., Ltd., Ping Yue Technologies SDN. BHD.
• Received the “Asia-Pacific Sustainable Action Award” 、 the “Top 100 Sustainability Model Award” 、 the “Medium-Sized Enterprises M&A Deal Award” and the “Sports Activist Award”.
• Obtained the ISO-45001 Occupational Health and Safety Management Systems.
- 2023 • Received the TSAA “Taiwan Sustainable Action Golden Award”.
• Increased capital by cash totaling NT\$ 70 million. Paid-up capital after the capital increase was NT\$ 1,886.99 million.
• Second issue of domestic unsecured convertible bonds. Total funds raised were NT\$1,010 million.
- 2024 • Established HSP Branch.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organization Structure (March 31, 2024)



(II) Operations of major departments

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

Department	Functions
C.T.O Office	Developing the Group's overall core technology plan and monitoring the implementation of the technology development strategy.
Information Technology Div.	Build, introduce and maintain the Company's software and hardware information system; smart technology application development and information security risk management.
General Management Office	Under the General Management Office, there is the Office of the Chief Financial Officer, Accounting Division, Finance Division, Investment Management Division, Human Resources Division, Administrative Support Division, Materials Management Division, Legal Affair Office, and Operation Support Department. A total of nine units are organized as the professional management staff unit to assist the group in planning and promoting business policies and improving management efficiency.
C.F.O Office	Assist the various departments and units in conducting management different types of risks to improve operational efficiency; provide project-based risk evaluation report.
Accounting Div.	Carry out accounting operations; control the preparation of the annual budget reports; evaluate and executive tax planning; execute payroll, bonus adjustments and distribution.
Financial Div.	Plan the long-term and short-term funding requirements and utilization; manage loans to others and endorsements/guarantees; monitor and project cash flows and manage treasury operations.
Investment Management Div.	Conduct investment evaluation and project-based analysis; conduct investment management and quality operation events.
Human Resources Div.	Responsible for people management and organizational development. Formulate human resources strategy and policy, execute, and control the human resources system. Plan and execute the human resources development strategy and employee training.
Administrative Support Div.	Manage office equipment, fixed assets, and miscellaneous equipment; manage land, buildings, renting (loaning) and leasing (loaning) of dormitory; formulate and execute administrative policies and procedures.
Material Management Div.	Execute procurement, import/export operations, logistics control and ensure normal warehouse operations; responsible for supplier management.
Business Unit	Plan and execute the annual operation policy and business strategies of the business unit; manage targets of the business unit to be met and business activities; manage accounts receivable and inventory. Under the blueprint of the Company's business goals and business strategies, lead all employees of the business unit divisions to achieve the set business targets.

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

(I) Directors and Supervisors information :

May 2, 2024

Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected (Date First Elected)	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
						Shares	%	Shares	%	Shares	%		
Chairman	R.O.C.	Jeffery Pan	Male 61-70 years old	2023.5.30 (1990.2.17)	3	1,500,817	0.83	1,553,181	0.82	0	0	Master of Business Administration, National Chengchi University	Chairman, Topco Scientific Co.,Ltd. Chairman, Topscience(S) Pte Ltd., Topscience Vietnam Co.,Ltd & Shanghai Chong Yao Trading Co., Ltd.
Director	R.O.C.	Simon Tseng	Male 61-70 years old	2023.5.30 (1997.9.5)	3	1,029,950	0.57	1,068,709	0.57	0	0	Master of Business Administration, National Taipei University	Managing Director of Topco Group, Chairman, Topco Scientific (Shanghai) Co.,Ltd., Suzhou Topco Construction Ltd., Hong Kong Topco Trading Ltd., Anyong Freshmart, Inc., Kanbo Biomedical Co.,Ltd. & Asia Holding.
Director	R.O.C.	Charles Lee	Male 61-70 years old	2023.5.30 (1997.9.5)	3	593,948	0.33	634,555	0.34	0	0	Master of Business Administration, China Europe International Business School	Managing Director of Topco Group, Chairman, Topco International Investment Co.,Ltd., Topchem Materials Co.,Ltd., & Topchip Electronic Co. Ltd.
Director	R.O.C.	Jia Pin Investment Development Company Limited representative: Joyce Lu	Female 51-60 years old	2023.5.30 (2014.6.24)	3	6,979,382 87,504	3.84 0.05	7,181,043 102,032	3.81 0.05	0	0	Master of Business Administration, National Taipei University Department of Accounting, National Chengchi University Audit assistant, KPMG Certificated Public Accountants	CEO/CFO, Topco Scientific Co., Ltd. Chairman, Topco Investment Co., Ltd., Topco Group & Asia Topco
Director	R.O.C.	Kuo, Kuan-Hung	Male 31-40 years old	2023.5.30 (2023.5.30)	3	1,291,206	0.71	1,455,513	0.77	0	0	Dept. of Economics, Syracuse University	Vice President of Chief Strategic Officer Office, Topco Scientific Co., Ltd.
Director	R.O.C.	Chang, Pei-Fen	Female 51-60 years old	2023.5.30 (2020.6.22)	3	1,198,963	0.66	1,233,605	0.65	0	0	Chungyu Institute	Chairman of Zhi Jia Investment Co.,Ltd.

Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected (Date First Elected)	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
						Shares	%	Shares	%	Shares	%		
Independent director	R.O.C.	Sheu, Her-Jiun	Male 61-70 years old	2023.5.30 (2023.5.30)	3	0	0	0	0	0	0	Ph.D., Stern School of Business, New York University; Master of Business Administration, New York University; Deputy Mayor, Tainan City Government; President, National Chi-Nan University; Vice President, National Chiao Tung University.	Professor/Chair Professor, Dept. of Finance, Ming Chuan University
Independent director	R.O.C.	Hsin, Ta-Chih	Male 51-60 years old	2023.5.30 (2023.5.30)	3	0	0	0	0	0	0	Ph.D., East China University of Political Science and Law; Master of Business Administration, National Taipei University Senior Attorney, Lee and Li Law Firm; Senior Attorney, PwC Legal (Taiwan)	Managing Partner, Guo Ju Law Firm
Independent director	R.O.C.	Chen, Yu-Shan	Male 51-60 years old	2023.5.30 (2023.5.30)	3	0	0	0	0	0	0	Ph.D., Dept. of Business Administration, National Chengchi University; Master, Dept. of Business Administration, National Chengchi University	Dean, College of Business, National Taipei University; Reviewer of "Taiwan Corporate Sustainability Awards" (TCSA) and Reviewer-in-Chief on Social Dimension of TCSA
Company shares held by directors in the names of other persons : None													
Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None													

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

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

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

Qualification Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Jeffery Pan	Graduated from National Chengchi University with a master's degree in Business Administration, He is the chairman of the company, the Chairman of Topscience(S) Pte Ltd., Topscience Vietnam Co.,Ltd & Shanghai Chong Yao Trading Co., Ltd. He dedicated to the semiconductor industry for over 30 years, with professional capabilities in marketing and operation management, leading the company to become a pioneer in the industry.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Director Simon Tseng	Graduated from National Taipei University with a master's degree in Business Administration, He is the Managing Director of Topco Group, the Chairman of Topco Scientific (Shanghai) Co.,Ltd., Suzhou Topco Construction Ltd., Hong Kong Topco Trading Ltd., Anyong Freshmart, Inc., Kanbo Biomedical Co.,Ltd. & Asia Holding. He has professional capabilities in operational decisions and management to deepen the Chinese market.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Director Charles Lee	Graduated from China Europe International Business School with a master's degree in Business Administration, He is the Managing Director of Topco Group, the Chairman of Topco International Investment Co.,Ltd., Topchem Materials Co.,Ltd. & Topchip Electronic Co. Ltd. He has professional capabilities in market strategy and business promotion for overseas business such as Southeast Asia.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Director Jia Pin Investment Development Company Limited representative: Joyce Lu	Graduated from National Taipei University with a master's degree in Business Administration, She is the CEO/CFO of the company, the Chairman of Topco Investment Co., Ltd., Topco Group & Asia Topco. She has work experience in business, finance, accounting and corporate business.	Not been a person of any conditions defined in Article 30 of the Company Law.	4
Director Kuo, Kuan-Hung	Graduated from Dept. of Economics, Syracuse University, He is vice president of Chief Strategic Officer Office of the company. He has more than five years of work experience in business, finance and corporate business.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Director Chang, Pei-Fen	Graduated from Chungyu Institute, She is the Chairman of Zhi Jia Investment Co.,Ltd. She has more than five years of work experience in business, finance and corporate business.	Not been a person of any conditions defined in Article 30 of the Company Law.	0

Qualification Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent director Sheu, Her-Jiun	Graduated from National Taipei University with a master's degree in Business Administration, He is the Attorney-in-charge of Linsen Law Firm, and has more than five years of work experience in business, finance and corporate business.	<p>The directors have been met the following independence criteria during the two years prior to being elected or during the term of the office.</p> <ol style="list-style-type: none"> 1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 	0
Independent director Hsin, Ta-Chih	Graduated from a PhD in Department of Business Administration, National Taipei University, She was a Professor of Tatung University in Business Management dept., She has more than five years of professional qualifications for professors in colleges and universities, and has more than five years of work experience required for business.	<ol style="list-style-type: none"> 6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another 	0

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

(III) Diversified board of directors

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

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

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

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

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

The achievement status are 33.3% of the directors were employees, independent directors accounting for 33.3% of the composition, the proportion of female directors is 22.2%. The seniority of the three independent directors are one year respectively

Diversification item			Ability to make sound business judgments	Accounting and financial analysis capability	Ability to manage a business	Ability to respond to a crisis	Industry knowledge	An understanding of international markets	Leadership capability	Decision-making capability
Title	Name	Gender								
Chairman	Jeffery Pan	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Simon Tseng	Male	✓		✓	✓	✓	✓	✓	✓
Director	Charles Lee	Male	✓		✓	✓	✓	✓	✓	✓
Director	Jia Pin Investment Development Company Limited representative: Joyce Lu	Female	✓	✓	✓	✓	✓	✓	✓	✓
Director	Kuo, Kuan-Hung	Male	✓		✓	✓	✓	✓	✓	✓
Director	Chang, Pei-Fen	Female	✓	✓	✓	✓		✓	✓	✓
Independent director	Sheu, Her-Jiun	Male	✓	✓	✓	✓		✓	✓	✓
Independent director	Hsin, Ta-Chih	Male	✓	✓	✓	✓		✓	✓	✓
Independent director	Chen, Yu-Shan	Male	✓	✓	✓	✓		✓	✓	✓

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

May 2, 2024

Title	Nationality	Name (Gender)	Date Effective	Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
				Shares	%	Shares	%		
Group Vice Chairman	R.O.C.	Robert Lai (Male)	2020.6.22	9,000	0.00	30,577	0.02	Ph.D., Department of Business Administration, National Taipei University Master of Business Administration, Indiana University of Pennsylvania. U.S.A. Chairman, Topco Scientific Co., Ltd. and CSBC Corporation, Taiwan; Director General, Small & Medium Enterprise Administration, Ministry of Economic Affairs; Deputy Director General, Department of Commerce, Ministry of Economic Affairs	Chairman, Eco Technical Services Co., Ltd., Unitech New Energy Engineering Co., Ltd., Yun Yueh Technical Co., Ltd. & Yao Yue Energy Co., Ltd. Independent Director, Yi Jinn Industrial Co., Ltd.; LEATEC Fine Ceramics Co., Ltd.; PhytoHealth Co., Ltd.; Metaage Corporation.
President / Group Managing Director	R.O.C.	Simon Tseng (Male)	2024.3.1	1,068,709	0.57	0	0	Master of Business Administration, National Taipei University	Chairman, Topco Scientific (Shanghai) Co., Ltd., Suzhou Topco Construction Ltd., Hong Kong Topco Trading Ltd., Anyong Freshmart, Inc., Kanbo Biomedical Co., Ltd. & Asia Holding.
President / Group Managing Director	R.O.C.	Charles Lee (Male)	2024.3.1	634,555	0.34%	0	0	Master of Business Administration, China Europe International Business School	Chairman, Topco International Investment Co., Ltd., Topchem Materials Co., Ltd., & Topchip Electronic Co. Ltd.
CEO/CFO	R.O.C.	Joyce Lu (Female)	2024.3.1	102,032	0.05%	0	0	Master of Business Administration, National Taipei University Department of Accounting, National Chengchi University	Chairman, Topco Investment Co., Ltd., Topco Group, Asia Topco
Sr. CEO	R.O.C.	Dennis Chen (Male)	2024.3.1	16,434	0.01%	226,435	0.12%	Master of Chemistry, National Taiwan University, Department of Chemistry, National Tsing Hua University	Chairman, Japan Topco Scientific Co., Ltd.
CEO	R.O.C.	Daniel Wu (Male)	2024.3.1	173,866	0.09%	12,346	0.01%	Department of Business Administration, National Central University	Chairman, Taiwan E&M Systems Inc., Top Vacuum Co., Ltd., Topco Scientific USA Corp.
CEO	R.O.C.	Eugene Lee (Male)	2024.3.1	87,585	0.05%	10,288	0.01%	Master of Materials Science and Engineering Dept. University of Michigan	Chairman, Shanghai Perfect Microelectronics Co., Ltd.
CTO	R.O.C.	Tina Ding (Female)	2016.3.2	11,000	0.01	0	0	Master of Electrical Engineering, National Taiwan University	None
COO	R.O.C.	Henry Ho (Male)	2021.2.1	26,000	0.01%	195	0.00%	Master of Business Administration, National Sun Yat-sen University	In charge of Topco Scientific Co., Ltd. Tainan Science Park Branch, Chairman of Tai Ying Resource Industrial Corp. & Tai Ying Global Trading Ltd., Co.
COO	R.O.C.	Daniel Yang (Male)	2024.3.1	12,828	0.01%	0	0	Master of Chemistry, National Taiwan University	Chairman, Anyong (S) Pte. Ltd., Ping Yue Technologies Sdn Bhd.
COO	R.O.C.	Steve Tan (Male)	2024.3.1	62,479	0.03%	0	0	Master of Technology Environmental Engineering, Stevens Institute	Chairman, Topco Chemical (Z.F.T.Z.) Co., Ltd., Topco Engineering (SUZHOU) LTD., Chongling Chemical Product Trading

Title	Nationality	Name (Gender)	Date Effective	Shareholding		Spouse & Minor Shareholding		Experience (Education)	Positions concurrently Held in other companies
				Shares	%	Shares	%		
									(Z.F.T.Z.) Co., Ltd.,
General Manager of BU	R.O.C.	John Chen (Male)	2024.3.1	8,716	0.00%	0	0	Master of the School of Management, National Taiwan University, Master of the Institute of Industrial Engineering, Tunghai University	None
Sr. General Manager of BU	R.O.C.	Kevin Lin (Male)	2024.3.1	15,103	0.01%	0	0	Master of Chemical Engineering, National Taiwan University	None
General Manager of BU	R.O.C.	Reggie Liu (Male)	2021.4.1	28,654	0.02%	0	0	Department of Electronic Engineering, Chung Yuan Christian University	None
General Manager of BU	R.O.C.	Alex Wang (Male)	2024.2.1	0	0%	0	0	Master of Business Administration, Shanghai Jiao Tong University, Department of Chemistry, Kaohsiung Medical College	None
General Manager of BU	R.O.C.	Eva Mai (Female)	2021.4.1	67,841	0.04%	0	0	Master of Business Administration, National Taipei University	None
General Manager of Energy Division	R.O.C.	Johnny Huang (Male)	2021.2.1	69,025	0.04%	0	0	Master of Business Administration, Ming Chuan University	Chairman, Jing Chen Energy Co., Ltd., Jing Yang Energy Co.,Ltd., Jing Yueh Energy Co.,Ltd., Ding Yue Energy Co., Ltd., Kuan Yueh Technology Engineering Co.,Ltd.
Sr. Deputy General Manager	R.O.C.	Monica Chiu (Female)	2011.1.1	19,211	0.01%	0	0	Master of Business Management, University of Wisconsin	None
Sr. Deputy General Manager	R.O.C.	Della Huang (Female)	2017.4.1	131,651	0.07%	0	0	Department of International Trade, Feng Chia University	Chairman, City Space International Co., Ltd.
Vice President	R.O.C.	Nicole Lee (Female)	2020.4.1	10,144	0.01%	0	0	Master degree in Accounting, National Chengchi University	None
<p>1.The Company's shares held by managers in the name of other persons: None.</p> <p>2.Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive : None.</p>									

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

(I) Compensation to Directors

Unit : NT\$ thousands, Dec. 31, 2023

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 6)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of sum of items A, B, C, D, E, F and G to profit (%) (Note 6)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances(E) (Note 4)		Severance Pay (F)		Employee Compensation (G) (Note 5)						
		From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	Cash	Stock	Cash	Stock	From Topco	From All Consolidated Entities	
Director	Jeffery Pan	0	0	0	0	14,937	14,937	0	0	2.3%	2.3%	55,014	57,699	1,034	1,034	31,430	0	31,430	0	5.4%	5.5%	None
	Simon Tseng	0	0	0	0	11,202	11,202	0	0													
	Charles Lee	0	0	0	0	11,202	11,202	0	0													
	Jia Pin Investment Development Company Limited representative: Joyce Lu	0	0	0	0	11,202	11,202	0	0													
	Kuo, Kuan-Hung	0	0	0	0	6,535	6,535	0	0													
	Pei-fen Chang	0	0	0	0	5,601	5,601	27	27													
	J. W. Kuo	0	0	0	0	4,668	4,668	0	0													
Independent Director	Sheu, Her-Jiun	0	0	0	0	2,178	2,178	120	120	0.4%	0.4%	0	0	0	0	0	0	0	0	0.4%	0.4%	None
	Hsin, Ta-Chih	0	0	0	0	2,178	2,178	120	120													
	Chen, Yu-Shan	0	0	0	0	2,178	2,178	120	120													
	Chen, Linsen	0	0	0	0	1,556	1,556	120	120													
	Sun, Pi-Chuan	0	0	0	0	1,556	1,556	120	120													
	Cheng, Jen-Wei	0	0	0	0	1,556	1,556	120	120													
<p>1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration paid to independent Directors is in compliance with TOPCO's Articles of Incorporation §20 and "Rule for distribution of Compensation to Director". A maximum of 3% net profit before tax will be allocated as directors' remuneration. The compensation should be based on the Company's overall operating performance with consideration of the contribution of each director to Company, including the level of involvement and actual time after appointment. Related performance and the plausibility of compensations are both approved by Remuneration Committee and the Board meetings.</p> <p>2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent consultants: None</p> <p>3. The board of director has held a general election on May 30, 2023. New appointment: Kuo, Kuan-Hung, Sheu, Her-Jiun, Hsin, Ta-Chih, Chen, Yu-Shan; Term expired: J.W.Kuo, Chen, Linsen, Sun,Pi-Chuan, Cheng, Jen-Wei.</p>																						

Table of Remuneration ranges

Range of Remuneration	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From Topco	From All Consolidated Entities(I)	From Topco	From All Consolidated Entities(J)
Less than NT\$ 1,000,000				
NT\$1,000,000 ~ NT\$1,999,999	Chen, Linsen, Sun, Pi-chuan, Cheng, Jen-wei	Chen, Linsen, Sun, Pi-chuan, Cheng, Jen-wei	Chen, Linsen, Sun, Pi-chuan, Cheng, Jen-wei	Chen, Linsen, Sun, Pi-chuan, Cheng, Jen-wei
NT\$2,000,000 ~ NT\$3,499,999	Sheu, Her-Jiun, Hsin, Ta-Chih, Chen, Yu-Shan	Sheu, Her-Jiun, Hsin, Ta-Chih, Chen, Yu-Shan	Sheu, Her-Jiun, Hsin, Ta-Chih, Chen, Yu-Shan	Sheu, Her-Jiun, Hsin, Ta-Chih, Chen, Yu-Shan
NT\$3,500,000 ~ NT\$4,999,999	J.W. Kuo	J.W. Kuo	Robert Lai	Robert Lai
NT\$5,000,000 ~ NT\$9,999,999	Kuo, Kuan-Hung, Chang, Pei-Fen	Kuo, Kuan-Hung, Chang, Pei-Fen	Chang, Pei-Fen	Chang, Pei-Fen
NT\$10,000,000 ~ NT\$14,999,999	Jeffery Pan, Jia Pin Investment, Simon Tseng, Charles Lee	Jeffery Pan, Jia Pin Investment, Simon Tseng, Charles Lee	K.W. Kuo, Jia Pin Investment, Kuan-Hung Kuo	K.W. Kuo, Jia Pin Investment, Kuan-Hung Kuo
NT\$15,000,000 ~ NT\$29,999,999			Joyce Lu	Joyce Lu
NT\$30,000,000 ~ NT\$49,999,999			Jeffery Pan, Simon Tseng, Charles Lee	Jeffery Pan, Simon Tseng, Charles Lee
NT\$50,000,000 ~ NT\$99,999,999				
Greater than or equal to NT\$100,000,000				
Total	13 persons	13 persons	15 persons	15 persons

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

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

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

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

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

Note 6 : Profit refers to the profit for the year in the 2023 parent company only financial statements of Topco under Taiwan IFRS.

(II) Compensation to Supervisors: Not applicable

(III) Compensation for President and Vice Presidents

Unit : NT\$ thousands, Dec. 31, 2023

Title	Name (Note5)	Salary (A) (Note 1)		Severance Pay (B)		Bonuses and Allowances (C) (Note 2)		Employee Compensation (D) (Note 3)				Ratio of sum of items A, B, C and D to profit (%) (Note 4)		Remuneration from ventures other than subsidiaries or from the parent company
		From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco	From All Consolidated Entities	From Topco		From All Consolidated Entities		From Topco	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Group Chairman	J. W. Kuo	62,496	73,520	3,083	3,083	76,826	86,136	130,858	-	130,858	-	9.6%	10.4%	None
Group Vice Chairman	Robert Lai													
President / Group Managing	Simon Tseng													
President / Group Managing	Charles Lee													
CEO/CFO	Joyce Lu													
Sr. CEO	Dennis Chen													
CEO	Daniel Wu													
CEO	Eugene Lee													
CTO	Tina Ding													
COO	Henry Ho													
COO	Daniel Yang													
COO	Steve Tan													
Sr. General Manager of BU	Kevin Lin													
General Manager of BU	Reggie Liu													
General Manager of BU	Eva Mai													
General Manager of Energy Div.	Johnny Huang													
Sr. Deputy General Manager	Monica Chiu													
Sr. Deputy General Manager	Della Huang													
Vice President	Nicole Lee													

Table of Remuneration ranges

Range of Remuneration	Name of President and Vice President	
	From Topco	From All Consolidated Entities E
Less than NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999		
NT\$3,500,000 ~ NT\$4,999,999		
NT\$5,000,000 ~ NT\$9,999,999	Steve Tan, Johnny Huang, Monica Chiu, Della Huang, Nicole Lee	Johnny Huang, Monica Chiu, Della Huang, Nicole Lee
NT\$10,000,000 ~ NT\$14,999,999	Eugene Lee, Tina Ding, Henry Ho, Daniel Yang, Kevin Lin, Reggie Liu, Eva Mai	Tina Ding, Henry Ho, Kevin Lin, Reggie Liu, Eva Mai
NT\$15,000,000 ~ NT\$29,999,999	Robert Lai, Simon Tseng, Charles Lee, Joyce Lu, Dennis Chen, Daniel Wu	Robert Lai, Simon Tseng, Charles Lee, Joyce Lu, Dennis Chen, Daniel Wu, Eugene Lee, Daniel Yang, Steve Tan
NT\$30,000,000 ~ NT\$49,999,999	J.W. Kuo	J.W. Kuo
NT\$50,000,000 ~ NT\$99,999,999		
Greater than or equal to NT\$100,000,000		
Total	19 persons	19 persons

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

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

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

Note 4 : Profit refers to the profit for the year in the 2023 parent company only financial statements of Topco under Taiwan IFRS.

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

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

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

Unit : NT\$ thousands, Dec. 31, 2023

	Title	Name (Note 2)	Stock	Cash	Total	Ratio of total amount to the net income after taxes (%)
Executive Officers	Group Chairman	J. W. Kuo	-	130,858	130,858	4.6%
	Group Vice Chairman	Robert Lai				
	President / Group Managing Director	Simon Tseng				
	President / Group Managing Director	Charles Lee				
	CEO/CFO	Joyce Lu				
	Sr. CEO	Dennis Chen				
	CEO	Daniel Wu				
	CEO	Eugene Lee				
	CTO	Tina Ding				
	COO	Henry Ho				
	COO	Daniel Yang				
	COO	Steve Tan				
	Sr. General Manager of BU	Kevin Lin				
	General Manager of BU	Reggie Liu				
	General Manager of BU	Eva Mai				
	General Manager of Energy Div.	Johnny Huang				
	Sr. Deputy General Manager	Monica Chiu				
Sr. Deputy General Manager	Della Huang					
Vice President	Nicole Lee					

Note 1 : Employee's remuneration approved by the Board Meeting , including stock and cash, paid to Executive Officers in the most recent year. and estimated base on the amount distributed in previous year proportionally. Profit refers to the profit for the year in the 2023 parent company only financial statements of Topco under Taiwan IFRS.

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

1. Total remuneration as a percentage of profit.

	Ratio of 2023 total remuneration to profit (%)		Ratio of 2022 total remuneration to profit (%)	
	TOPCO	All Consolidated Entities	TOPCO	All Consolidated Entities
Directors	5.8	5.9	5.9	6.0
President and Vice Presidents	9.6	10.4	7.8	8.4

2. Policies, standards, and packages for payment of compensation, as well as the procedures followed for determining the compensation, and their linkages to business performance and future risk exposure.

- (1) Remuneration should be according to "Regulations Governing Employee Salary and Benefit" and based on the Company's overall operating performance with consideration of the contribution of each Directors, Supervisors and executive officers to the company and the risk the Company will face. The remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations to reach a balance between the company sustainable operation and risk control.
- (2) The remuneration paid to Directors is in compliance with TOPCO's Articles of Incorporation §20 and "Rule for distribution of Compensation to Director". A maximum of 3% net profit before tax will be allocated as directors' remuneration. The compensation should be based on the Company's overall operating performance with consideration of the contribution of each director to Company, including the level of involvement and actual time after appointment. Related performance and the plausibility of compensations are both approved by Remuneration Committee and the Board meetings.
- (3) According to the Company's articles of incorporation, a minimum of 4% net profit before tax will be distributed as employee remuneration, and 8% was distributed in 2022 as employee remuneration. The compensation of President and Vice President includes salaries and bonuses. The salaries are decided based on job title, job grade, education and working experience, professional competence, job responsibility and with reference to industry. The bonuses paid to President and Vice President are decided based on the factors of operational management capability, financial performance index, continuing education, participation in sustainable development and other special contribution to the company.
- (4) The Remuneration Committee was set up at the Board Meeting on Dec. 30, 2011. The compensation are reviewed regularly in Remuneration Committee then submitted to the Board Meeting for approval.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

1. The Company had convened Ten Board of Directors meetings in 2023 with the following attendance :

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Jeffery Pan	10	0	100	
Director	Simon Tseng	10	0	100	
Director	Charles Lee	10	0	100	
Director	Jia Pin Investment Development Company Limited	10	0	100	
Director	Kuo, Kuan-Hung	6	0	100	2023.5.30 new appointment
Director	Chang, Pei-fen	10	0	100	
Independent director	Sheu, Her-Jiun	6	0	100	2023.5.30 new appointment
Independent director	Hsin, Ta-Chih	6	0	100	2023.5.30 new appointment
Independent director	Chen, Yu-Shan	6	0	100	2023.5.30 new appointment
Director	J. W. Kuo	4	0	100	2023.5.30 dismissal
Independent director	Chen, Linsen	4	0	100	2023.5.30 dismissal
Independent director	Sun, Pi-Chuan	4	0	100	2023.5.30 dismissal
Independent director	Cheng, Jen-Wei	4	0	100	2023.5.30 dismissal

Other mentionable items :

- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified.
 - Matters referred to in Article 14-3 of the Securities and Exchange Act. : The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable to the Company. Please refer to Page 25-27 of the Annual Report for related information of the operation status of the Audit Committee.
 - In addition to the aforementioned matters, other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors. : None
- If there are directors' avoidance of motions in conflict of interest, the directors' name, contents of motion, causes for avoidance and voting should be specified : None
- TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations." :

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
(1)Once a year for self-assessment (2)Once three years for external evaluation	Conduct review on the performance of the Board of Directors for the period from Jan.1 to Dec.31,2023	Include the performance review of the Board of Directors, individual members of the Board and functional committees.	(1)Self-assessment conducted by the Board of Directors and members of the Board. (2)Appoint Dalee Finance Consulting Co., Ltd. to conduct performance evaluation.	(1)Performance review of the Board of Directors: include the level of involvement in the Company's operation, quality of decisions made by the Board of Directors, composition and structure of the Board, election and continuing education of Board members and internal controls. (2)Performance review of individual Board members: include grasping of the Company's goals and duties, recognition of directors' duties, the level of involvement in the Company's operations, management and communication with internal stakeholders, professionalism and continuing education of directors and internal controls. (3)Performance review of functional committees: level of involvement in the Company's operations, recognition of the duties of the committee, quality of decisions made by the committee, composition and election of committee members and internal controls.

The Company completed self evaluations of Board performance in 2023 and reported the results to the Board of Directors on February 29, 2024. The weighted average score for the overall performance of the board of directors is from 4 to 5 out of 5. the overall board's operation has been effective.

4. Evaluation of targets for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years and measures taken to achieve the targets.
 - (1) Besides proving the directors and supervisors with the relevant laws and regulations, the Company requires the Board to present the current business status of the Company at board meetings and prepare the relevant information for the proposals for inquiry by nominated personnel.
 - (2) Provide information on an array of training courses to strengthen the competency of board members. A total of Nine directors undertake a total of 90 hours of training during 2023.
 - (3) In an effort to carry out corporate governance and improve the operational efficiency of the Board of Directors, the Company has put in place the "Rules for Performance Review of Board of Directors" to take effect from 28 December, 2018. The annual performance review for the previous fiscal year takes place at the start of the current fiscal year. Results of the review are presented to the nearest upcoming Board of Directors' meeting.
 - (4) The operation of the Board of Directors was in accordance with the "Rules for Board of Directors' Meeting".
 - (5) To ensure information transparency, the Company will publicly disclose important resolutions of the Board of Directors' meeting on the Company's website (<http://www.topco-global.com>) subsequent to the board meetings in the best interest of shareholders.

(II) Operations of the Audit Committee

1. Information on the members of the Audit Committee

Identity	Criteria Name	Professional qualifications and experience independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an members of Audit Committee
Independent director	Sheu, Her-Jiun	please refer to “Information as professional qualifications and independent status of independent directors” in page 11~14 for further details.	0
Independent director	Hsin, Ta-Chih		0
Independent director	Chen, Yu-Shan		0

2. Operations of the Audit Committee

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

(2) Current term of office : May 30, 2023~May 29, 2026

The Company had convened Nine Audit Committee meetings in 2023 with the following attendance :

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Sheu, Her-Jiun	5	0	100	2023.5.30 new appointment
Independent Director	Hsin, Ta-Chih	5	0	100	2023.5.30 new appointment
Independent Director	Chen, Yu-Shan	5	0	100	2023.5.30 new appointment
Independent Director	Chen, Linsen	4	0	100	2023.5.30 dismissal
Independent Director	Sun, Pi-Chuan	4	0	100	2023.5.30 dismissal
Independent Director	Cheng, Jen-Wei	4	0	100	2023.5.30 dismissal

Other mentionable items :

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

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

Date/Term of the Audit Committee	Content of motion	Independent director’s opinions or objections	Audit Committee resolutions	Company’s response
The 14 th meeting, 1st Term 2023.01.13	Discussion on the Company’s investment in property.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
The 15 th meeting, 1st term 2023.03.13	1. Discussed the 2022 standalone financial statements and consolidated financial statements prepared by the Company. 2. Discussed the replacement of CPAs. 3. Approved the Company’s 2022 “Review of Internal Control System Effectiveness” and “Statement of Internal Control Systems”. 4. Discussion of the suspected capital financing for the extraordinarily of receivables.	None	1-3. All committee members attending unanimously resolved to adopt the proposal. 4. There are specific control for overdue accounts, all the committee members present agreed without objection that it was not a matter of capital	1-3. All directors attending unanimously resolved to adopt the proposal. 4. All the directors present agreed without objection that it was not a matter of capital financing.

Date/Term of the Audit Committee	Content of motion	Independent director's opinions or objections	Audit Committee resolutions	Company's response
			financing.	
The 16 th meeting, 1st term 2023.04.19	Discussion on Increased capital by cash and second issue of domestic unsecured convertible bonds.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
The 1 st meeting, 2nd term 2023.07.27	1.Discussed the consolidated financial statements and the independent auditors' review report for the third quarter of 2023. 2.Discussion of the suspected capital financing for the extraordinarily of receivables.	None	1.All committee members attending unanimously resolved to adopt the proposal. 2.All the committee members present agreed without objection that it was not a matter of capital financing.	1.All directors attending unanimously resolved to adopt the proposal. 2.All the directors present agreed without objection that it was not a matter of capital financing.
The 1 st extraordinary meeting, 2nd term 2023.09.25	1.Discussed the amendment to the "Procedures for Loaning of Funds and Provision of Endorsements/Guarantees" of Eco Technical Service Co., Ltd. 2.Discussed the endorsement/guarantee provided by Eco Technical Services Co., Ltd. for new turnkey project.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
The 2 nd meeting, 2nd term 2023.11.1	1.Discussion of the suspected capital financing for the extraordinarily of receivables. 2.Discussed the formulate the "Procedures for Loaning of Funds and Provision of Endorsements/Guarantees" of Topchem Materials Co.,Ltd. 3.Discussed the endorsement/guarantee provided by Topchem Materials Co.,Ltd. for Industrial Upgrading Innovation Platform Mentoring Program.	None	1. All the committee members present agreed without objection that it was not a matter of capital financing. 2-3. All committee members attending unanimously resolved to adopt the proposal.	1. All the directors present agreed without objection that it was not a matter of capital financing. 2-3. All directors attending unanimously resolved to adopt the proposal.
The 3 th meeting, 2nd term 2023.12.21	1.Discussed the formulate the "Procedures for Handling Material Inside Information" of the company. 2.Discussed the amendment to the "Procedures for Prevention of Insider Trading" of the company. 3.Discussed the purchase project of design and decoration for the company's Zhouzi Street building.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
The 2 nd extraordinary meeting, 2nd term 2023.12.22	1.Discussed the amendment to the "Regulations Governing Supervision of Subsidiary Companies" of the company. 2.Discussed the formulate the "Procedures for related to financial and business between related parties" of the company.	None	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.

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

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and CPAs.

Date	Summary of Communication	Implementation Status
Mar.13,2023 Audit Committee Meeting	<ol style="list-style-type: none"> 1. Audit plan execution report for 2023 2. Statement of Internal Control System for 2022 	Submitted the Board of Directors for resolution and proceed in accordance with the resolution of the Board.
Mar.13,2023 Communicaiton Meeting	<ol style="list-style-type: none"> 1.The 2022 standalone financial statements and consolidated financial statements audited and attested by CPAs. 2.Communication of the scope of audit and key matters as well as major changes to laws and regulations. 3.Communication of questions raised by meeting attendees between the audit manager and CPAs. 	none expressing dissenting opinions.

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

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

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Does the Board established a diversity policy, specific management goals and implemented it accordingly?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>(4) Does the Company regularly assess on the independence of CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company’s “ Corporate Governance Best Practice Principles” consider the diversity policy of board members. please refer to “Diversified board of directors” in page 14 of the annual report for further details.</p> <p>(2) The Company has instituted the “Audit Committee”, “Remuneration Committee”, ”Corporate Governance and Nominating Committee” and the "Risk Management Committee". The Company may institute other functional committees in future according to operational requirements.</p> <p>(3) The Company has put in place the “Rules for Performance Review of Board of Directors” to take effect from December 28, 2018 to review the efficiency and functioning of the board. The board has executed internal performance evaluation and appointment of Dalee Finance Consulting Co., Ltd. to perform external evaluation for the 2023. Results of the evaluation were presented at the board of directors’ meeting on February 29, 2024 and published on the Company’s website.</p> <p>(4) The Company appoints KPMG, a reputable CPA firm in Taiwan as our independent accountants. The Company evaluates the independence and competency of the CPAs at least once a year on the basis of the scale of operation and reputation of the CPA firm, years of consecutive audit service, the nature and scope of non-audit services, audit engagement fees, the quality of audit services and interactions of CPAs with the Company’s management and internal audit managers. The Company requests the CPAs and their firm to provide the relevant information and Statement of Independence for evaluation by the Accounting Department. Results of evaluation for the past two fiscal years were presented to the board on March 13, 2023 and February 29, 2024 respectively.</p>	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)	✓		<p>In an effort to implement corporate governance, the Company has appointed designated personnel to handle corporate governance affairs. The board resolved on November 8, 2019 to appoint senior vice-president Della Huang to be solely responsible for overseeing the Company’s corporate governance operations. Ms Huang has over ten years of experience in handling stock affairs or administrative matters of meetings of public companies. Her primary duties include handling matters associated with convening board meeting and shareholders’ meetings in accordance with law, prepare minutes of board and shareholders’ meetings, assist directors in taking office and continuing training, provide directors with information they require to perform their duties, and collect information on the latest regulatory updates relevant to the Company’s business operations to ensure regulatory compliance.</p> <p>Status of implementation for the 2023 fiscal year has been published on the Company’s website, summary of which is provided below:</p> <p>(1) Assist directors in performing their duties and provide the required information and arrange training for directors.</p> <p>(2) Assist with the functioning of the respective functional committees, board of directors and meeting procedures of shareholders’ meeting as well as regulatory compliance matters.</p> <p>(3) Maintain investor relations.</p>	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>The Company holds belief in diligent, honest, and professional management and maintains sound interactions with its stakeholders. Our services are deeply trusted by our suppliers and customers. The Company has instituted a dedicated stakeholder section on the Company’s website to offer product information and appropriate channel for communication. The Company prepares the annual ESG report, conducts customer satisfaction surveys, and has instituted a platform on the internal employee portal to promote communications between employees and the Company’s management team. We regularly report the communication situation with various stakeholders to the board of directors per year and reported the implementation situation during 2023 to the board of directors on February 29, 2024.</p>	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the stock affairs agency service department of the Grand Fortune Securities to handle all stock affairs and matters pertaining to shareholders’ meetings.	None
7.Information disclosure (1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3)Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results of operation ahead of the due dates?	✓ ✓ ✓		(1)The Company publishes the various financial and business information periodically and from time to time on the website of the Market Observation Post System. The Company has established a website in Traditional Chinese, Simplified Chinese and English and a dedicated “Stakeholders Section” to disclose information on corporate governance. Website: http://www.topco-global.com . (2)The Company has appointed dedicated personnel to be responsible for collecting and disclosing the information outlined in the left column, Regularly convenes investor conferences four times a year, has established a spokesperson system and offers appropriate company information and channel for communications for investors on the Company’s website. (3)The Company has published and filed its annual financial statements within three months of the end of the fiscal year in accordance with regulatory requirements and published and filed its financial statements for Q1, Q2, and Q3 and monthly operating status prior to the due dates.	None
8.Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for	✓		(1) Employees’ rights and employee care: please refer to “Labor Relations” in page 88 of the annual report for further details. (2) Investor relations, supplier relations and stakeholder’ rights: The Company places high importance in communications with suppliers and clients. Besides regularly visiting suppliers and clients, the Company hosts workshops and sports events from time to time to promote interactions with suppliers and clients. The Company also has a product manager system in place and a dedicated system and line for handling customer feedbacks to ensure that customers’ issues are resolved with dedicated assistance. On the other hand, the Company has also appointed a spokesperson, acting spokesperson and media release contact	None

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

Assessment Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>operations of each business unit periodically and from time to time; propel and improve the Company's internal control system to ensure that the internal controls continue to be effectively implemented.</p> <p>(d) The company and subsidiaries: They should clearly identify the risks, and comply with the relevant regulations of the company's internal control, perform necessary operations and risk management, and ensure that the risks involved are controlled within an acceptable range.</p> <p>C.Operations of risk management: The risk management committee has instituted emergency response team, operational risk, financial risk, information security risk and climate risk etc. The general manager assigns relevant unit supervisors to take charge of the each group and execute the work plans.</p> <p>(5) Implementation of client policy: The Company undertakes customer satisfaction surveys each year to collect customer feedbacks to be used as the reference for future development of products and services.</p> <p>(6) Professional indemnity insurance for directors: The Company renewed the indemnity insurance for directors underwritten by Fubon Insurance Co., Ltd. in October 2023. Total insured value was NT\$ 152,500,000.</p> <p>(7) Certification obtained by personnel responsible for managing the transparency of financial information: R.O.C. CPA: two peoples qualified including the CEO/CFO Joyce Lu and Chief accountant officer Nicole Lee. CFA of United States: one person qualified, Vice President Chihkai Chang from the Investment Management Division. International qualified CIA: one person qualified, Chief internal auditor Angel Liu. Internationally qualified CISA: one person qualified including the Chief internal auditor Angel Liu.</p> <p>(8) Procedures for handling significant internal information:</p>	

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>1.The Company has established the “Procedures for Prevention of Insider Trading” , which are uploaded and published on the internal employee portal. The established mechanism for handling and disclosing significant internal information ensures the consistency and accuracy of information made publicly available.</p> <p>2.The handling and disclosure of significant internal information or uploading to the Market Observation Post system is subject to approval and documentation. The handling personnel is prohibited from disclosing the Company’s significant internal information without prior consent.</p>	
9.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.	✓		<p>(1) Improvements made:</p> <ol style="list-style-type: none"> 1. Training hours of all directors. 2. Disclosure of directors' personal remuneration in the annual report. 3. Obtained the ISO14001 Environmental Management System. <p>(2) Priority improvements and measures:</p> <ol style="list-style-type: none"> 1. Execution of transactions between significant related parties report to Shareholders’ Meeting. 2. Plan of information security management system. 3. Announce to annual financial report within two months after the end of the fiscal year. 	None

Note : Corporate Governance Training in 2023:

Position Name	Date	Organizer	Course Name	Hours
Chairman Jeffery Pan	Nov.1,2023	Corporate Operating and Sustainable Development Association	Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Dec.22,2023		Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3
Director Simon Tseng	Aug.18,2023	Corporate Operating and Sustainable Development Association	Managing Risks of Corporate Control and Exploration of Independent Director System	3
	Nov.1,2023		Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Dec.22,2023		Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3
Director Charles Lee	Nov.1,2023	Corporate Operating and Sustainable Development Association	Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Dec.22,2023		Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3
Director Joyce Lu	Nov.1,2023	Corporate Operating and Sustainable Development Association	Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Nov.14,2023	Taiwan Institute for Sustainable Energy	6th Global Corporate Sustainability Forum 2023	3
	Nov.15,2023	Securities and Futures Institute	Legal compliance briefing on insider equity transactions	3
	Dec.22,2023	Corporate Operating and Sustainable Development Association	Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3
Director Kuo, Kuan-Hung	Sep.4,2023	Financial Supervisory Commission	14th Taipei Corporate Governance Forum	3
	Oct.24,2023		Related Regulations: Legal Framework and Case Study Analysis of Insider Trading	3
	Nov.1,2023	Corporate Operating and Sustainable Development Association	Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Dec.22,2023		Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3
Directr Chang, Pei-Fen	112.9.26	Corporate Operating and Sustainable Development Association	New thought of risk management in the digital transformation for future	3
	Nov.1,2023		Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Dec.22,2023		Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3

Position Name	Date	Organizer	Course Name	Hours
Independent Director Sheu, Her-Jiun	Aug.18,2023	Corporate Operating and Sustainable Development Assocation	Managing Risks of Corporate Control and Exploration of Independent Director System	3
	Aug.30,2023	Taipei Financial Research and Development Foundation	The roles and responsibilities of boards of directors of listed companies in ESG sustainable governance	3
	Sep.4,2023	Financial Supervisory Commission	14th Taipei Corporate Governance Forum	6
Independent Director Hsin, Ta-Chih	Jun.19,2023	Accounting Research and Development Foundation	Legal liability, forensics and big data analysis	6
	Sep.15,2023	Corporate Operating and Sustainable Development Assocation	Enterprise carbon management and software application	3
	Nov.1,2023	Corporate Operating and Sustainable Development Assocation	Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
Independent Director Chen, Yu-Shan	Sep.4,2023	Financial Supervisory Commission	14th Taipei Corporate Governance Forum	6
	Nov.1,2023	Corporate Operating and Sustainable Development Assocation	Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Dec.22,2023	Corporate Operating and Sustainable Development Assocation	Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3
Chief Accounting Officer Nicole Lee	Aug.21,2023 Aug.22,2023	Accounting Research and Development Foundation	Accounting Manager Continuing Education Course	12
Chief internal auditor Angel Liu	Jun.6,2023	The institute of Internal Auditors-Chinese	Financial planning and supervision management audit affairs of group enterprises (including overseas reinvestment enterprises)	6
	Oct.24,2023		How to use big data to strengthen audit operations	6
	Nov.6,2023		"Internal Audit Digital Transformation" Practical Seminar	6
chief corporate governance officer Della Huang	Sep.26,2023	Corporate Operating and Sustainable Development Assocation	New thought of risk management in the digital transformation for future	3
	Oct.24,2023		Related Regulations: Legal Framework and Case Study Analysis of Insider Trading	3
	Nov.1,2023		Strategies for Management Power Fight and Legal Liabilities of Responsible Persons	3
	Dec.22,2023		Discussion of Global tax reform and corporate tax governance in the context of ESG trend and international environment change	3

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

1.Information on the members of the Remuneration Committee

Identity	Criteria Name	Professional qualifications and experience independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an members of Remuneration Committee
Independent director	Sheu, Her-Jiun	please refer to “Information as professional qualifications and independent status of independent directors” in page 11~14 for further details.	0
Independent director	Hsin, Ta-Chih		0
Independent director	Chen, Yu-Shan		0

2.Operations of the Remuneration Committee

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

(2) Current term of office : May 30, 2023~May 29, 2026

The Company had convened Six Remuneration Committee meetings in 2023 with the following attendance :

Identity	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remart
Independent director	Sheu, Her-Jiun	3	0	100	2023.5.30 new appointment
Independent director	Hsin, Ta-Chih	3	0	100	2023.5.30 new appointment
Independent director	Chen, Yu-Shan	3	0	100	2023.5.30 new appointment
Independent director	Chen, Linsen	3	0	100	2023.5.30 dismissal
Independent director	Sun, Pi-Chuan	3	0	100	2023.5.30 dismissal
Independent director	Cheng, Jen-Wei	3	0	100	2023.5.30 dismissal

Other mentionable items :

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

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

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

Meeting Date	Content of the motion	Remuneration Committee resolutions	Company's response
2023.1.13	1.Deliberate the Company's annual bonus allocation proposal for managers in 2022.	All committee members attending	All directors attending unanimously

Meeting Date	Content of the motion	Remuneration Committee resolutions	Company's response
	2.Deliberate the Company's staff performance bonus allocation proposal for managers in the second half of 2022. 3.Deliberate the Company's performance bonus allocation proposal for managers in the second half of 2022.	unanimously resolved to adopt the proposal.	resolved to adopt the proposal.
2023.3.10	1.Deliberate the allocation proposal for the Company's employee compensation as well as director remuneration of 2022.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
2023.4.27	1.Deliberate the Company's Salary adjustment proposal for managers in 2023. 2.Amendments to the Company's "Rules of Director remuneration"	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
2023.6.9	Discussion on the Measures for the Acquisition of New Shares by Employees during the Cash Capital Increase and Issuance of New Shares in 2023.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
2023.9.1	1.Deliberate the payment proposal to the directors of 2022. 2.Deliberate the Company's staff performance bonus allocation proposal for chairman and managers in the first half of 2023. 3.Deliberate the payment proposal for the Company's employee compensation for managers of 2023. 4.Discussed the formulate the " rules of employees remuneration " of the company.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.
2023.11.10	Deliberate the payment proposal to the Company's manager employees of 2022.	All committee members attending unanimously resolved to adopt the proposal.	All directors attending unanimously resolved to adopt the proposal.

3.Information on the members of the Nomination Committee and its operating status:

(1) There are five members in Corporate Governance and Nomination Committee of the Company, members including three independent directors and directors Joyce Lu and Kuo, Kuan-Hung. please refer to “Information as professional qualifications and independent status of independent directors” in page 11~14 for further details.

(2) Current term of office : Jun. 9, 2023~May 29, 2026

The Company had convened three Corporate Governance and Nomination Committee in 2023 with the following attendance :

Identity	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remart
Independent director	Sheu, Her-Jiun	1	0	100	2023.6.9 new appointment
Independent director	Hsin, Ta-Chih	1	0	100	2023.6.9 new appointment
Independent director	Chen, Yu-Shan	1	0	100	2023.6.9 new appointment
Director	Jia Pin Investment Joyce Lu	1	0	100	2023.6.9 new appointment
Director	Kuo, Kuan-Hung	1	0	100	2023.6.9 new appointment
Independent director	Chen, Linsen	2	0	100	2023.5.30 dismissal
Independent director	Sun, Pi-Chuan	2	0	100	2023.5.30 dismissal
Independent director	Cheng, Jen-Wei	2	0	100	2023.5.30 dismissal
Director	Simon Tseng	2	0	100	2023.5.30 dismissal
Director	Charles Lee	2	0	100	2023.5.30 dismissal

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

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

<p>which have low impact on the environment?</p> <p>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>	<p>✓</p>	<p>improves the energy efficiency level of its office premise by opting for energy-efficient lights and water-efficient dispensers and procure higher percentage of energy-efficient products.</p> <p>(3) The Company has identified opportunities and risks based on the four core elements of the TCFD and formulated response strategies. We prepare the TCFD Report on our own (certified by a third party).</p> <p>(4) In recognition of the global climate change, calls for better use of resources and fulfillment of our corporate social responsibilities, the Company has established a system to measure and maintain a logbook of greenhouse gas emission, ensuring the information is documented internally and verification procedures are in place on the basis of controls on greenhouse gas emission sanctioned by the International Organization of Standardization, to be used as the reference for implementing improvement measures to reduce emission in future. Since 2018, the Company has been gradually propelling the construction and verification of its greenhouse gas management system to effectively manage the risks posed by greenhouse gas emission, while at the same time promoting its corporate image as an advocate for environmental protection. The Company has joined the Science Based Targets initiative (SBTi). To achieve the Net Zero goal by 2050, we will adopt the absolute reduction method as the reduction target, draw up an action plan, and implement it continuously. We obtain the ISO 14001 environmental management system certification with the aim of improving the organization's outstanding environmental performance and compliance with environmental regulations, to achieve a balance between the environment, society, and economy and meet the social expectations for sustainable development, transparency, and responsibility.</p>	
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant</p>	<p>✓</p>	<p>(1) The Company supports and complies with the spirit of human rights protection as outlined in the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Conventions, and</p>	<p>None</p>

<p>regulations and the International Bill of Human Rights?</p>	✓		<p>adopts the “TOPCO Scientific Co. LTD Human Rights Policy.” In addition, pursuant to the Labor Standards Act, Act of Gender Equality in Employment, Employment Service Act and relevant laws and regulations, the Company also establishes relevant rules and regulations that can be found on the Company’s intranet for employees’ reference.</p>	
<p>(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p>	✓		<p>(2) The Company has established the Remuneration Committee, "Regulations Governing Employee Salary and Benefit" and the remuneration policy, performance and reward guidelines and employee safety and corporate standards that meet the criteria for corporate social responsibilities to offer employees a reasonable performance appraisal system under which employees are given appropriate recognition or disciplinary actions by way of receiving a promotion or bonus on the basis of their performance. The Company also has in place employee reward/disciplinary and benefits policy, which is published on the employee portal for reference and compliance to ensure that employees have a clear policy to follow.</p>	
<p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p>	✓		<p>(3) The Company convenes regular “Investor Relation Meetings” to promote employer and employee negotiation and co-operation, and also organizes regular staff bonding camp and employee seminars to foster staff consensus building and internal communications. The Company ensures employees’ safety at work and their physical and psychological health through regular examination of laws and regulations, hazard identification and risk assessment, work environment monitoring, and health examination management. We regularly inspect hardware equipment and facilities and provide breastfeeding rooms and health consultation and care services. We offer occupational safety and health education and training for new employees and safety and health education and training for in-service employees, hold health seminar from time to time, and regularly organize fire safety training and exercises to increase employees' awareness and attention to personal safety and physical and psychological health.</p>	
<p>(4) Does the company provide its employees with career development and training sessions?</p>	✓		<p>(4) The Company has a comprehensive employee training plan in place and</p>	
<p>(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</p>	✓			
<p>(6) Does the Company established the supplier management policy, requiring suppliers to comply with the relevant laws and regulations governing</p>				

<p>environmental protection, occupational health and safety or labors rights and detailed its implementation status?</p>		<p>administers employee training passports, offering employees the various training resources and subsidies for professional training and studies towards a degree. The Company incorporates each employee’s training hours as one of the indicators for performance review. In 2013, the Company was awarded the silver medal of the Taiwan TrainQuali System. Commencing from 2014, the Company introduced the “Corporate Learning Hub” under the “SME Learning” program administered by the Ministry of Economic Affairs to offer employee more diverse learning resources.</p> <p>(5) The Company’s products and services are delivered in compliance with the industry standards and customer requirements and have been certified to meet the ISO9001 standards. The Company has published the Customer Complaint Procedures Handbook and After-sale Service Manual to provide standard customer service procedures and publish details of the contact person for the respective products on the Company’s website.</p> <p>(6) The Company regularly conducts supplier review (including products and services) and select suppliers with a good track record to do business with. The Company invites suppliers to host seminars in line with the Company’s quality policy and management philosophy. Besides requesting suppliers to increase their awareness for environmental protection and reduce pollution, the Company also gives preference to new suppliers/products with the awareness for environmental protection in mind so that the Company can partner with suppliers to jointly commit to fulfilling our corporate social responsibilities.</p>	
<p>5.Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a</p>	<p>✓</p>	<p>The Company prepares the annual ESG report of which the contents were included with reference to AA1000AP:(2018), AccoutAbility Principles and disclosures made with reference to the core disclosures published by the GRI. The contents reflect the execution of economic, social, and environmental issues and a comparison table is attached at the end of the report referencing the contents of the report to the GRI standards. For the purpose of improving information transparency and reliability, the Company appointed a third-party</p>	<p>None</p>

third party verification unit?		verification agency , the AFNOR Group to verify the report under Type 1 assurance of AA1000:AS v3(2020) and core disclosures outlined in the GRI standards. The assurance report is attached in the Appendix section of this report. The financial information disclosed in this report are sourced from the audited financial statements.	
<p>6. If the Company has established sustainable development principles based on " sustainable development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any deviations between the principles and their implementation: Being a corporate citizen, the Company is dedicated to corporate governance, corporate undertaking, environmental protection, and carrying out community engagement with the goal of giving back to the society and ensuring the sustainable operation of the business. The Company's business operations are in line the Corporate Social Responsibility Best Practice Principles.</p>			
<p>7. Other important information to facilitate better understanding of the Company's sustainable development practices: For the company's various sustainable development operations, please refer to the company's website (https://esg.topco-global.com/), press releases and related publications (such as business introduction, annual sustainability report, etc.)</p>			

TWSE-/TPEX-listed company's climate-related information

1. Implementation of climate-related measures

Item	Implementation
<p>1. State the board and management oversight and governance of climate-related risks and opportunities.</p> <p>2. State how the identified climate risks and opportunities will affect the company's business, strategy, and finances (in the short-term, mid-term, and long-term).</p> <p>3. State the impact of extreme climate events and transitional actions on finance.</p> <p>4. State how climate risk identification, assessment, and management processes are integrated into the entire risk management system.</p> <p>5. If scenario analysis is adopted to assess resilience to climate change risks, state the scenarios, parameters, assumptions, and analysis factors used, and major financial impacts caused.</p> <p>6. If there is a transition plan to manage climate-related risks, state the content of the plan and the indicators and targets adopted to identify and manage physical and transition risks.</p> <p>7. If an internal carbon pricing mechanism is adopted as a planning tool, state the basis for setting such prices.</p> <p>8. If climate-related targets are set, state the activities covered, the scope of greenhouse gas emissions, a planned timeline, annual progress, and other information. If carbon offsets or renewable energy certificates (RECs) are adopted to achieve relevant targets, state the sources and quantity of carbon credits to offset carbon emissions or the quantity of RECs used.</p> <p>9. Greenhouse gas inventory and assurance (fill out Table 1-1 additionally)</p>	<p>1. To effectively respond to climate risks, the Company established the ESG Promotion Committee as our top-level climate change management decision-making center. The committee is responsible for setting the Company's mid- and long-term climate change management strategies and reporting to the board of directors twice per year on climate change-related decisions and implementation performance, and independently prepared the 2023 TCFD Report.</p> <p>2. The transition and physical risks and transition opportunities related to climate change, identified through relevant personnel's questionnaire surveys and analysis according to the recommendations were sorted by the four criteria of duration (short, medium, and long term), financial impact, likelihood, and organizational response ability; the risk hotspots and opportunity hotspots were defined based on the two dimensions of financial impact and likelihood. (pages 12–17 of the TCFD report)</p> <p>3. When we plan our response strategies, we consider the potential impacts on our finances, business operations, and R&D investments. We also take into account the impact on our supply chain and value chain. (pages 16–17 of the TCFD report)</p> <p>4. At a climate change risk and opportunity identification review meeting, with the support of senior managers, we conducted operational and financial impact analysis and produced a risk matrix, a prioritized climate risk and opportunity table, and a climate risk/opportunity financial impact analysis table, to indicate that the climate risks serve as the driving force of the Company's efforts in improving operational and financial risks and strategies. (pages 9–12 of the TCFD report)</p> <p>5. Establish scenario planning on business resilience, apply internal carbon pricing impact analysis under policy regulations to evaluate the business transition risks; and apply impact analysis of flood disaster (sea level rise), drought/water shortage (water resources crisis) to evaluate physical risks. (pages 18–21 of the TCFD report)</p> <p>6. We proactively faces the company's operation opportunities and challenges that climate change brings. In addition to strengthening our "mitigation" and "adaptation" capabilities, we provide overall solutions for the semiconductor supply chain to comprehensively enhance enterprise green</p>

	<p>competitiveness. (pages 22–25 of the TCFD report)</p> <p>7. The Company's internal carbon price is US\$250 per metric ton of CO₂e, and we adopt the shadow price approach as a risk assessment tool. The pricing is based on the recommendations in a survey by economic experts at the COP26 in Glasgow. To further limit warming to 1.5°C, the carbon price in 2030 should be set between US\$50 and US\$250 per ton.</p> <p>8. The Company aims to achieve carbon neutrality and Net Zero by 2050. (pages 24–28 of the TCFD report)</p>
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<p>Basic information on the Company</p> <p><input type="checkbox"/> A company with a capital of at least NT\$10 billion in the iron and steel industry or the cement industry</p> <p><input type="checkbox"/> A company with a capital of more than NT\$5 billion but less than NT\$10 billion</p> <p><input checked="" type="checkbox"/> A company with a capital of less than NT\$5 billion</p>	<p>According to the Sustainable Development Roadmap for TWSE/TPEX Listed Companies, at least the following should be disclosed:</p> <p><input checked="" type="checkbox"/> Check by the parent company only</p> <p><input type="checkbox"/> Check by the subsidiaries included in the consolidated financial report</p> <p><input checked="" type="checkbox"/> Assurance information of the parent company only</p> <p><input type="checkbox"/> Assurance information of the subsidiaries included in the consolidated financial report</p>
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Scope 1	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$ million)	Assurance organization	Assurance situation
Parent company	317.9018	0.0120	AFNOR	
Subsidiary	-			
... (Note 1)	-			
Total	317.9018	0.0120		
Scope 2	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$ million)	Assurance organization	Assurance situation
Parent company	789.3551	0.0299	AFNOR	
Subsidiary	-			
... (Note 1)	-			
Total	789.3551	0.0299		
Scope 3	505,829.3310 (tCO ₂ e)			

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

Assessment Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policies and programs:</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct" and disclosed the aforesaid principles and policy on the Company's website. The Group's management philosophy is explained in the Company's "Management Policy" and on the website to openly demonstrate its ethical management policy. The Company's corporate governance managerial staff shall report the status of implementation to the Board of Directors and the management team while the Audit Office conducts audits periodically and from time to time and reports the results of the audits. The Company has also prepared the 2022 ESG Report to communicate its efforts and contributions on fulfilling corporate social responsibilities to its stakeholders.</p> <p>(2) The Company's management complies with the provisions of the "Ethical Corporate Management Best Practice Principles". The Company has put in place standard operational procedures to govern business transactions and operational and management policy to govern internal management. These policies and procedures have been uploaded to the employee portal to serve as the code of conduct and education/training of employees. The risk assessment and analysis mechanism of unethical behavior includes:</p> <p>(a) In the annual audit program established according to the outcomes of risk assessment, we have included "legal and</p>	None

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
<p>procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>			<p>regulatory requirements” and “risk of unethical behavior” as factors for risk assessment and have also reported them to the Risk Management Committee on Nov. 1, 2023.</p> <p>(b) Including “Ethical Corporate Management Best Practice Principles” as part of the annual audit: In September 2023, the Audit Office already audited the “Ethical Corporate Management Best-Practice Principles,” including commitment and implementation, ethical management of business activities, avoidance of conflicts of interest, and the whistle-blower system. Audit conclusions: Currently, no severe violation has been found in the actual implementation of the “Ethical Corporate Management Best Practice Principles” and organizational regulations.</p> <p>(c) At the time of compiling the annual report, the Stock Affair Office will conduct a consolidated review of the status of implementation for the first half of the fiscal year and disclose quantitative statistics in the annual report, on the company’s website and in the prospectus. The aforesaid disclosed statistics is used as the basis for revising the direction of policy implementation and actions and recommendations for formulating the policy for preventing unethical conduct.</p> <p>(3) Under the framework of “Ethical Corporate Management Best Practice Principles” and “Codes of Ethical Conduct”, the Company has formulated management guidelines and specific regulations to for different</p>	

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

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

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
<p>management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity ?</p>	✓		<p>responsibilities. The Stock Affair Office is responsible for formulating and supervising the execution of the Ethical Corporate Management Best-Practice Principles and the policy for preventing unethical conduct and shall report to the Board of Directors at least once a year. The implementation status for the 2023 fiscal year was presented at the board meeting held on Dec. 22, 2023.</p> <p>(3) The Legal Affair Office shall consult legal consultants on significant or doubtful cases according to the field of specialty.</p> <p>(4) In an effort to implement ethical corporate management, the Company has established accounting and internal control systems.</p> <p>A.The Accounting Department reviews transaction accounts in accordance with accounting principles and consult with the CPAs for significant or doubtful cases.</p> <p>B.Auditing Office:</p> <p>(a) In the annual audit plan established according to the outcomes of risk assessment, we have included “legal and regulatory requirements” and “risk of unethical behavior” as factors for risk assessment and have also reported them to the Risk Management Committee on Nov. 1, 2023.</p> <p>(b) Internal audit staff conduct audits periodically and from time to time in accordance with the internal control systems.</p> <p>(c) Included the “Ethical Corporate Management Best Practice Principles” as part of the annual audit. The 2023 “Ethical Corporate Management Audit Report” was issued in September 2023.</p>	

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
			<p>(d) The establishment or amendment of the internal control system, such as the Internal Control Performance Standards, were consented by the Audit Committee and approved by the BOD.</p> <p>(5) The company promotes its ethical corporate management philosophy, which forms part of the company culture through meetings and activities. The Company also runs the relevant educational training programs periodically and from time to time:</p> <p>(a) New employee training: new employees attend the orientation program on the date of employment commencement with the Company. In the orientation, contents of the “Integrity Letter and Commitment” and “Employment and Confidentiality Agreement” are clearly explained to reinforce the importance of ethical conduct and disciplines required by the Company. A total of 268 employees completed a total of 536 hours of training during 2023, representing a training completion rate of 100%.</p> <p>(b) Internal training: training courses on compliance with trade secrets and personal information regulations, Occupational safety and health, food safety and health, health management, sexual harassment prevention have been conducted during 2023 with a total of 2353 attendees receiving a total of 3231 hours of training.</p> <p>(c) External training: continuing education of staff includes: practical fraud prevention and detection, Financial Analysis Indicator Interpretations and</p>	

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
			Management Risk Prevention, Internal Control Management Practices of Business Contract Signing by Enterprises, “Regulations and Practical Analysis for Loaning of Funds, Provision of Endorsements /Guarantees, and Acquisition and Disposal of Assets”, food safety control system practice, occupational training of safety and health, etc. A total of 1464 hours of training were completed.	
<p>3.Status for enforcing the Company’s Whistleblowing system</p> <p>(1) Does the Company established a specific whistleblowing and reward system, and set up convenient whistleblowing channels, designated appropriate personnel to handle the investigations, depending on the identity of the person being reported?</p> <p>(2) Does the Company established standard investigation procedures for whistleblowing matters, subsequent measures to take after the investigation is completed and the relevant mechanisms to ensure confidentiality?</p> <p>(3) Does the Company adopted measures to protect the whistleblower against inappropriate actions for whistleblowing?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Whistleblowing Guidelines and a mailbox (auto-forward to the audit manager) dedicated for reporting fraud and incidents of breaching the code of ethical conduct are published/available on the Company’s website and the process is handled in accordance with the Company’s management policy, “Guidelines for Employee Reward and Disciplinary Actions” and employee code of conduct. The Audit office conducts audits on the respective units periodically and from time to time to exercise its supervisory function and manage the respective risks.</p> <p>(2) The Company has established the “Whistleblowing Guidelines”, signed employee confidentiality agreement and the personnel involved are liable to ensure confidentiality. There was no incident reported during the 2022 fiscal year.</p> <p>(3) The Company’s whistleblowing procedures are confidentially carried out and there shall be no inappropriate actions against the whistleblower for whistleblowing.</p>	None

Assessment Item	Implementation Status		Summary	Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
4.Enhancing information disclosure Does the Company disclosed the contents of its Ethical Management Best Practice Principles and the effectiveness of the relevant activities on its official website or Market Observation Post System?	✓		The Company upholds our management philosophy of “Integrity, Professionalism and Sharing” and made available the “Ethical Management Best Practice Principles”, “Code of Ethical Conduct” and “Whistleblowing Guidelines” on the Company’s intranet and corporate website (www.topco-global.com) for stakeholders’ reference. The Annual Reports (also available on the corporate website and the Market Observation Post System) and ESG Report (https://esg.topco-global.com/) also include the relevant provisions and the results of implementing the Ethical Management Best Practice Principles.	None
5.If the Company has established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any deviations between the principles and their implementation: The Company has formulated the “Ethical Corporate Management Best Practice Principles” and disclosed the said principles on the Company’s website. There is no deviation of the Company’s implementation from the best practice principles.				
6.Other important information that facilitates the understanding of the implementation of ethical corporate management: None.				

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

The Company has formulated Corporate Governance Best Principles and the related guidelines and have disclosed the said principles and guidelines in the stakeholder section on the Company’s website (<https://www.topco-global.com/rules-and-regulations>) and the knowledge management hub on the employee portal (<https://portal.topco-global.com/TopcoEIPCore/#>).

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

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

TOPCO SCIENTIFIC CO., LTD
Statement of Internal Control System

February 29, 2024

Based on the findings of a self-evaluation, TOPCO SCIENTIFIC CO., LTD (TOPCO) states the following with regard to its internal control system during year 2023 :

1. TOPCO's Board of Directors and management are responsible for establishing, operating, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and TOPCO takes immediate remedial actions in response to any identified deficiencies.
3. TOPCO evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. TOPCO has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, TOPCO believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of TOPCO's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on February 29, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirmed the content of this Statement.

TOPCO SCIENTIFIC CO., LTD

Chairman : Jeffery Pan



President : Simon Tseng



Charles Lee



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

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

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

1. Material resolutions from the 2023 Shareholders' Meeting and Implementation Status :

Implementation Status of the General Meeting of Shareholders on May 30, 2023

(1)Adoption of the 2022 Financial Statements.

(2)Adoption of the 2022 Earnings Distribution.

Note : 2022 cash distribution of earnings and capital reserve at NT\$10 per share, which has been distributed on July 14 2023.

(3)Amendment of the Articles of “Articles of Incorporation”.

(4)Amendment of the Articles of “Rules for Election of Directors”.

(5)To elect the Company’s 12th Term of Board of Directors.

(6)To release the non-competition restrictions on newly elected directors.

2. Major resolutions of Board meetings :

Date of Meeting	Details of Resolutions
The 15 th meeting, 11th BOD 2023.1.17	<ol style="list-style-type: none"> 1. Discussion on the Company’s investment in property. 2. Discussed the resolutions of the Company’s Remuneration Committee.
The 16 th meeting, 11th BOD 2023,3.13	<ol style="list-style-type: none"> 1. Discussed the amount and method of distributing the remuneration to employees and directors for 2022. 2. Discussed the 2022 standalone financial statements and consolidated financial statements prepared by the Company. 3. Discussed the review of the suitability and independence of the Company’s CPAs. 4. Discussed the CPA fees for 2022. 5. Discussed the replacement of CPAs. 6. Formulated the company's "General Principles of Pre-approval Non-Confidential Service Policy". 7. Discussed the Company’s 2022 Business Reports. 8. Discussed the distribution of the Company’s 2022 earnings. 9. Discussed the distribution of the Company’s capital reserve. 10. Approved the Company’s 2022 “Review of Internal Control System Effectiveness” and “Statement of Internal Control Systems” 11. Discussed the amendment to the " Articles of Incorporation ". 12. Discussed the amendment to the " Rules for Election of Directors ". 13. Discussed the elections of the 12th Term of Board of Directors. 14. Convened the Company’s 2023 general shareholders’ meeting. 15. Discussed the period of accepting shareholders’ proposals, nomination and location for the Company’s 2023 general shareholders’ meeting. 16. Discussed the resolutions of the Company’s Remuneration Committee. 17. Discussion of the suspected capital financing for the extraordinarily of receivables. 18. Discussed the company applies to the Bank for credit quota, forex and

Date of Meeting	Details of Resolutions
	<p>derivatives trading.</p> <p>19. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</p>
<p>The 17th meeting, 11th BOD 2023.4.19</p>	<p>1. Discussed the nomination of elect the 12th term of Board of Directors (including independent directors).</p> <p>2. Discussed to release the prohibition on directors from participation in competitive business.</p> <p>3. Discussed the company to issue common shares for cash capital increase and the second domestic unsecured convertible bonds.</p> <p>4. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</p>
<p>The 18th meeting, 11th BOD 2023.5.5</p>	<p>1. Discussed the consolidated financial statements and the independent auditors' review report for the first quarter of 2023.</p> <p>2. Discussed the resolutions of the Company's Remuneration Committee.</p> <p>3. Discussed the company applies to the Bank for credit quota and financial trading.</p> <p>4. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</p>
<p>The 1st meeting, 12th BOD 2023.5.30</p>	<p>1. The election of the chairman of the company's 12th Board of Directors.</p> <p>2. Discussed the appointment of the Company's Remuneration Committee members.</p> <p>3. Conclusion of a contract for industry-university cooperation and academic feedback mechanism with the National Taipei University.</p>
<p>The 2nd meeting, 12th BOD 2023.6.9</p>	<p>1. Discussed the formulate the "Rules of employees' purchase share for increase capital by cash".</p> <p>2. Discussed the appointment of the Company's Corporate Governance and Nomination Committee and Risk Management Committee members.</p>
<p>The 3rd meeting, 12th BOD 2023.7.27</p>	<p>1. Discussed the consolidated financial statements and the independent auditors' review report for the second quarter of 2023.</p> <p>2. Discussion of the suspected capital financing for the extraordinarily of receivables.</p> <p>3. Discussed the company applies to the Bank for credit quota.</p> <p>4. Discussed the endorsement/guarantee provided by the Company to affiliated companies.</p>
<p>The 1st extraordinary meeting, 12th BOD 2023.9.25</p>	<p>1. Discussed the amendment to the "Procedures for Loaning of Funds and Provision of Endorsements/Guarantees" of Eco Technical Service Co., Ltd.</p> <p>2. Discussed the endorsement/guarantee provided by Eco Technical Services Co., Ltd. for new turnkey project.</p>
<p>The 4th meeting, 12th BOD 2023.11.1</p>	<p>1. Discussed the consolidated financial statements and the independent auditors' review report for the third quarter of 2023.</p> <p>2. Discussion of the suspected capital financing for the extraordinarily of receivables.</p> <p>3. Discussed the formulate the "Procedures for Loaning of Funds and Provision of Endorsements/Guarantees" of Topchem Materials Co.,Ltd.</p> <p>4. Discussed the endorsement/guarantee provided by Topchem Materials Co.,Ltd. for Industrial Upgrading Innovation Platform Mentoring Program.</p>

Date of Meeting	Details of Resolutions
	<ol style="list-style-type: none"> 5. Discussed the formulate the “Rule for distribution of employee remuneration”. 6. Discussed the resolutions of the Company’s Remuneration Committee. 7. Discussed the company applies to the Bank for credit quota and financial trading. 8. Discussed the endorsement/guarantee provided by the Company to affiliated companies.
<p>The 5th meeting, 12th BOD 2023.12.22</p>	<ol style="list-style-type: none"> 1. Discussed the Company’s 2023 Business Plan. 2. Discussed the Company’s 2023 Audit Plan. 3. Discussed the amendment to the “Regulations Governing Supervision of Subsidiary Companies” of the company. 4. Discussed the formulate the "Procedures for Handling Material Inside Information" of the company. 5. Discussed the amendment to the “Procedures for Prevention of Insider Trading” of the company. 6. Discussed the formulate the "Procedures for related to financial and business between related parties" of the company. 7. Discussed the purchase project of design and decoration for the company's Zhouzi Street building. 8. Discussed the resolutions of the Company’s Remuneration Committee. 9. Discussed the company applies to the Bank for mid- and long-term financing quota. 10. Discussed the endorsement/guarantee provided by the Company to affiliated companies.
<p>The 6th meeting, 12th BOD 2024.2.29</p>	<ol style="list-style-type: none"> 1. Discussed the amount and method of distributing the remuneration to employees and directors for 2023. 2. Discussed the 2023 standalone financial statements and consolidated financial statements prepared by the Company. 3. Discussed the review of the suitability and independence of the Company’s CPAs. 4. Discussed the CPA fees for 2023. 5. Discussed the Company’s 2023 Business Reports. 6. Discussed the distribution of the Company’s 2023 earnings. 7. Discussed the distribution of the Company’s capital reserve. 8. Approved the Company’s 2023 “Review of Internal Control System Effectiveness” and “Statement of Internal Control Systems” 9. Discussed the amendment to the “Articles of Incorporation”. 10. Discussed the amendment to the “Rules for Board of Directors’ Meeting”. 11. Discussed the amendment to the “Rules for Audit Committee”. 12. Discussed the established HSP branch. 13. Discussed the purchase project of mechanical and electrical engineering for the company's Zhouzi Street building. 14. Convened the Company’s 2024 general shareholders’ meeting. 15. Discussed the period of accepting shareholders’ proposals and location for the Company’s 2024 general shareholders’ meeting. 16. Discussed the resolutions of the Company’s Remuneration Committee. 17. Discussed the company applies to the Bank for credit quota, forex and derivatives trading.

Date of Meeting	Details of Resolutions
	18. Discussed the endorsement/guarantee provided by the Company to affiliated companies.

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

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

V 、 Information on CPA fees :

(I) Audit Fee

Accounting Firm	Name of CPA	CPA's Audit Period	Audit fee	Non-audit fee	Total	Remark
KPMG	Kuan-Ying Kuo	Jan, 1, 2023~ Dec. 31, 2023	7,985	1,840	9,825	Non-audit fee includes tax compliance audit, services of transfer pricing, country-by-country reporting, and tax consulting
	Szu-Chuan Chien	Jan, 1, 2023~ Dec. 31, 2023				

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

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

VI 、 Information on replacement of CPAs: Not Applicable

Due to the internal rotation system of KPMG Taiwan, the original CPAs, Yiu-Kwan Au and Szu-Chuan Chien, were replaced with CPAs Kuan-Ying Kuo and Szu-Chuan Chien of KPMG Taiwan as of Q1 2023.

VII 、 The Company's Chairman, President or managers in charge of finance or accounting has been under current accounting firm or its affiliates' employment in 2022: None

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

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

Title	Name	2023		As of Apr.1,2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Jeffery Pan	52,364	0	0	0
Director	Simon Tseng	38,759	0	0	0
Director	Charles Lee	40,607	0	0	0
Director	Jia Pin Investment Development Company Limited	201,661	0	0	0
Director	Kuo, Kuan-Hung	164,307	0	0	0
Director	Pei-fen, Chang	34,642	0	0	0
Independent director	Sheu, Her-Jiun	0	0	0	0
Independent director	Hsin, Ta-Chih	0	0	0	0
Independent director	Chen, Yu-Shan	0	0	0	0
Group vice president	Robert Lai	9,000	0	0	0
CEO/CFO	Joyce Lu	14,528	0	0	0
Sr. CEO	Dennis Chen	9,208	0	0	0
CEO	Daniel Wu	13,629	0	0	0
CEO	Eugene Lee	11,206	0	0	0
CTO	Tina Ding	9,000	0	0	0
COO	Henry Ho	11,481	0	2,000	0
COO	Daniel Yang	1,135	0	0	0
COO	Steve Tan	10,501	0	0	0
General Manager of BU	John Chen	0	0	0	0
Sr. General Manager of BU	Kevin Lin	8,199	0	0	0
General Manager of BU	Reggie Liu	8,000	0	(8,000)	0
General Manager of BU	Alex Wang	0	0	0	0
General Manager of BU	Eva Mai	9,680	0	0	0
General Manager of Energy Division	Johnny Huang	9,713	0	0	0
Sr. Deputy General Manager	Monica Chiu	8,314	0	0	0
Sr. Deputy General Manager	Della Huang	11,472	0	0	0
Vice President	Nicole Lee	5,144	0	0	0

Note : The Situation of shareholders holding more than 10% of Company shares: None.

(II) Counterparty of equity transfer is a related party:None.

(III)Counterparty of equity pledge is a related party:None.

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

Unit:shares; %, May.2,2024

Name	Shares held		Shares held by spouse or underage children		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships		Note
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Title (or Name)	Relationships	
Standard Chartered Trust Fidelity Puritan Trust: Fidelity Penny Stock Fund	7,819,593	4.14%	0	0	-	-	-	-	
Jia Pin Investment Development Company Limited	7,181,043	3.81%	0	0	-	-	-	-	
Jinyan Xie	6,385,000	3.38%	0	0	-	-	-	-	
CTBC Bank in custody for Topco Scientific Employee Stock Ownership Trust	3,241,991	1.72%	0	0	-	-	-	-	
Shin Kong Life Insurance Co., Ltd.	3,240,705	1.72%	0	0	-	-	-	-	
Taipei Fubon Commercial Bank Co., Ltd.	3,078,736	1.63%			-	-	-	-	
Yingfang Zhang	2,956,892	1.57%	0	0	-	-	-	-	
Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF	2,762,678	1.46%	0	0	-	-	-	-	
Citibank in custody for Norges Bank	2,610,859	1.38%	0	0	-	-	-	-	
JPMorgan hosting Sanskrit Vanguard Emerging Markets Equity Index Fund account	2,285,440	1.21%	0	0	-	-	-	-	

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

Unit:shares; %, Dec.31,2023

Equity investment (note)	Directly controlled by company		Directly or indirectly controlled by the company and the directors, supervisors, president, vice presidents and branch chiefs		Total investment	
	Amount of shares	Share of stake %	Amount of shares	Share of stake %	Amount of shares	Share of stake %
Topco Quartz Co.,Ltd	12,800	40%	-	-	12,800	40%
Fortune Co.,Ltd	14,960,000	24.9%	40,000	0.1%	15,000,000	25%
Topco Group Ltd	22,431,941	100%	-	-	22,431,941	100%
Topsience(s) Pte. Ltd	6,577,250	100%	-	-	6,577,250	100%
TOPCO SCIENTIFIC USA CORP	10,200	100%	-	-	10,200	100%
Japan Topco Scientific Co.,Ltd.	45,000	100%	-	-	45,000	100%
Topco International Investment Co., Ltd.	66,961,792	100%	-	-	66,961,792	100%
Topco Investment Co., Ltd.	19,008,761	100%	-	-	19,008,761	100%
Taiwan E&M System,INC.	42,500,000	100%	-	-	42,500,000	100%
ECO Technical Services Co., Ltd.	53,829,145	100%	-	-	53,829,145	100%
Anyong Biotechnology, INC.	30,000,000	100%	-	-	30,000,000	100%
Anyong Freshmart, INC.	29,500,000	100%	-	-	29,500,000	100%
Yilan Anyong Lohas Co., Ltd.	25,500,000	100%	-	-	25,500,000	100%
Jia Yi Energy Co., Ltd.	25,923,952	83.8%	5,005,362	16.2%	30,929,314	100%
Unitech New Energy Engineering Co., Ltd	776,000	77.6%	10,000	1%	786,000	78.6%
XSPORTS SPORTS CO., LTD.	15,000,000	100%	-	-	15,000,000	100%
Winfull Bio-tech Co., Ltd.	3,500,000	39%	-	-	3,500,000	39%

Note : Only equity method investments are listed.

Chapter 4 Capital Overview

I. Capital and Shares

(I) Source of Share Capital

Unit : Thousand Shares; NT\$ Thousand

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

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

Month/ year	Par value (NT\$)	Authorized capital		Paid-in capital		Note			
		Shares	Amount	Shares	Amount	Source of capital		Capital increase by assets other than cash	Others
06.2019	10	200,000	2,000,000	181,700	1,816,996	-	-	None	Jun.27,2019 Jing-Shou-Shang-Zi No. 10801075580
07.2020	10	220,000	2,200,000	181,700	1,816,996	-	-	None	July.21,2020 Jing-Shou-Shang-Zi No. 10901128180
08.2023	10	220,000	2,200,000	188,700	1,886,996	Capital increase by cash	70,000	None	Aug.22,2023 Jing-Shou-Shang-Zi No. 11230157510

May 2, 2024

Share type	Authorized capital			Note
	Outstanding Shares	Unissued Shares	Total	
Common Stock	188,700,067	31,299,933	220,000,000	

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

Note 2 : information of Shelf registration: Not applicable ◦

(II) Shareholder structure

May 2, 2024

Shareholder structure Quantity	Government institutions	Financial institutions	Other corporations	Foreign institutions and foreigners	Individual	Total
Number of persons	5	35	293	220	30,434	30,987
Number of shares held	2,523,055	18,595,620	19,237,825	48,067,721	100,275,846	188,700,067
Shareholding Percentage (%)	1.34%	9.85%	10.20%	25.47%	53.14%	100.00%

(III) Distribution of Equity Ownership

1. Type: Common shares

May 2, 2024; Unit: Shares

Class of shareholding	Number of shareholders	Number of shares held	Shareholding percentage (%)
1 to 999	17,207	1,897,686	1.01%
1,000 to 5,000	10,758	19,701,302	10.44%
5,001 to 10,000	1,422	9,917,964	5.26%
10,001 to 15,000	567	6,837,702	3.62%
15,001 to 20,000	253	4,435,716	2.35%
20,001 to 30,000	254	6,171,805	3.27%
30,001 to 40,000	107	3,668,133	1.94%
40,001 to 50,000	81	3,596,190	1.91%
50,001 to 100,000	138	9,317,689	4.94%
100,001 to 200,000	87	11,875,380	6.29%
200,001 to 400,000	45	12,909,952	6.84%
400,001 to 600,000	26	12,750,134	6.76%
600,001 to 800,000	6	3,827,959	2.03%
800,001 to 1,000,000	5	4,311,033	2.28%
1,000,001 or more	31	77,481,422	41.06%
Total	30,987	188,700,067	100.00%

2. Preferred shares : None

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

May 2, 2024

Names of major shareholders	Shares	Number of shares held	Shareholding percentage (%)
Standard Chartered Trust Fidelity Puritan Trust: Fidelity Penny Stock Fund		7,819,593	4.14%
Jia Pin Investment Development Company Limited		7,181,043	3.81%
Jinyan Xie		6,385,000	3.38%
CTBC Bank in custody for Topco Scientific Employee Stock Ownership Trust		3,241,991	1.72%
Shin Kong Life Insurance Co., Ltd.		3,240,705	1.72%
Taipei Fubon Commercial Bank Co., Ltd.		3,078,736	1.63%
Yingfang Zhang		2,956,892	1.57%
Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF		2,762,678	1.46%
Citibank in custody for Norges Bank		2,610,859	1.38%
JPMorgan hosting Sanskrit Vanguard Emerging Markets Equity Index Fund account		2,285,440	1.21%

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

Items		Fiscal Year		
		2022	2023	
Market Price per Share	Highest	185.5	203.5	
	Lowest	130	162	
	Average	161.96	179.84	
Net Worth per share	Before distribution	71.32	80.07	
	After distribution	61.32	70.07	
Earnings per share	Weighted Average Share		181,699,567	184,616,234
	EPS	Not-Adjusted (Note 4)	16.61	15.36
		Adjusted (Note 4)	16.61	15.36
Dividends per Share	Cash dividend		10	(Note 4) 10
	Stock dividend	Earning Distribution	-	-
		Capital Distribution	-	-
	Accumulated Undistributed Dividend (Note 4)		-	-
Return on investment Analysis	Price/earnings ratio(Note 1)		9.75	11.71
	Price/dividend ratio(Note 2)		16.2	17.98
	Cash dividend yield(Note 3)		6.17%	5.56%

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

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

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

Note 4 : Approved by Board Meeting on Feb. 29,2024.

(VI) Dividend Policy and Implementation :

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

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

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

The Company authorizes the Board of Directors to resolve by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of

directors to distribute dividends or bonuses in whole or in part by way of cash or to distribute the legal reserve and capital reserve in whole or in part and report such distributions to the shareholders' meeting.

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

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

- 2、The proposal for the distribution of 2023 earnings was passed at the meeting of the Board of Directors on Feb.29,2024. The proposal for a cash dividend of NT\$ 10per share (NT\$9 for cash dividends and NT\$1 for capital reserves) will be reported at the annual shareholders' meeting, and the Board of Directors shall set a distribution record date after annual shareholders' meeting.
- 3、Major changes expected in the dividend policy : None.

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

(VIII) Compensation for employees,Directors and Supervisors :

- 1、The dividend policy set forth in Article 20, 20-1 of the Articles of Incorporation.
The Company shall set aside no less than 4% of its earnings for the period, if any, as employees' profit-sharing bonus and not more than 3% of its earnings as remuneration to Directors. Notwithstanding the forgoing, the Company shall reserve a sufficient amount of earnings to offset its accumulated losses. Where remuneration to employees are distributed by way of shares or cash, employees of affiliated enterprises of the Company may be eligible provided that certain criteria are met that approved by the Board of Directors.
- 2、The basis for estimating the amount of employees and directors compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.
The remunerations estimated to employees and directors for the year 2023 were based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's article. These remunerations were expensed under operating expenses. The number of shares to be distributed was calculated based on the closing price of the Company's ordinary shares, one day before the date of the Board Meeting. Related information would be available at the Market Observation Post System website. If the actual amounts subsequently paid differ from the above estimated amounts, the differences will be recorded in the year paid as a change in accounting estimate.
- 3、Distribution of compensation passed by the Board of Directors :
 - (1) As resolved by the Board Meeting on Feb 29, 2024, the remuneration to employees and directors were NT\$306,198,000 and NT\$76,549,000 respectively.
There is no difference between the distributed and estimated amounts this year.
 - (2) Amount of employee compensation distributed in the form of stock and as a

percentage of the after-tax profit provided in this year's standalone financial statements and total employee compensation combined:

No stock compensation proposed for employees was distributed in 2023.

- 4、Actual distribution of employee bonus and remuneration of board directors and supervisors in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies :

Remuneration to employees and directors for the year 2022 was NT\$331,826,000 and NT\$82,956,000 respectively, there was no difference between the estimated amount and the actual amount distributed.

(IX) Repurchase of shares by the Company : None

II、Corporate bond processing :

(I) Corporate bond processing

Type of corporate bonds	Second domestic unsecured convertible bond
Issue (transaction) date	June 29, 2023
Face value	NT\$100,000(each)
Place of issue and trading	Taipei Exchange
Issue price	101% of par value
Issue amount	NT\$ 1 billion
Coupon rate	0%
Term	3 years, June 29, 2023~June 29, 2026
Guarantor	Not Applicable
Trustee	Trust Department of China Trust Commercial Bank
Underwriter	Grand Fortune Securities Co.,Ltd.
Attesting lawyer	Anzon Attorneys at Law: Rebecca Chang
Attesting CPA	KPMG Certificated Public Accountants Yiu-Kwan Au & Szu-Chuan Chien
Redemption method	Except for conversion or redemption according to the conversion method, the bond will be repaid in cash according to the face value when it matures.
Unredeemed balance	NT\$999.9 million
Conditions for redemption or early redemption	Reference the company's "Rules of second domestic unsecured convertible bond"
Restrictive covenants	None
Name of rating agency, date and result of rating	Not Applicable
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to NT\$100,000 as of March 31, 2024 500 common shares have been converted.

	the annual report publication date.	
	The issuance and conversion, exchange, or subscription rules	Related information would be available at the Market Observation Post System website.
	The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.	If all the remaining corporate bonds are converted into ordinary shares based on the current conversion price, the company will need to issue an additional 4,999,500 common shares, with a capital dilution rate of 2.6%, which will have a limited impact on shareholders' equity.
	Name of the custodian institution of the exchangeable underlyings	Not Applicable

(II) Convertible Corporate Bonds

Type of corporate bonds		Second domestic unsecured convertible bond	
Fiscal year		2023	As of March 31,2024
Item			
Market price of convertible corporate bonds	Maximum	110.75	122.10
	Minimum	104.10	108.55
	Average	106.94	113.96
Conversion price		200 元	200 元
Issue (transaction) date and conversion price at issuance		Issue date : June 29, 2023 Conversion price : NT\$200	
Method for performance of conversion obligations		issue common shares	

III 、 Handling of preferred shares : None

IV 、 Handling of overseas depositary receipts : None

V 、 Employee stock option handling status : None

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

VII 、 Implementation status of fund application : None

Chapter 5 Operational Highlights

I 、Business activities :

(I) Scope of business :

1. Major business activities :

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

2. Percentage of sales revenue :

Product Category	Sales amount (NT\$ thousands)	Percentage(%)
Semiconductor Related Products	38,874,411	78.9
Environmental Engineering and Facility Systems	7,095,257	14.4
LED/LCD/Electronics Applications Related Materials	1,606,527	3.3
Green energy and circular economy	1,039,999	2.1
Other	657,261	1.3
Total	49,273,455	100.0

3. Product Category :

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

Product Category	Type of Products
Facility Systems	Waste Application and Treatment Service, Equipment & Chemicals, Calcium Fluoride (CaF ₂) Sludge, Waste Solvents Cleaning and Shipping
Green energy and circular economy	Provide sales and services of solar related materials and products, including Solar Conductive Silver Paste, Diamond Wire, Quartz Crucible, Solar Charge Controller, Services of Solar System Integration Engineering, Remote Monitoring System, Operation Maintenance. We strive to provide environmental impact assessment, monitoring, and design services for offshore wind power and manufacture artificial fluorite products by recycling.
Fresh food, healthcare product and distribution channels	Semiconductor-grade aquatic processing; Agricultural and animal products, Herbal soups and Ready-to-eat products; Functional food; Tourism factory; Fusion dining; Sports center and customized products that meet market demands.

4. New products (services) under development :

- (1) Constructing a maintenance and trading platform for used semiconductor equipment.
- (2) Development of own-brands of materials required for advanced manufacturing processes.
- (3) Establish professional cleaning technical capabilities for semiconductor parts and provide customers with one-stop service.
- (4) Expand the international market of Foundry Service and cooperate with professional wafer outsourcing manufacturers.
- (5) Develop key new materials for the third-generation semiconductor and high frequency laminate markets.
- (6) Establish a special panel to integrate environmental impact assessment, wastewater engineering, green energy, and recycling-related businesses to practically implement business opportunities in the eco-efficient economy.
- (7) Develop food processing technologies and tourism plants with the food chilling technology to manufacture safe, tasty, and convenient frozen food for consumers and develop cold-chain logistics, food retailing, and composite restaurant services.
- (8) Run sports facilities and introduce professional services such as healthy diets, technology testing, and periodic consultation.

(II) Industry highlights :

1. Semiconductor

(1) Current industry status and development:

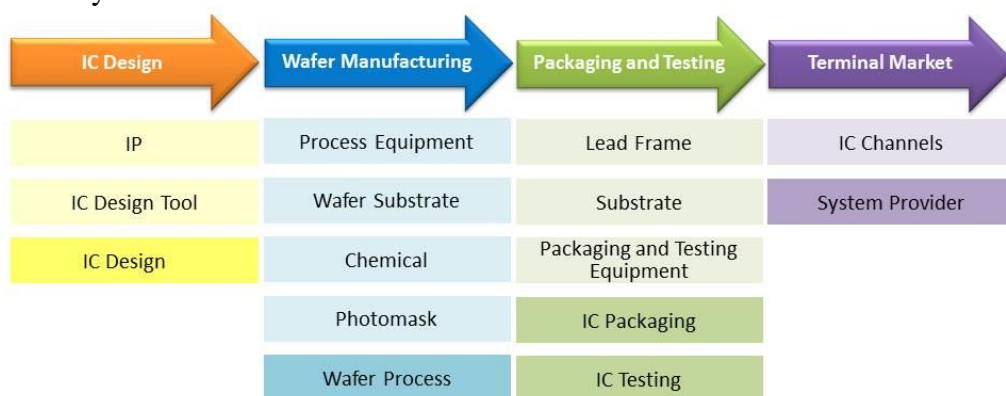
According to the World Semiconductor Trade Statistics (WSTS) statistics, the total annual market sales of the global semiconductor in 2023 reached US\$526.8 billion. Due to the sharp decline in the global memory device market, it declined by 8.2% compared to 2022. According to the statistics of the Industry, Science and Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI), Taiwan's 2023 IC industry output reached NT\$4.3428 trillion, declining by 10.2% compared to 2022. The output value of the IC manufacturing industry is NT\$2.6626 trillion, a decrease of 8.8% from 2022, of which the wafer foundry is NT\$2.4925 trillion, a decrease of 7.2% from 2022, and memory devices and other manufacturing is NT\$170.1 billion, a decrease of 27.8% from 2022.

Domestic IC Industry Production from 2021 to 2023 Unit: NT\$ billion

Item	2021		2022		2023	
	Production	Annual Growth	Production	Annual Growth	Production	Annual Growth
IC design	12,147	42.4%	12,320	1.4%	10,965	-11.0%
IC manufacturing	22,289	22.4%	29,203	31.0%	26,626	-8.8%
Foundry	19,410	19.1%	26,847	38.3%	24,925	-7.2%
Memory manufacturing	2,879	51.0%	2,356	-18.2%	1,701	-27.8%
IC packaging	4,354	15.3%	4,660	7.0%	3,931	-15.6%
IC testing	2,030	18.4%	2,187	7.7%	1,906	-12.8%
IC Industry Production	40,820	26.7%	48,370	18.5%	43,428	-10.2%

Data source: TSIA, IEK, ITRI (2024/02)

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



Data source: Invest in Taiwan, Ministry of Economic Affairs

- (3) Development trends and competitions: As global demand for artificial intelligence (AI) and high-performance computing (HPC) grows, coupled with the stabilization of market demand for smartphones, personal computers (Notebook & PC), servers, and automotive, etc., it is expected that the semiconductor sales market will regain a growing trend in 2024. The increase in demand for advanced wafer foundry manufacturing process and the expansion of CoWoS supply chain capacity will continue to boost the semiconductor market.

2. Current status and development of the LED industry

Polarization was shown in the performance of LED companies in 2023. On the one

hand, driven by strong overseas market demand, the demand for LED display screens has continue to grow, driving an increase in demand for Mini-/Micro-LED chips, etc. Some LED screen companies and packaging companies have performed well. On the other hand, restricted by many factors such as the slowdown in exports and sluggish orders of domestic home building materials and engineering, the market demand of lighting did not recover in 2023 as expected, and the market size was revised down to US\$58.5 billion, a decline of 5%. It is estimated that approximately 5.788 billion LED lamps and lighting fixtures will reach their service life and be phased out in 2024, which will reenergize the LED lighting market. The market size will increase to US\$60.9 billion in 2024, with an annual increase of 4%.

3. LCD industry

According to Industrial Technology Research Institute (ITRI), Taiwan's display industry output value is NT\$785 billion in 2023, with an annual decrease of 2.2%. Looking forward to 2024, with the support of sports events such as the UEFA European Football Championship, Copa América, and the Olympic Games, the demand is expected to gradually recover. The estimated output value in 2024 is NT\$816.2 billion, with an annual increase of 4.0%. When the macroeconomic environment has not significantly recovered, market competition and price corrections caused by changes in supply and demand in the display industry are unavoidable. The display factories should respond prudently.

4. Current status and development of Environmental Engineering and Facility Systems

Benefiting from the demand for production capacity of Apple's supply chains and the biotechnology industry, some businesses in the semiconductor, electronics, and biopharmaceutical industries still have plans to expand plants and replace existing processes, thus leading to demand for water treatment and clean room construction. In China, to develop the semiconductor industry, also have investment plans. Thus, the demand for relevant electromechanical, water treatment, and environmental protection engineering as well as chemicals will grow.

(III) Technology and R&D overview :

1. The Group established the photoelectric thermal material laboratory in 2010 to further our capability in material research and development, focusing on the development of materials used in photoelectric, heat conductors and heat ventilators. In 2012, Topchem Materials Co.,Ltd. was established to conduct RD and production of new materials. After a decade of hard work, our research and development yield outstanding results. We successfully developed products including optical IR ink, surface finish anti-glare and anti-hardening coating and silicone material and epoxy compound for LED packaging commercial sale.
2. We have successfully developed the surface coating materials used in fingerprint identification and the process technology, including IR absorbent optical coating (IR absorber paint) and high-strength ink coating which are being mass produced to offer our customers a total solution for the materials required for the later part of the manufacturing process of fingerprint identification modules.
3. We will constantly assess, develop, and introduce new products, including the key materials for 5G/6G primer materials; high-conductivity and high shock absorbency cooling potting materials; and low-warping black filler and transparent protective packaging materials.
4. In response to the development potential of the Mini-LED and Micro-LED application markets, we will continue to strengthen our market layout plans and expansion and assist our suppliers and customers in developing applied materials and overall solutions required for the mass transfer. The TOPCO Group actively develops key materials for mass transfer, successfully develops the carriers for micro-LED mass

- transfer, and provides the industry the quality fixtures with high defect-free rate for the transfer.
5. Executing the research and development of laminated film for UV-C LEDs, we possess the advantage of simplifying the packaging process, reducing production costs, and enhancing the light extraction efficiency of UV-C LEDs.
 6. On green energy, the Company continues to keep on top of environmental protection issues and makes long-term investments in wastewater treatment technology and products that meet the latest environmental protection regulations, to help customers resolve the challenge they face with handling wastewater produced by high-tech manufacturing. We have successfully developed the wastewater treatment system for to treat wastewater produced by the photolithography process and bonding process, as well as grinding and cutting solutions, porous solid bio-carriers, and wastewater that contains fluoride. The Company has devoted several years to developing the wastewater treatment technology. Our solid research and development energy and results are widely acclaimed by our customers in Taiwan and offshore.
 7. In response to the wastewater discharge standards becoming increasingly rigorous, in the past two years, the Company has developed volatile wastewater treatment system, suspension radio treatment system, continuous Caro's acid decomposition and recycling system, mixed fire resistant and reactive chemicals treatment system, and organic sludge dewatering system. We successfully launched our wastewater systems in local and offshore high-tech plants to assist our clients in meeting the wastewater discharge standards as well as the cost of treating wastewater.
 8. In wastewater treatment technology, during 2019, the Group successfully developed some advanced wastewater treatment technology including the IPA wastewater treatment technology (concentrate + catalytic oxidation), wasted CO₂ recovery, ammoniacal nitrogen pollutant removal technology, technology to recycle valuable (copper) metal in wastewater, low derivative wastewater treatment technology to help our clients in improving the efficiency and cost of wastewater treatment. Several clients verified and chose to use the technology.
 9. In the waste reduction and recycling section, the TOPCO Group has also continued to develop co-phase separation technology, waste liquid, and organic sludge reduction technology in recent years. On the one hand, it can separate valuable substances from wastewater or waste liquid and further concentrate them, which reduces the customer's outsourcing transportation costs. Additionally, this technology evaluates the potential for further recycling of the material. In recent years, we have successfully developed ozone catalytic advanced oxidation systems, coagulant aid for wastewater, hydrogen peroxide enzymatic cleaner, efficient fluorine-removal agent, decoppering agent, and other commercial products.
 10. Total research and development cost for 2023 was NT 117,479 thousand dollars.
 11. Important patents of the Company for the most recent five years are listed as follows:
 - (1) 「ORGANIC SLUDGE DEWATERING APPARATUS」 was granted the utility model patent and patented as TW572369, CN208791470U.
 - (2) 「ORGANIC SLUDGE CONDITIONING CHEMICALS AND THE SLUDGE DEWATERING APPROACH APPLYING THE ORGANIC SLUDGE CONDITIONING CHEMICALS」 was granted the utility model patent and patented as TW666174, CN108751667A.
 - (3) 「NITRIC ACID WASTEWATER TREATMENT APPARATUS」 was granted the utility model patent and patented as TW585172, CN211216126U.
 - (4) 「TREATMENT APPARATUS FOR ORGANIC WASTEWATER CONTAINING ISOPROPYL ALCOHOL」 was granted the utility model patent and patented as TW585263, CN211338897U.

- (5) 「EXHAUST GAS TREATMENT APPARATUS」 was granted the utility model patent and patented as TW588019, CN210993762U.
- (6) 「HYBRID TREATMENT APPARATUS FOR TREATING ORGANIC WASTEWATER」 was granted the utility model patent and patented as TW 706919, CN112456723A.
- (7) 「WAFER CUTTING PROTECTION LIQUID」 was granted the utility model patent and patented as TW 707907.
- (8) 「WASTEWATER RETRIEVE SYSTEM」 was granted the utility model patent and patented as TW604782, TW608084, CN213506308U, CN213680159U.
- (9) 「HIGHLY-EFFICIENT WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW610916.
- (10) 「Arsenic adsorbent and manufacturing method and arsenic-containing wastewater treatment system」 was granted the utility model patent and patented as CN113289573A.
- (11) 「WASTEWATER RECIRCULATION TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 610940, CN214243860U.
- (12) 「LASER SAWING SOLUTION」 was granted the invention patent and patented as TW 729374.
- (13) 「Ammonium sulfate pyrolysis liquefied ammonia production system」 was granted the utility model patent and patented as CN.214880250U, CN115215352A.
- (14) 「System and method for recycling phosphoric acid from mixed waste acid liquid」 was granted the utility model patent and patented as CN113800491A.
- (15) 「BIOLOGICAL WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 616350, CN215049490U.
- (16) 「AMMONIA NITROGEN WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 623704, CN216737960U.
- (17) 「ORGANIC WASTEWATER TREATMENT AND RECYCLE SYSTEM」 was granted the utility model patent and patented as TW 623715, CN 216073489U.
- (18) 「SULFIDE-RICH ORGANIC WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 623779, CN 216236555U.
- (19) 「NITRATE WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW623807, CN216236564U.
- (20) 「ISOPROPYL ALCOHOL WASTEWATER TREATMENT SYSTEM」 was granted the utility model patent and patented as TW 624493, CN216337102U.
- (21) 「Waste Caro's acid liquid treatment system」 was granted the utility model patent and patented as TW625147, CN217051928U.
- (22) 「Heavy metal wastewater treatment system」 was granted the utility model patent and patented as TW 625886, CN216662761U.
- (23) 「NMP wastewater treatment system」 was granted the utility model patent and patented as TW 635225, CN217809117U.
- (24) 「Waste ammonium sulfate liquid recycling and treatment system」 was granted the utility model patent and patented as TW636791, CN217972885U.
- (25) 「Wastewater treatment system with microorganism monitoring function」 was granted the utility model patent and patented as TW636899, CN218507662U.
- (26) 「Wastewater treatment system with descaling function」 was granted the utility

model patent and patented as TW 638339, CN218507620U.

- (27) “The Protective fluid and protective film for laser cutting of soft colloid materials” has obtained the Taiwan invention patent No. 799497.
- (28) “Th System for separating phosphoric acid from mixed waste liquid” has obtained the Taiwan invention patent No. 803757.
- (29) “Isopropyl alcohol waste liquid recycling system” has obtained the Taiwan utility model patent No. 642910.
- (30) “The System for removing ammonia nitrogen from wastewater” has obtained the Taiwan utility model patent No. 646683.
- (31) “The System for removing isopropyl alcohol from waste liquid” has obtained the Taiwan utility model patent No. 646684.
- (32) “Wafer backside processing method” has obtained the Taiwan invention patent No. 819492, and the Taiwan utility model patent No. 116646235A.
- (33) “The waste liquid of Isopropyl alcohol concentration system” has obtained the Taiwan utility model patent 653245.

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

1. Short-term plan :

- (1) Strengthen the cooperation with customers and suppliers in production research and development, integrate Taiwan’s semiconductor materials and equipment promotion achievements, and apply them to overseas markets.
- (2) In response to the dispersion and transfer of the global supply chain, the new business locations in the U.S. and Japan will be the key operating locations. Additionally, with Singapore as the center of operations, we will cultivate overseas markets in Singapore, Malaysia, and Vietnam, and other countries, to provide warehousing services and water treatment services, and build regional supply chain platforms.
- (3) Wafer Foundry-Service platform: Assist Chinese IC design houses in finding suitable foundry technology and accelerating product launch, and deal long-term contracts with suppliers and customers. we will find new partners for strategic alliances to increase market share.
- (4) Constructing a maintenance and trading platform for used semiconductor equipment, improve maintenance capabilities, and become a total solution provider of used semiconductor equipment.
- (5) By duplicating Taiwan’s successful experience, we will introduce to the Chinese market advanced technologies and chemicals such as ammoniacal nitrogen wastewater treatment, embedding bio-media, zero emissions, and eco-friendly chemicals. We will also promote Class A waste disposal business and develop sludge and solvent disposal services in collaboration with waste disposal companies.
- (6) Recruiting talents of different specialties to join our new business development.

2. Long-term plan :

- (1) With focus on key customers, we will centralize resources on competitive and prospective markets, including the Japan and Southeast market, to actively develop new products and cultivate new distributors to enhance sales efficiency.
- (2) We will also assess and introduce 5G/6G, third-generation semiconductors, electric vehicles, and micro LED key materials & equipment, and find suitable partners for strategic alliances and cooperation.
- (3) Through integrating advanced environmental engineering technology, we will actively cultivate Southeast Asian countries, such as Vietnam, engage in independent R&D and distribution of related equipment, materials, and

chemicals, in order to provide total services and enter different business models: BOT, BOO, ROT, and OT.

- (4) In response to global trends of environmental protection, health promotion, and ecotourism, we will utilize the group's operating strengths and core abilities to expand and create different types of business relating to the daily life: green energy, environmental protection, food logistics, health and care, sports, and leisure.

II - Market and distribution overview

(I) Market analysis

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

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

2. Market share :

(1) Resist used in IC process:

Given that nanotechnology is becoming the leading technology for IC manufacturing processes, demand for ArF/KrF photoresists required for the lithography process also saw a significant increase. Major suppliers including Shin-Etsu Chemical Co., Ltd., TOK, JSR, and DOW Chemical for the local market. In terms of the overall market share, the Group is the distribution agent for the products manufactured by Shin-Etsu Chemical. Being the leader in technology and owing to the premium quality of the products, these products occupy a prominent place in the advanced lithography processes, maintaining at least 50% of the market share in Taiwan. Following the development of advanced processes, advanced materials required for the EUV process was successfully launched for mass production, which we expect to generate further sales growth

(2) Wafer materials:

Shin-Etsu Handotai is also the main supplier of wafer materials for the global market, with approximately 30% market share. The Group is a distributor of the full range of products manufactured by Shin-Etsu Handotai to serve the IC manufacturers locally and in Mainland China.

(3) Quartz equipment used by foundries:

The Company and Japanese-based Shin-Etsu Quartz Inc. entered into a joint venture to set up the Topco Quartz Products Co., Ltd., which owns the best clean rooms for specialized processing. The manufacturing capability and professional team of Topco Quartz Products are highly regarded by our clients. Topco Quartz Products also has the advantage of having access to the Group's global production capacity and technical support. Ltd., making it the top supplier of quartz equipment in the local market and the leader in the supply of quartz materials. It occupied a 60% market share in Taiwan's quartz market in 2023.

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

(1) Semiconductor industry

Looking forward to 2024, benefiting from the increase in shipments of smartphones, servers, NB/PC and other products, the demand in the four major markets is expected to gradually recover. The value of the global semiconductor market is estimated to be US\$588.3 billion, a growth of 11.7%; the Industry, Science and Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI) estimates that the output value of Taiwan's

IC industry in 2024 will be NT\$5.0116 trillion, an annual increase of 15.4%. Among them, the output value of the IC manufacturing industry is estimated to be NT\$3.1038 trillion, an annual increase of 16.6%, of which the output value of memory devices and other manufacturing increased by 16.3% annually, and the output value of wafer foundry increased by 16.6% annually.

Domestic IC Industry Production from 2023 to 2024 Unit: NT\$ billion

Item	2023		2024(e)	
	Production	Annual Growth	Production	Annual Growth
IC design	10,965	-11.0%	12,570	14.6%
IC manufacturing	26,626	-8.8%	31,038	16.6%
Foundry	24,925	-7.2%	29,060	16.6%
Memory manufacturing	1,701	-27.8%	1,978	16.3%
IC packaging	3,931	-15.6%	4,362	11.0%
IC testing	1,906	-12.8%	2,146	12.6%
IC Industry Production	43,428	-10.2%	50,116	15.4%

Data source: IEK, ITRI (2024/02)

(2) LED industry

The TrendForce LED industry report shows that the global LED market has the opportunity to restore its growth in 2024, with an output value of US\$13 billion, an annual increase of 3%. Mainly benefiting from the possible gradual recovery of the market demand for automotive lighting and displays, lighting (general lighting, architectural lighting, agricultural lighting), LED displays, ultraviolet/infrared LEDs, and the successful introduction of Micro LED technology into large screen displays such as Samsung, watches such as Tag Heuer and other factors.

(3) LCD industry

The global display industry market size is expected to reach US\$115.1 billion in 2024. Driven by emerging niche markets such as the applications to high-end medication, industrial automation, and automotive products, the display industry will recover its growth. As China's LCD and OLED production capacity continues to expand, price stabilization and utilization rate control are still important issues for the display screen manufacturers. This is not only to enhance value transformation by investing in upgrading the specification of the display screens, but also to promote the application of the screens to products other than the screen. This is aimed at preventing future operations from being impacted by economic environment fluctuations.

(4) Environmental engineering and facility systems

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

4. Competitive niche

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

Given the advancement in foundry processes, we saw the demand for higher quality photo-resists product, such as the requirement of higher resolution. This in turn boosts the size of the photoresist market. The biggest benefactor of this latest market development is the Shin-Etsu Group which is committed to developing superior products that offer quality and stability. The Group has a solid, long-term product agency agreement with the Shin-Etsu Group that offers customers with

the most stable, reliable, and premium photoresist products and leading-edge technical support. We also have a good grasp of customer needs to shorten the delivery lead time.

- (2) Support the multifaceted demands for innovation of advanced processes
Thanks to 5G/6G, datacenter, high-performance computing (HPC), and artificial intelligence (AI), chip consumption continues to increase. Besides pushing the rapid growth in the demand for innovation of advanced processes, this will result in the significant and apparent growth in the demand for silicon wafer. As a distributor of related products such as the 12-inch silicon wafer and the required materials, such as the photoresist, quartz tooling, lapping fluid, and FOUP, for innovation of advanced processes, we can meet all the demands of 12-inch foundries.

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

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

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

- (1) Favorable factors :

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

- (2) Unfavorable factors :

- a. Concentration of revenue from semiconductor and photoelectric materials/equipment, which are susceptible to economic fluctuations. In addition, the uncertainties brought upon by the geopolitical and international situation as well as exchange rate fluctuations.
- b. With the high-tech products distribution being the core of our business

operation, the speed in product development, pricing and capacity are restricted by the suppliers.

- c. Lack of talent required for development of new enterprises, new business models and the consumer market.

(3) Counter measures :

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

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

1. Major applications of primary products :

(1) Semiconductor product

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

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

(2) LED/LCD/Electronic Equipment & Materials

Product Type	Purpose
LED	Automotive and general lighting applications, iris recognition, distance sensing, signal generators, flashlights, LCD backlights, as well as large indoor and outdoor display screens.
Insulating coating/ conducting coating	Insulating coating is a highly pure insulating materials used in semiconductor IC packaging. The conducting coating is used in the external/internal electrode of chip inductors; Electrical insulating grease is used for insulating the chip resistance.
High-frequency circuit board applications (Low Dk /Df)	Materials used by high-frequency/high-speed (above 5G) rigid-flex board manufacturers, such as quartz cloth and fillers, bismaleimide (BMI), resin, and diaphragms, as well as primers for adhesion to low-roughness copper foil.
Conducting materials, silicon conduct rubber, heat seal, IC, silicon rubber for IC testing	Suitable for use in LCD monitor, PCB/FPC or between TAB as a conducting material; hot-pressing of LCM and conductive substrate; silicon rubber used for IC testing is used in fine pitch, high frequency, and high i/o IC
CO2 automatic fire extinguishing system	Primarily used in chemical supply stations and acid tab, acid supply system, waste liquid/solvent

Product Type	Purpose
	cabinets etc. Used in closed machinery, facility or room that contain organic solvents to reduce pollution and maintain cleanliness after fire is extinguished.
Equipment repair, maintenance, and installation	Provide installation, repair and maintenance services and technical support for equipment used in LCD/semiconductor processes

(3) Eco-friendly engineering and plant system

Type of Work	Scope of Application
Wastewater treatment and recycle	Adopt the most economically viable environmental protection technology to apply and research and develop suitable pollution control equipment. The system performs oxidation, restoration, coagulation and flocculation and then precipitate or filter the pollutants in the wastewater. Other than meeting the EPA's discharge standard, the treated wastewater can be recycled. Suitable for use in the wastewater treatment of semiconductor and LCD industries.
Ammonia and nitrogen wastewater treatment system	Treatment and recycling of wastewater that contains nitrogen produced by the foundry, semiconductor, and photoelectric processes to meet regulatory requirements for discharge and reduce the harm of polluting the environment.
Clean room construction	Ensure the cleanliness, moisture level, vibration, flexibility, safety, disaster prevention and energy conservation of the manufacturing environment of semiconductor and photoelectric firms.
Pure water treatment	Supply high-quality pure water for the semiconductor, LCD, and biotech industries.
Environmental protection chemicals	Provide chemical products specifically conditioned for individual customers to treat the industrial wastewater produced by semiconductor and LCD processes to improve the efficiency of the wastewater treatment system and reduce the need to build systems and cost of operation.

(4) Green energy and circular economy

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

Type of Product	Scope of Application
Quartz crucible	Crystallization process used in solar energy
Calcium fluoride sludge	Solve the problem of having to treat the calcium fluoride sludge and instead recycle the sludge for reuse by manufacturing it into artificial fluorite for use in the steel industry as flux to reduce energy demand and the cost of treating/disposing of wastes.
Environmental impact assessment services	Providing environmental impact assessment, monitoring, and design services for offshore wind power, coal-fired, and gas-fired power plants.

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

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

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

1. Major suppliers' information

Unit : NT\$ thousands

Item	2022				2023			
	Name	Amount	Percentage of total purchase(%)	Relationship with issuer	Name	Amount	Percentage of total purchase(%)	Relationship with issuer
1	Supplier A	16,709,432	40.82	None	Supplier A	15,788,528	46.12	None
2	Supplier B	8,969,214	21.91	None	Supplier B	5,564,696	16.26	None
	Other	15,253,697	37.27	-	Other	12,877,893	37.62	-
	Net purchase	40,932,343	100	-	Net purchase	34,231,119	100	-

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

Reasons for changes : None.

2. Major customers' information

Unit : NT\$ thousands

Item	2022				2023			
	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer
1	Client A	12,384,140	23.38	None	Client A	10,723,196	21.76	None
	Other	40,594,075	76.62	-	Other	38,550,259	78.24	-
	Net Sales	52,978,215	100	-	Net Sales	49,273,455	100	-

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

Reasons for changes : None

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

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

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

Unit : NT\$ thousands

Year	2022				2023			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main Products								
Semiconductor Related Products	-	21,351,867	-	20,468,105	-	18,840,439	-	20,033,972
Environmental Engineering and Facility Systems	-	2,623,139	-	4,373,885	-	2,095,021	-	5,000,236
LED/LCD/Electronics Applications Related Materials	-	1,925,891	-	473,578	-	1,413,669	-	192,858
Green energy and circular economy	-	1,207,214	-	-	-	1,039,999	-	-
Other	-	541,095	-	13,441	-	657,261	-	-
Total	-	27,649,206	-	25,329,009	-	24,046,389	-	25,227,066

III · Employee Information

Year		2022	2023	As of Mar.31,2024
No. of Employee	Sales and marketing	323	317	408
	Engineering and technical	650	667	737
	Staff	631	654	697
	Total	1,604	1,638	1,842
Average age		31.51	31.45	34.30
Average seniority		3.96	3.89	4.79
Academy ratio	Ph.D	0.87%	0.98%	0.92%
	Master	21.38%	20.63%	19.60%
	College	66.52%	68.07%	70.36%
	Senior High School	10.29%	9.40%	8.47%
	Senior High School or below	0.94%	0.92%	0.65%

IV · Environmental Protection Expenditure

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

V · Labor Relations

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

1. In addition to the basic benefits granted by the Labor Standards Act, our employees enjoy group insurance paid in full by the Company, regular health examination, education and training subsidies, performance bonuses, and employee dormitories for expatriates. To help employees achieve a healthy balance between work and life, we regularly arrange for doctors to provide employee health and medical consultation services on-site, implement flexible working hours, and have an Employee Welfare Committee in place to comprehensively manage various employee benefits and subsidized activities, such as various club activities, employee travel, family day, health seminars, entertainment activities, and art appreciation events. We also offer wedding cash gifts, maternity subsidies, childcare allowances, funeral condolence money, employee birthday gifts (cash gifts), gifts on major holidays, hospitalization subsidies, free uniforms for female employees, and other benefit measures.
2. The Company has put in place the relevant educational training policies and a comprehensive employee training plan under a learning passport system to enhance

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

3. The Company has established the "Employee Pension Plan" and makes monthly contributions equivalent to a fixed percentage of an employee's total salary to the pension fund. The "Labor Pension Act" came into effect on 1 July, 2005 applies to employees who chose to be covered under the new pension system under which contributions are made to a pension fund. The Company also offers bereavement compensation in accordance with the company's bereavement policy to surviving spouse and families of an employee who deceased due to illness or accident.
 4. We have always attached great importance to harmonious labor-management relations, and the communication channels between labor and management are free of obstacles. In addition to holding regular labor-management meetings, employees can express and communicate their views or issues with management at any time through the daily and weekly report systems. We also regularly hold consensus camps for managers and employee seminars every year to build consensus and establish a communication mechanism. Also, our employees can learn about the latest news, such as company policies or employee benefits, through the enterprise information portal (EIP).
 5. We purchase the Labor Insurance and National Health Insurance and make contributions to the pension funds for employees as per law. Apart from having established the employee retirement system, we announce the relevant personnel regulations on the employee portal for employees to check to ensure conformity.
 6. We have a dedicated hotline for employee complaints, a complaint mailbox, and a complaint email in place, and we have formulated relevant prevention and handling measures and reward and punishment rules to achieve a fair and just work environment.
 7. To care for employees, identify any problems that may affect their work performance, and assist them in solving these problems, we have formulated an employee assistance program (EAP) to enable employees to work with a healthy body and mind and improve their work efficiency. Through various assistance measures, we have established a warm and caring work environment and an organizational culture featuring excellent interaction.
- (II) Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report and disclosure of potential current and future losses and countermeasures :
- There were no labor disputes in the most recent year and up to the publication date of the Annual Report. The Company maintains harmonious labor and management relations. Neither has the Company suffered any loss as a result of labor disputes in the past nor does the Company expect to suffer the aforesaid loss in the future.

VI 、 Cyber security management:

(I) State clearly the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity:

The Company has adopted the cyber security management policy and established the cyber

security committee that is chaired by the Chief Executive Officer who is responsible for coordinating with department heads of information, each business unit, internal audit, legal compliance, and risk management, holding regular meetings to announce and inform about cyber security events, making decisions about cyber security matters and further managing and promoting such matters. He or she shall also be present at the risk management committee's meeting to report the implementation status of cyber security on a regular basis and report to the Board of Directors on July 27, 2023 and Dec. 22, 2023 so as to put cyber security management policy into practice, protect information security and rights of stakeholders, and achieve the cyber security goal of "uninterrupted service, no data loss, no leaked information and sustainable business."

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

- 1.Unexpected interruption of service and data loss: The Company has adopted a hyper-converged host infrastructure, a virtual host for remote backup, and three copies of data backup on two storage media with one of the copies located offsite. Data backup and recovery and remote backup drills are held on a regular basis to ensure uninterrupted operation and no data loss.
- 2.Confidential information leakage: The Company has strengthened its authorization management mechanism, and established an authorization management platform to control the real-time authorization status for each system. Confidential documents and key information are controlled by the DLP to restrict copies, downloads and outward mail ensuring the security of confidential information.
- 3.Cyberattack: The Company has reinforced its firewall defense, increased inspection on cyber activities from high-risk regions, checked updates for anti-virus software and operation system daily and randomly, built functions such as blacklist filter and credit score system to block malicious mail, and promoted the concept of cyber security regularly to prevent threats of cyberattacks. It introduced the APT sandbox virus-scanner and BEC phishing email detection from 2021 to 2023, and delegated external experts to test the effectiveness of phishing email prevention in order to enhance cyber security protection on corporate emails; it also used a third-party external platform to simulate attacks and detect weaknesses, and corrected the items identified as a significant risk, high risk and moderate risk in the detection result.

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

VII 、 Material Contracts

NATURE OF CONTRACT	COUNTERPARTY	TERM	SUBJECT	RESTRICTION
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU CHEMICAL CO., LTD.	Effective as of 1999 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU ELECTRONICS MATERIALS TAIWAN CO., LTD.	Effective as of 2019 with an automatic renewal term	Product distributor	Confidentiality
SALES REPRESENTATIVE AGREEMENT	SHIN-ETSU HANDOTAI TAIWAN CO., LTD.	Effective until terminated	Sales representative	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU QUARTZ PRODUCTS CO., LTD.	Effective as of 2010 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU OPTO ELECTRONIC CO., LTD.	Effective as of 1999 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SHIN-ETSU POLYMER CO., LTD.	Effective as of 2001 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	TRI CHEMICAL LABORATORIES INC. 、 TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC.	Effective as of 2014 until terminated	Product distributor	Confidentiality
SALES REPRESENTATIVE AGREEMENT	MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.	Effective as of 1998 with an automatic renewal term	Product distributor and Sales representative	Confidentiality
DISTRIBUTORSHIP AGREEMENT	NAMICS CORPORATION 、 NAMICS TAIWAN CO., LTD.	Effective as of 2011 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	FUJIMI INCORPORATED 、 FUJIMI CORPORATION	Effective as of 2007 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	SEKISUI CHEMICAL(TAIWAN) CO., LTD.	Effective as of 2009 with an automatic renewal term	Product distributor	Confidentiality
DISTRIBUTORSHIP AGREEMENT	3M TAIWAN LTD.	January 2023 ~ March 2024	Product distributor	Confidentiality

Chapter 6 Financial Information

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

(I) Financial Information-IFRS (Consolidated)

Condensed Balance Sheet – IFRS (Consolidated)

Unit : NT\$ thousands

Item	Year	Financial data for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		12,931,640	14,434,470	16,897,367	20,591,994	20,511,759
Property, plant and equipment (Note 1)		3,647,237	3,458,339	3,674,432	3,783,593	3,930,403
Intangible assets		59,532	52,223	516,011	468,083	439,979
Other assets		3,001,095	3,506,683	4,086,633	5,036,605	6,753,398
Total assets		19,639,504	21,451,715	25,174,443	29,880,275	31,635,539
Current liabilities	Before distribution	8,736,164	9,442,241	11,510,093	14,148,591	12,727,225
	After distribution	9,917,211	10,895,838	13,109,049	15,965,587	14,614,221
Non-current liabilities		1,372,226	1,421,160	1,785,702	2,460,685	3,564,003
Total liabilities	Before distribution	10,108,390	10,863,401	13,295,795	16,609,276	16,291,228
	After distribution	11,289,437	12,316,998	14,894,751	18,426,272	18,178,224
Equity attributable to owners of parent		9,512,214	10,573,627	11,596,572	12,959,644	15,109,065
Capital		1,816,996	1,816,996	1,816,996	1,816,996	1,886,996
Capital surplus	Before distribution	2,340,676	2,340,779	2,345,202	2,343,848	2,688,841
	After distribution	-	-	-	1,617,050	2,500,141
Retained earnings	Before distribution	4,917,348	5,766,816	6,604,677	8,041,653	9,757,304
	After distribution	3,736,301	4,313,219	5,005,721	6,951,455	8,059,008
Other equity		437,194	649,036	829,697	757,147	775,924
Treasury stock		-	-	-	-	-
Non-controlling interests		18,900	14,687	282,076	311,355	235,246
Total equity	Before distribution	9,531,114	10,588,314	11,878,648	13,270,999	15,344,311
	After distribution	8,350,067	9,134,717	10,279,692	11,454,003	13,457,315

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

Note 2: The 2023 earnings distribution was approved by Board Meeting on Feb. 29,2024.

Condensed Statement of Comprehensive Income - IFRS (Consolidated)

Unit : NT\$ thousands

Item \ Year	Financial data for the most recent five years				
	2019	2020	2021	2022	2023
Operating revenues	31,700,516	36,167,994	42,668,966	52,978,215	49,273,455
Gross profit	3,919,105	4,305,042	5,212,496	6,525,656	6,406,778
Operating income	1,845,363	2,061,711	2,551,917	3,229,851	3,198,199
Non-operating income and expenses	362,836	497,715	487,932	1,011,880	682,269
Profit from continuing operations before tax	2,208,199	2,559,426	3,039,849	4,241,731	3,880,468
Profit	1,716,953	2,065,325	2,300,960	3,075,175	2,852,914
Other comprehensive income (loss), net of taxes	191,956	174,007	177,661	(55,096)	(10,339)
Total comprehensive income (loss)	1,908,909	2,239,332	2,478,621	3,020,079	2,842,575
Net profit attributable to Owners of Parent	1,722,308	2,068,350	2,294,458	3,018,478	2,835,024
Profit attributable to non-controlling interests	(5,355)	(3,025)	6,502	56,697	17,890
Comprehensive Income (Loss) Attributable to Owners of the Parent	1,914,264	2,242,357	2,472,119	2,963,382	2,824,626
Total comprehensive income (loss) attributable to non-controlling interests	(5,355)	(3,025)	6,502	56,697	17,949
Earnings per Share (NT\$)	9.48	11.38	12.63	16.61	15.36

(II) Financial Information – IFRS (Standalone)

Condensed Balance Sheet – IFRS (Standalone)

Unit : NT\$ thousands

Item	Year	Financial data for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		5,925,384	6,953,317	6,967,599	8,315,805	8,799,888
Property, plant and equipment (Note 1)		2,386,776	2,172,346	2,148,800	2,204,449	2,155,216
Intangible assets		51,555	50,048	55,880	46,916	31,784
Other assets		6,386,306	7,231,875	8,666,248	10,016,004	12,619,251
Total assets		14,750,021	16,407,586	17,838,527	20,583,174	23,606,139
Current liabilities	Before distribution	4,604,880	5,216,807	5,575,346	6,339,216	6,158,683
	After distribution	5,785,927	6,670,404	7,174,302	8,156,212	8,045,679
Non-current liabilities		632,927	617,152	666,609	1,284,314	2,338,391
Total liabilities	Before distribution	5,237,807	5,833,959	6,241,955	7,623,530	8,497,074
	After distribution	6,418,854	7,287,556	7,840,911	9,440,526	10,384,070
Equity attributable to owners of parent		-	-	-	-	-
Capital		1,816,996	1,816,996	1,816,996	1,816,996	1,886,996
Capital surplus	Before distribution	2,340,676	2,340,779	2,345,202	2,343,848	2,688,841
	After distribution	-	-	-	1,617,050	2,500,141
Retained earnings	Before distribution	4,917,348	5,766,816	6,604,677	8,041,653	9,757,304
	After distribution	3,736,301	4,313,219	5,005,721	6,951,455	8,059,008
Other equity		437,194	649,036	829,697	757,147	775,924
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	9,512,214	10,573,627	11,596,572	12,959,644	15,109,065
	After distribution	8,331,167	9,120,030	9,997,616	11,142,648	13,222,069

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

Note 2: The 2023 earnings distribution was approved by Board Meeting on Feb. 29, 2024.

Condensed Statement of Comprehensive Income

Unit : NT\$ thousands

Item \ Year	Financial data for the most recent five years				
	2019	2020	2021	2022	2023
Operating revenues	18,836,684	20,607,815	23,916,564	28,231,985	26,389,230
Gross profit	2,478,861	2,624,388	2,884,370	3,617,101	3,385,417
Operating income	1,258,501	1,261,558	1,355,559	1,704,386	1,536,877
Non-operating income and expenses	793,393	1,065,590	1,311,674	2,028,655	1,907,849
Profit from continuing operations before tax	2,051,894	2,327,148	2,667,233	3,733,041	3,444,726
Profit	1,722,308	2,068,350	2,294,458	3,018,478	2,835,024
Other comprehensive income (loss), net of taxes	191,956	174,007	177,661	(55,096)	(10,398)
Total comprehensive income (loss)	1,914,264	2,242,357	2,472,119	2,963,382	2,824,626
Earnings per Share (NT\$)	9.48	11.38	12.63	16.61	15.36

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

Year	CPA	Opinion and content
2019	KPMG / Yiu-Kwan Au & Szu-Chuan Chien	Unqualified opinion
2020	KPMG / Yiu-Kwan Au & Szu-Chuan Chien	Unqualified opinion
2021	KPMG / Yiu-Kwan Au & Szu-Chuan Chien	Unqualified opinion
2022	KPMG / Yiu-Kwan Au & Szu-Chuan Chien	Unqualified opinion
2023	KPMG / Kuan-Ying Kuo & Szu-Chuan Chien	Unqualified opinion

II. Financial analysis for the most recent five years

(I) Financial Analysis – IFRS (Consolidated)

Item analyzed		Year	Financial analysis for the most recent five years				
			2019	2020	2021	2022	2023
Financial structure	Ratio of debts to assets (%)		51.47	50.64	52.81	55.59	51.50
	Ratio of long-term capital to property, plant, and equipment (%)		309.65	366.57	371.88	415.79	481.08
Liquidity	Current ratio (%)		148.02	152.87	146.80	145.54	161.16
	Quick ratio (%)		109.67	118.61	117.55	107.93	128.3
	Interest coverage ratio		73.00	95.20	89.81	80.87	39.97
Operating ability	Receivables turnover rate (times)		5.34	5.72	5.89	6.16	5.80
	Average collection days for receivables		68.35	63.81	61.96	59.25	62.93
	Inventory turnover rate (times)		8.16	8.57	10.28	8.98	7.52
	Payable turnover rate (times)		5.07	5.46	5.53	5.53	5.38
	Average days for sales		44.73	42.59	35.50	40.64	48.53
	Property, plant and equipment turnover rate (times)		7.68	9.15	10.51	11.74	10.4
	Total asset turnover rate (times)		1.47	1.51	1.61	1.59	1.30
Profitability	Return on assets (%)		9.44	10.16	9.99	11.33	9.53
	Return on equity (%)		18.95	20.53	20.48	24.46	19.94
	Ratio of profit before income tax to paid-in capital (%)		121.53	140.86	167.30	233.45	205.64
	Profit margin (%)		6.34	6.64	6.14	7.02	7.11
	Earnings per share (NT\$)		9.48	11.38	12.63	16.61	15.36
Cash flow	Cash flow ratio (%)		20.12	21.25	22.56	22.50	12.73
	Cash flow adequacy ratio (%)		74.45	88.70	98.89	95.14	91.51
	Cash flow reinvestment ratio (%)		7.43	6.75	8.00	9.65	(1.00)
Leverage	Operating leverage		1.88	1.85	1.81	1.84	1.85
	Financial leverage		1.02	1.01	1.01	1.02	1.03

Explanations on changes in various financial ratios in the most recent two years :

1. The decrease in ratio of interest coverage was due to the decrease profit before income tax and increase of interest expenses for the operating needs.
2. The decrease of cash flow reinvestment ratio and cash flow ratio was mainly due to the decrease in net cash flows from operating activities.

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

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

(1) Financial structure:

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

(2) Liquidity:

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

(3) Operating ability:

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

(4) Profitability:

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

(5) Cash flows:

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

(6) Leverage:

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

(II) Financial Analysis-IFRS (Standalone)

Item analyzed		Year	Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023	
Financial structure	Ratio of debts to assets (%)	35.51	35.56	34.99	37.04	36.00	
	Ratio of long-term capital to property, plant, and equipment (%)	425.06	515.15	570.70	646.15	809.55	
Liquidity	Current ratio (%)	128.68	133.29	124.97	131.18	142.89	
	Quick ratio (%)	92.29	96.80	90.97	88.47	107.97	
	Interest coverage ratio	456.27	386.74	277.34	218.49	75.59	
Operating ability	Receivables turnover rate (times)	6.80	6.32	6.82	8.17	8.03	
	Average collection days for receivables	53.70	57.80	53.49	44.68	45.45	
	Inventory turnover rate (times)	10.08	10.06	11.06	10.64	9.43	
	Payable turnover rate (times)	6.19	5.82	6.61	6.68	6.14	
	Average days for sales	36.21	36.29	33.01	34.31	38.71	
	Property, plant and equipment turnover rate (times)	7.44	8.71	10.66	12.46	11.60	
	Total asset turnover rate (times)	1.33	1.27	1.34	1.41	1.14	
Profitability	Return on assets (%)	12.72	13.31	13.44	15.78	13.00	
	Return on equity (%)	19.06	20.60	20.70	24.58	20.20	
	Ratio of profit before income tax to paid-in capital (%)	112.93	128.08	146.79	205.45	182.55	
	Profit margin (%)	9.52	10.42	9.96	11.13	11.21	
	Earnings per share (NT\$)	9.48	11.38	12.63	16.61	15.36	
Cash flow	Cash flow ratio (%)	34.35	32.86	34.65	63.74	34.39	
	Cash flow adequacy ratio (%)	68.82	72.19	78.72	92.65	95.21	
	Cash flow reinvestment ratio (%)	5.91	4.61	3.79	16.7	1.68	
Leverage	Operating leverage	1.68	1.78	1.83	1.85	1.86	
	Financial leverage	1.00	1.00	1.01	1.01	1.03	

Explanations on changes in various financial ratios in the most recent two years :

1. The increase in ratio of long-term capital to property, plant, and equipment was due to the increase in total equity and non-current liabilities.
2. The increase in quick ratio was due to the increase in cash and inventories, and the decrease in current liabilities.
3. The decrease in interest coverage ratio was mainly due to the decrease in profit before income tax and the increase in interest expenses for the operating needs.
4. The decrease of cash flow reinvestment ratio and cash flow ratio was mainly due to the decrease in net cash flows from operating activities.

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

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

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements and proposal for Earnings Distribution. Consolidated and parent company only Financial Statements have been audited and certified by Kuo, Kuan-Ying, CPA, and Chien, Szu Chuan, CPA, of KPMG and audit reports relating to the Financial Statements have been issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TOPCO SCIENTIFIC CO., LTD. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

TOPCO SCIENTIFIC CO., LTD.

Chairman of the Audit Committee: Sheu, Her-Jiun



February 29, 2024

IV 、 Financial statements for the most recent year (Page 120)

**V 、 Financial statements of the parent company for the most recent year audited by the CPA
(Page 120)**

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

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

I · Financial position analysis:

Comparative analysis of financial status

Unit : NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	20,511,759	20,591,994	(80,235)	-
Property, plant and equipment	3,930,403	3,783,593	146,810	4
Intangible assets	439,979	468,083	(28,104)	(6)
Other assets	6,753,398	5,036,605	1,716,793	34
Total assets	31,635,539	29,880,275	1,755,264	6
Current liabilities	12,727,225	14,148,591	(1,421,366)	(10)
Non-current liabilities	3,564,003	2,460,685	1,103,318	45
Total liabilities	16,291,228	16,609,276	318,048	(2)
Capital	1,886,996	1,816,996	70,000	4
Capital surplus	2,688,841	2,343,848	344,993	15
Retained earnings	9,757,304	8,041,653	1,715,651	21
Other Equity and Non-controlling interests	1,011,170	1,068,502	(57,332)	(5)
Total equity	15,344,311	13,270,999	2,073,312	16
<p>Explanation for Variance (if the variance is 20% or more):</p> <ol style="list-style-type: none"> 1. The increase in other assets was due to the prepayment of purchase of office building. 2. The non-current liabilities increased because of the issuance of convertible bond in 2023. 3. The increase in retained earnings was mainly due to good performance in revenues and profits. 				

II、Financial performance

(I) Financial performance analysis

Unit : NT\$ thousands

	2023	2022	Difference	
			Amount	%
Operating revenues	49,273,455	52,978,215	(3,704,760)	(7)
Operating costs	42,854,655	46,452,851	(3,598,196)	(8)
Unrealized profit (Loss)	(12,022)	292	(12,314)	(4,217)
Gross profit	6,406,778	6,525,656	(118,878)	(2)
Operating expenses	3,208,579	3,295,805	(87,226)	(3)
Operating income	3,198,199	3,229,851	(31,652)	(1)
Non-operating income and expenses	682,269	1,011,880	(329,611)	(33)
Profit from continuing operations before tax	3,880,468	4,241,731	(361,263)	(9)
Income tax expenses	1,027,554	1,166,556	(139,002)	(12)
Profit	2,852,914	3,075,175	(222,261)	(7)
Explanation for Variance (if the variance is 20% or more):				
1. The decrease in unrealized profit was due to the increase in unrealized of related-party transactions.				
2. The decrease in non-operating income was mainly attributable to the decrease both in gains on financial assets at fair value through profit or loss and foreign currency exchange gain.				

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

The revenue will continue to grow in 2024 based on the current status of orders receiving.

III、Cash flow

Analysis of changes in cash flow in 2023

Unit : NT\$ thousands

Cash and cash Equivalents, Beginning of Year(A)	Net cash Flow from operating activities (B)	Cash Outflow (C)	Cash Surplus(Deficit) Cash Balance (A)+(B)+(C)	Remedial measures for cash deficit	
				Investment plan	Financial plan
5,335,081	1,620,419	(470,647)	6,484,853	-	-
1. Analysis of changes in cash flow in 2023 :					
(1) Operating activities: The net cash inflow from operating activities was NT\$1.6 billion. The cash inflow remained steady primarily due to stable profits.					
(2) Investing activities: The net cash outflow from investing activities was NT\$1.9 billion primarily the purchase of office building prepayment.					
(3) Financing activities: The net cash inflow from financing activities was NT\$1.5 billion, mainly resulting from issuance of convertible bond and short-term borrowings.					
(4) Effect of exchange rate changes on cash and cash equivalent: Decreased NT\$53 million.					
2. Remedy for cash deficit and liquidity analysis: Not applicable to TOPCO					
3. Liquidity analysis: The current ratio is 161.16% and in good financial health.					

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

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

Unit : NT\$ thousands

item name	Investment Gain (Loss)	Business strategy	Main reason of investment gain or loss	Improvement plan	Investment plan in the future
Topco Quartz Co.,Ltd	453,682	Quality and service is better than competitors	The core business is profitable and stable	Quality enhancement	Business oriented
Unitech New Energy Engineering Co., Ltd	74,385	Quality and service is better than competitors	The core business is profitable and stable	Quality enhancement	Business oriented
Anyong Freshmart, INC.	(62,888)	To be the leader of health oriented compound supermarket	The number of branches dose not reach the economic scale.	Open new stores and strengthening on-line businesses	Business oriented
Anyong Biotechnology, INC.	(32,041)	To emphasize the excellent qualities of the CAS frozen aquatic products	The production volume dose not reach the economic scale.	To expand its export business	Business oriented
Yilan Anyong Lohas Co., Ltd.	(24,946)	To make the diamond grade green building a muti-functional tourism factory(technology ,entertainment,culture and delicious food)	With the adjustment of business strategy, the loss is reduced.	Business positioning and tourism sales channel increasing	Business oriented

VI · Analysis of Risk Management :

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

1. Interest rate fluctuation:

The Company's interest rate risks primarily originate from financial assets and liabilities that are on variable interest rates. Calculated on the basis of the Company's open positions as at 31 December, 2023, an increase/decrease of 0.25% in interest rate will result in an increase/decrease of NT\$ 2,246 thousand in the Company's before tax income on 31 December, 2023.

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

2. Exchange rate fluctuation:

The Company's exchange rate risks primarily originate from our business operations, predominantly in the exchange rate fluctuations in USD and JPY. Calculated on the basis of the Company's open positions as at 31 December, 2023, where there was an 5% appreciation/depreciation in the USD and JPY against our main functional currency, the Company's before tax income will decrease/increase by NT\$57,146 thousand on 31 December 2023.

In an effort to reduce exchange rate risks, the Company undertakes foreign exchange transactions with the primary purpose of fulfilling the foreign currency requirements

arising from the Company's purchase and sale of goods and does not do so for speculating purposes.

3. Inflation:

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

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

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

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

The Topco Scientific Group will continue our past R&D momentum and devote resources to the R&D of new product and technology. Especially given that explosive growth is expected in the future AI, 5G/6G, electric car and autopilot driving markets, the demand for advancement in the semiconductor and photoelectric process technology will certainly increase as well as the demand for semiconductor and photoelectric products. The Group will develop the corresponding application materials to meet customer demands; and on the other hand, will maintain our commitment to promoting energy thus further invest in the R&D of green technology and technology related the circular economy. Total budget for R&D expenditure for 2024 is NT\$ 38,149 thousand, The R&D plans are listed below.

1. Eco-friendly primers: We are developing water-based primers, which are friendly to the environment and the human body and do not contain chemical solvents. They are neutral and water-based and, therefore, suitable for the adhesion of various materials.
2. Passive component protection materials: As the high-power components are increasingly used, the reliability of protective materials for passive components has become more important. Therefore, we developed the protective materials for passive components to feature low shrinkage and high-temperature resistance to improve the reliability of components. The materials are mainly used in high-end passive resistors.
3. Micro LED mass transfer devices: In response to the booming micro LED market, we have developed our own patented stamp technology for the micro LED mass transfer process. It can quickly produce mass transfer stamps to improve process yield and reduce production cost.
4. Hydrophilic surface coating: We developed high-efficiency and long-lasting hydrophilic materials for glass substrates. The coating material features self-cleaning and anti-fog.
5. High-end packaging substrate materials: We worked with the Industrial Technology Research Institute (ITRI) to develop embedded coupling capacitors and process technology, aerosol multi-layer ceramic materials for capacitors, and embedded high-capacitance capacitor aerosol deposition technology, which can improve the performance and reduce clients' production costs of packaging substrates used in advanced packaging applications.
6. Development of organic sludge reduction technology: We developed the O₃ catalyst to test the waste organic sludge reduction technology and its feasibility, to reduce the cost of outsourcing the waste collection and transport.

7. Development of a high-efficiency oxidation treatment system: We adopted the Hige, CAT, and O₃ oxidation technologies to develop wastewater waste and liquid treatment technology, with the focus on the optimization of technology for treatment of the IPA wastewater and ammonia nitrogen wastewater.
 8. Development of phase separation technology: We mainly developed waste liquid reduction technology for NMP or phenol wastewater and performed feasibility tests, to reduce clients' production costs of outsourcing the waste collection and transport.
 9. Development of high-pressure combination molding technology: We mainly developed waste liquid reduction technology for IPA wastewater and performed feasibility tests, to reduce clients' production costs of outsourcing the waste collection and transport.
 10. Established a collaborative project with National Cheng Kung University, "The Process Simulation Analysis Research on Carbon Storage, Capture, Purification and Utilization," to establish process models of carbon capture, storage, and purification as a reference for the development of carbon capture and the technology of recycling process of wastes.
- (IV) Impacts of changes in domestic and foreign government policies and laws on the Company's financial operations, and future countermeasures:
The Company's conducts business in accordance with the relevant laws and regulations, closely monitors the relevant updates and consult with professional agencies and experts for advice. The Company also participates in training, workshops, and seminars to stay on top of updates on important policies to respond with agility to changes.
- (V) Impacts of industry and technology changes to the Company's financial operations, and future countermeasures:
The Company has solid finances and offers a wide array of products therefore is sheltered from the impacts of industry and technology changes. The countermeasures taken below are aimed at mitigating risks arising from cyclical fluctuations and improving operating performance:
1. Extensively source industry news, interpret information, judge business fluctuations and industry trends to adjust business strategies in a timely manner.
 2. Closely monitor customer requirements and product trends to develop potential products, adding new products to the existing line of products being distributed.
 3. Cybersecurity risk management please refer to Page 89.
- (VI) Impacts of changes in corporate image on the company's crisis management and future Countermeasures:
The Company maintains a sound corporate image. There has been no harmful media report on the Company.
- (VII) Expected benefits and potential risks related to mergers and acquisitions: None as there has been no merger or acquisition taken place.
- (VIII) Expected benefits and potential risks of capacity expansion: None as the Company has not expanded its production facility.
- (IX) Risk of procurement and sales concentration, and future countermeasures:
1. Purchase: constantly monitor the inventory level to increase the inventory turnover rate and reduce the risks of inventory buildup. Actively searching for other suppliers to diversify risks associated with concentration of product suppliers.
 2. Sale: maintain sound customer relationship, closely monitor of customer requirements and act proactively to avoid concentration of supply of goods to customers.
- (X) Impacts and risks arising from major transfer or replacement of shares by Directors, Supervisors, or shareholders with over 10% of shares in the Company:
The Company does not have major shareholders who hold a stake of greater than 10 percent. There has been no major transfer of shares owned by any director or supervisor.

(XI) Impact of change in Company management and associated risks: None.

(XII) Litigious or non-litigious matters

Any major litigious, non-litigious or administrative disputes that involve the Company and/or any company director, any company supervisor, the managing director, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company and have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities up until the publication date of the Annual Report: None.

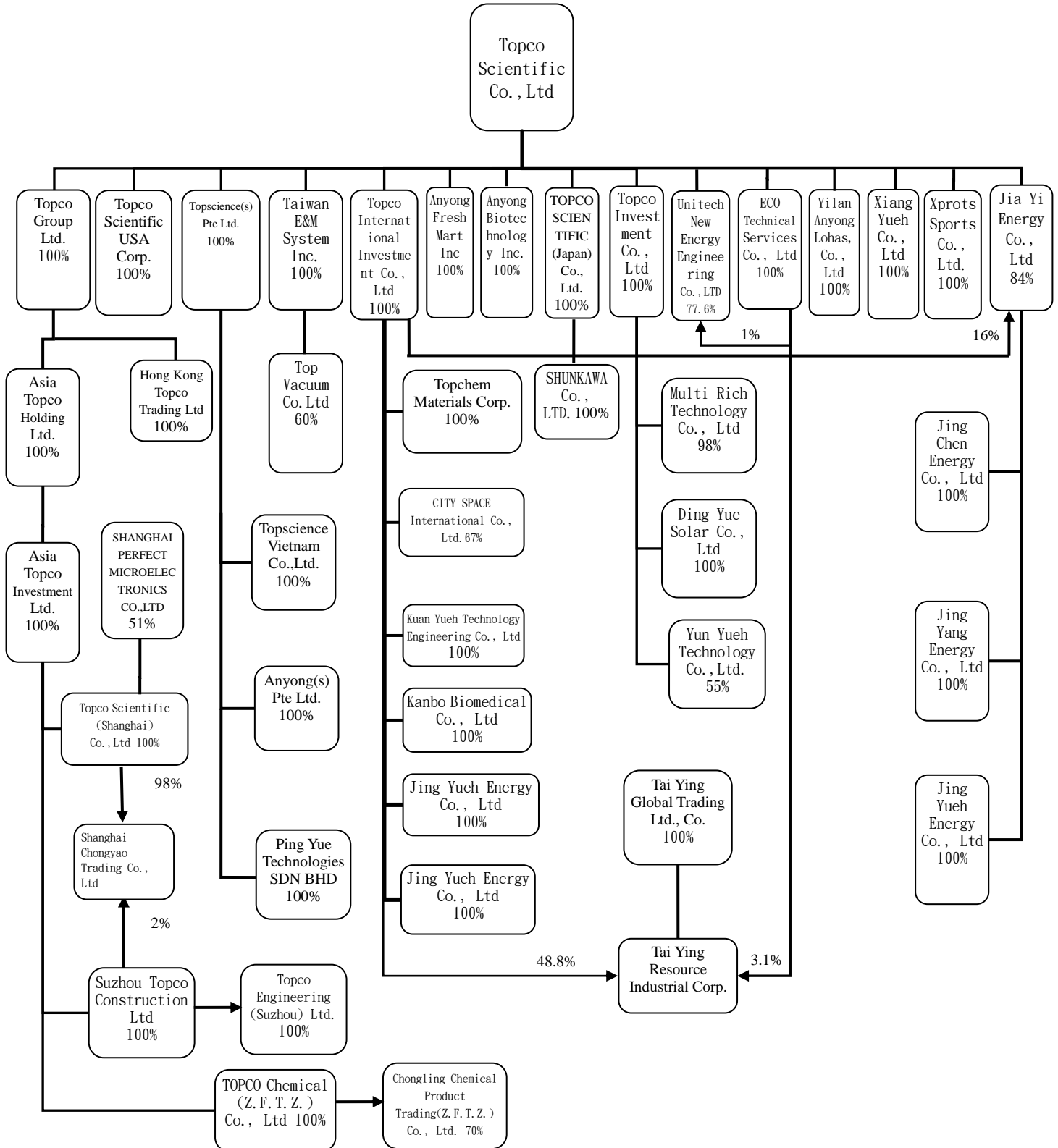
(XIII) Other significant risks and countermeasures: None.

VII - Other important matters: None

Chapter 8 Special Disclosure

I. Information about affiliates

(I) Organization chart of affiliates (Dec.31,2023)



(II) Summary of Affiliated Companies

Unit:NT\$(US\$,JPY,RMB,EUR,SGD,VND) thousands
As of Dec.31,2023

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Activities
Taiwan E&M System Inc.	11/1/2001	1F, 16, Zhanye 2 nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan	NT\$425,000	Sales of electronic material
Topco International Investment Co., Ltd.	9/9/2005	2F, No. 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$669,618	Investment
Topco Investment Co., Ltd.	9/12/2005	2F, No. 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$190,088	Investment
Topco Scientific(Japan) Co., Ltd.	10/24/2006	TOC Bldg, 7-22-17 Nishi-Gotanda, Shinagawa-Ku, Tokyo, Japan	JPY 450,000	Sales of facilities of semiconductor and clean room
Topco Group Ltd.	3/11/2003	Maystar Chambers, P.O. Box 3269, Apia, Samoa	US\$22,432	Investment
City Space International Co., Ltd.	12/22/2005	11F-2, No. 6, Sec. 1 XinSheng S. Rd., ZhongZheng Dist., Taipei City, Taiwan	NT\$19,000	Wholesale and sales of cosmetic
Asia Topco Investment Ltd.	3/20/2003	3rd Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius	US\$20,000	Investment
Topscience (S) Pte Ltd.	5/10/1997	140 Paya Lebar Rd, #08-03, AZ@Paya Lebar, Singapore	SGD 6,577	Sales of parts of semiconductor and optoelectronic industries
Topscience Vietnam Co., Ltd.	6/19/2019	Room 3104, 302 Cau Giay Street, Vong Ward, Cau Giay District, Hanoi, Vietnam	VND76,779,000	Sales of parts of semiconductor and optoelectronic industries
Anyong(s) Pte. Ltd.	10/18/2018	140 Paya Lebar Rd, #08-03, AZ@Paya Lebar, Singapore	SGD 266	Wholesale of fishery products
Topco Scientific (Shanghai) Co., Ltd.	7/10/2003	D11 3F, No. 231 North Fute Rd., Pilot Free Trade Zone, Shanghai, China	RMB 61,978	Wholesale of semiconductor material and electronic material
Shanghai Chongyao Trading Co., Ltd.	8/22/2012	Room 1002, 10F, Building 5, No. 2388 ChenHang Rd., Minhang Dist., Shanghai City, China	RMB 13,000	Wholesale of semiconductor material and electronic material
Topco Chemical (Z.F.T.Z.) Co., Ltd.	5/5/2017	Room 1923 Petrochemical Trading Building Zhangjiagang Free Trade	RMB 5,000	Wholesale and sales of chemical products

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Activities
		Zone, Suzhou, Suzhou City Jiangsu Province, China		
Hong Kong Topco Trading Limited	10/9/2008	Flat/RM Chevalier House 45-51 Chatham road south tsim sha tsui Kowloon, Hong Kong	US\$1,500	Wholesale of semiconductor material and electronic material
Topco Engineering (Suzhou)Ltd	8/12/2019	Room 512, Yuanhe building, 959 Jiayuan Road, Xiangcheng District, Suzhou City Jiang Su Province, China	RMB20,000	Water purification and cleanroom construction
Suzhou Topco Construction Ltd.	2/24/2005	Room 508, No. 959, JiaYuan Rd., Xiangcheng Dist., Suzhou City Jiang Su Province, China	RMB70,785	Water purification and cleanroom construction
ECO Technical Services Co., Ltd.	9/8/2008	4F, No. 483, Sec. 2 Tiding Blvd., Neihu dist., Taipei City, Taiwan	NT\$538,291	Water purification and construction of dust-proof room
Kuan Yueh Technology Engineering Co., Ltd.	10/9/2008	3F-10, No. 12 Fuxing 4 th Rd., Qianghen Dist., Kaohsiung City, Taiwan	NT\$192,996	Development of renewable energy projects and configure pipeline construction and device installation
Jia Yi Energy Co., Ltd.	10/13/2008	3F-10, No. 12 Fuxing 4 th Rd., Qianghen Dist., Kaohsiung City, Taiwan	NT\$309,293	Manufacture of machinery and electronic spare parts
Kanbo Biomedical Co., Ltd.	5/25/2010	5F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$10,000	Sales of health food products
Anyong Fresh Mart Inc.	11/9/2012	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$295,000	Wholesale and retail sales of fishery and food products
Anyong Biotechnology Inc.	4/11/2012	No. 10, Nanliao Rd., Mituo dist., Kaohsiung City, Taiwan	NT\$300,000	Aquaculture and strategic partnership with fish processing
Jing Chen Energy Co., Ltd.	1/20/2011	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$75,855	Development of renewable energy projects
Jing Yang Energy Co., Ltd.	5/11/2012	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$87,951	Development of renewable energy projects
Topchem Materials Corp.	5/11/2012	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$55,000	Antifouling surface protection, light-blocking material and the manufacture of other chemicals

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Activities
Multi Rich Technology Co., Ltd.	1/20/1999	3F., No. 28, Ln. 513, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$21,000	Wholesale of fishery products
Xiang Yueh Co., Ltd.	5/27/2014	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$73,400	Waste disposal
Jing Yueh Energy Co., Ltd.	12/8/2014	4F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$91,223	Development of renewable energy projects
Ding Yue Solar Co., Ltd.	9/21/2015	3F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$9,000	Development of renewable energy projects
Yilan Anyong Lohas, Co., Ltd.	5/5/2016	No. 415, Sec. 2, zhongshan Rd., Suao Towership, Yilan County, Taiwan	NT\$255,000	Manufactur of food products and offer factory touring
Xports Sports Co., Ltd.	10/14/2016	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$150,000	Sports service
Top Vacuum Co., Ltd	5/5/2000	No. 2, Ln. 94, Qianjia Rd., East Dist., Hsinchu City, Taiwan	NT\$100,000	Vacuum pump equipment maintenance
Yun Yueh Technology Co., Ltd	7/15/2021	No. 168-7, Anhe Rd., Xitun Dist., Taichung City, Taiwan	NT\$865	Aquaculture and wholesale and sales of fishery products
Tai Ying Resource Industrial Crop.	10/2/2012	No. 83-1, Xinle St., Gangshan Dist., Kaohsiung City, Taiwan	NT\$100,000	Waste Disposal Industry
Unitech New Energy Engineering Co., Ltd	10/20/1989	No. 77-17, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$10,000	Environment-related engineering planning, assessment, supervision and monitoring
Topco Scientific USA Corp.	5/18/2021	295 W Azalea Dr., Chandler, AZ 85248, USA	US\$5,100	Wholesale of semiconductor material
Asia Topco Holding Ltd	11/18/2022	P.O. Box 61, 3 rd Floor Harbour Centre, North Church Street, Grand Cayman, KY 1-1102, Cayman Islands	US\$20,000	Investment
Ping Yue Technologies SDN BHD	5/31/2022	1-21-03-A, Suntech @Penang Cybercity, Lintang Mayang Pasir 3, 11950, Bayan Baru, Penang, Malaysia	MYR2,056	Sales of semiconductor material and equipment
Shanghai Perfect Micro Electronics Co., Ltd	1/10/2022	Room 310, Building 2, No.508 Chundong Road, Minhang District,	RMB 2,000	IC design

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Activities
		Shanghai, China		
Topchip Electronic Co. Ltd	5/31/2022	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$10,000	IC design and sales
Thermaltake green power Co., Ltd	9/8/2022	2F, 483, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan	NT\$1,000	Sales of renewable energy
Shunkawa Co., Ltd.	4/15/2022	4Chome-4-20 Shiba, Minato-ku, Tokyo, 10/-0014, Japan	JPY 100,000	Import and export of semiconductor raw materials
Tai Ying Global Trading Ltd., Co.	7/28/2022	2F, 57, Wenxian Rd., Gangshan Dist., Kaohsiung City, Taiwan	NT\$15,000	International Trading
Chongling Chemical Products Trading(ZJG) Co., Ltd	5/6/2023	Room 618, Petrochemical Trading Building, Zhangjiagang Free Trade Zone	RMB 10,000	Wholesale and sales of chemical products

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

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

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

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

Unit: Share
As of Dec.31,2023

Name of Business	Title	Name	Share holding	
			Shares	%
Taiwan E&M System Inc	Chairman	TOPCO Scientific Co., Ltd Rep: Simon Tseng	42,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Daniel Wu	42,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Martin Chang	42,500,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	42,500,000	100%
Topco International Investment Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Charles Lee	66,961,792	100%
	Director	TOPCO Scientific Co., Ltd Rep: Simon Tseng	66,961,792	100%
	Director	TOPCO Scientific Co., Ltd Rep: Joyce Lu	66,961,792	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	66,961,792	100%
Topco Investment Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Joyce Lu	19,008,761	100%
	Director	TOPCO Scientific Co., Ltd Rep: Charles Lee	19,008,761	100%
	Director	TOPCO Scientific Co., Ltd Rep: Simon Tseng	19,008,761	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	19,008,761	100%
City Space International Co., Ltd	Chairman	Topco International Investment Co., Ltd Rep: Della Huang	1,266,667	66.67%
	Director	Topco International Investment Co., Ltd Rep: Gianni Chen	1,266,667	66.67%
	Director	Kent Liao	129,251	6.80%
	Supervisor	Chihkai Chang	-	-
Topco Scientific (Japan) Co., Ltd	Chairman	J.W. Kuo	-	-
	Director	Wilbur Kuo	-	-
	Director	Dennis Chen	-	-
	Director	Tateo Tsai	-	-
	Supervisor	Joyce Lu	-	-
			Topco Int'l Investment hold 45,000 shares	100%
Topco Group Ltd.	Director	Topco Scientific Co., Ltd Rep: Joyce Lu	22,431,941	100%

Name of Business	Title	Name	Share holding	
			Shares	%
Topscience (s) Pte Ltd	Chairman Director Director	Jeffery Pan Dennis Chen Daniel Yang	- - -	- - -
			(Topco invests NT\$411,512,634)	100%
Topscience Vietnam Co., Ltd	Chairman Director Director	Jeffery Pan Daniel Yang Reggie Liu	- - -	- - -
			(Topscience(s) Pte invests VND76,779,000,000)	100%
Anyong(s) Pte. Ltd	Director	Daniel Yang	-	-
			(Topscience(s) Pte invests SGD265,962)	100%
Asia Topco Investment Ltd.	Director	Topco Group Ltd. Rep: Joyce Lu	20,000,000	100%
Topco Scientific (Shanghai) Co., Ltd	Chairman Director Director Supervisor	Simon Tseng Charles Lee Eugene Lee Joyce Lu	- - - -	- - - -
			(Asia Topco Investment invests USD8,790,000)	100%
Shanghai Chongyao Trading Co., Ltd	Chairman Director Director Supervisor	Jeffery Pan Steve Tan Simon Tseng Eugene Lee	- - - -	- - - -
			(Topco Scientific (Shanghai) invests RMB12,700,000)	98%
			(Suzhou Topco Construction invests RMB300,000)	2%
Hong Kong Topco Trading Limited	Chairman Director	Simon Tseng Eugene Lee	- -	- -
			ASIA Topco Investment holds 1,500,001 shares	100%
Topco Engineering (Suzhou) Ltd	Director Supervisor	Steve Tan Dongmeng Wu	- -	- -
			(Suzhou Topco Construction invests RMB20,000,000)	100%

Name of Business	Title	Name	Share holding	
			Shares	%
Topco Suzhou Construction Ltd	Chairman	Jeffery Pan	-	-
	Director	Eugene Lee	-	-
	Director	Steve Tan	-	-
	Supervisor	Gianni Chen	-	-
			(Asia Topco Investment invests USD10,574,000)	100%
Topco Chemical (Z.F.T.Z.) Co., Ltd	Chairman	Steve Tan	-	-
	Supervisor	Joyce Lu	-	-
			(Asia Topco Investment invests USD442,844)	100%
ECO Technical Services Co., Ltd	Chairman	Topco Scientific Co., Ltd Rep: Robert Lai	53,829,145	100%
	Director	Topco Scientific Co., Ltd Rep: Steve Tan	53,829,145	100%
	Director	Topco Scientific Co., Ltd Rep: KC Hsieh	53,829,145	100%
	Supervisor	Topco Scientific Co., Ltd Rep: Gianni Chen	53,829,145	100%
Kuan Yueh Technology Engineering Co., Ltd	Director	Topco International Investment Co., Ltd Rep: Johnny Huang	19,299,621	100%
	Supervisor	Topco International Investment Co., Ltd Rep: Della Huang	19,299,621	100%
Jia Yi Energy Co., Ltd	Chairman	Topco International Investment Co., Ltd Rep: IngSan Huang	5,005,362	16.18%
	Director	Topco International Investment Co., Ltd Rep: Robert Lai	5,005,362	16.18%
	Director	Topco International Investment Co., Ltd Rep: Johnny Huang	5,005,362	16.18%
	Supervisor	Topco Scientific Co., Ltd Rep: Della Huang	25,923,952	83.82%
Kanbo Biomedical Co., Ltd	Director	Topco International Investment Co., Ltd Rep: Simon Tseng	1,000,000	100%
Anyong Biotechnology Inc	Chairman	Topco Scientific Co., Ltd Rep: Wilbur Kuo	30,000,000	100%
	Director	Topco Scientific Co., Ltd Rep: Simon Tseng	30,000,000	100%
	Director	Topco Scientific Co., Ltd Rep: Henry Ho	30,000,000	100%
	Supervisor	Topco International Investment Co., Ltd Rep: Della Huang	30,000,000	100%

Name of Business	Title	Name	Share holding	
			Shares	%
Anyong Fresh Mart Inc	Chairman	TOPCO Scientific Co., Ltd Rep: Simon Tseng	29,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Robert Lai	29,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Joyce Lu	29,500,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	29,500,000	100%
Jing Chen Energy Co., Ltd	Director	Jia Yi Energy Co., Ltd Rep: Johnny Huang	7,585,540	100%
Jing Yang Energy Co., Ltd	Director	Jia Yi Energy Co., Ltd Rep: Johnny Huang	8,795,100	100%
Topchem Materials Co., Ltd	Chairman	Topco International Investment Co., Ltd Rep: Charles Lee	5,500,000	100%
	Director	Topco International Investment Co., Ltd Rep: Dennis Chen	5,500,000	100%
	Director	Topco International Investment Co., Ltd Rep: Daniel Yang	5,500,000	100%
	Supervisor	Topco International Investment Co., Ltd Rep: Della Huang	5,500,000	100%
Ding Yue Solar Co., Ltd	Director	Topco Investment Co., Ltd Rep: Johnny Huang	900,000	100%
	Supervisor	Topco Investment Co., Ltd Rep: Della Huang	900,000	100%
Jing Yueh Energy Co., Ltd	Director	Jia Yi Energy Co., Ltd Rep: Johnny Huang	9,122,256	100%
Yilan Anyong Lohas, Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: JinZhu Wong	25,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: J.W. Kuo	25,500,000	100%
	Director	TOPCO Scientific Co., Ltd Rep: Simon Tseng	25,500,000	100%
	Supervisor	TOPCO Scientific Co., Ltd Rep: Della Huang	25,500,000	100%
Xports Sports Co., Ltd	Director	Topco Investment Co., Ltd Rep: Allen Chen	15,000,000	100%
Top Vacuum Co., Ltd	Chairman	Taiwan E&M System Inc Rep: Daniel Wu	6,000,000	60%
	Director	Taiwan E&M System Inc Rep: Martin Chang	6,000,000	60%
	Director	Guan Lin Investment Co., Ltd. Rep: Martin Chen	3,600,000	36%
	Supervisor	Julia Ku	40,000	0.4%

Name of Business	Title	Name	Share holding	
			Shares	%
Yun Yueh Technology Co., Ltd	Chairman	Topco Investment Co., Ltd Rep: Robert Lai	60,000	60%
	Director	Topco Investment Co., Ltd Rep: CY Tung	60,000	60%
	Director	Prochance International Co., Ltd. Rep: Chuen-Chien Chang	40,000	40%
	Supervisor	Chihkai Chang	-	-
Tai Ying Resource Industrial Crop	Chairman	Topco International Investment Co., Ltd Rep: Henry Ho	4,880,000	48.8%
	Director	Topco International Investment Co., Ltd Rep: CY Tung	4,880,000	48.8%
	Director	Young-Jie Zhong	395,909	3.96%
	Director	WenFu Huang	195,455	1.95%
	Director	Topco International Investment Co., Ltd Rep: Martin Chang	4,880,000	48.8%
	Supervisor	ECO Technical Services Co., Ltd Rep: Chihkai Chang	304,541	3.05%
Unitech New Energy Engineering Co., Ltd	Chairman	TOPCO Scientific Co., Ltd Rep: Robert Lai	776,000	77.60%
	Director	TOPCO Scientific Co., Ltd Rep: KuangMei Lo	776,000	77.60%
	Director	TOPCO Scientific Co., Ltd Rep: YuRing Shien	776,000	77.60%
	Supervisor	ECO Technical Services Co., Ltd Rep: Joyce Lu	10,000	1%
Topco Scientific USA Corp	Director	Topco Scientific Co., Ltd Rep: Daniel Wu	(Topco Scientific Co., Ltd invests NT\$152,011,390)	100%
Asia Topco Holding Ltd.	Director	Topco Group Ltd. Rep: Simmon Tseng	20,000,000	100%
Ping Yue Technologies SDN BHD	Director	Daniel Yang Justin Su Yingwai Lee	(Topscience(s) Pte Ltd invests USD450,000)	100%
Shanghai Perfect Micro Electronics Co., Ltd	Chairman Director Director Supervisor	Eugene Lee Simon Tseng Jie Wu Kevin Lin	(Topco Scientific (Shanghai) invests RMB1,020,000)	51%

Name of Business	Title	Name	Share holding	
			Shares	%
Topchip electronic Co. Ltd	Director	Topco International Investment Co., Ltd Rep: Charles Lee	1,000,000	100%
	Supervisor	Topco International Investment Co., Ltd Rep: Della Huang	1,000,000	100%
Thermaltake green power Co., Ltd	Director	Topco International Investment Co., Ltd Rep: Robert Lai	100,000	100%
SHUNKAWA Co., Ltd.	Chairman Director Director Supervisor	Motoshi Omori Dennis Chen Daniel Yang Joyce Lu	Topco Scientific (Japan) Co., Ltd holds 10,000 shares	100%
Tai Ying Global Trading Ltd., Co.	Director	Tai Ying Resource Industrial Corp Rep: Henry Ho	(Tai Ying Resource Industrial Corp invests NT\$15,000,000)	100%
Chongling Chemical Products Trading(ZJG) Co., Ltd	Chairman Director Director Director Supervisor	Steve Tan Xinpeng Wang Vincent Chen Dongmeng Wu Eugene Lee Bin Wang	(Topco Chemical (Z.F.T.Z.) Co., Ltd invests RMB7,000,000)	100%

Note: Subsidiaries of Multi Rich Technology Co., Ltd and Xiang Yueh Co., Ltd are excluded from the table above since they had applied for liquidation procedures in 2023.

(VI) Affiliated company's Operating Results

Unit:NT\$(US\$,JPY, RMB, EUR,SGD, VND) thousand ; Share
Dec.31,2023

Name of Business	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Profit (loss)	EPS (NT\$)
Taiwan E&M System Inc	425,000	621,561	82,790	538,771	403,074	64,822	69,291	1.63
Topco International Investment Co., Ltd	669,618	724,828	165	724,663	0	(152)	39,772	0.59
Topco Investment Co., Ltd	190,088	121,868	50	121,818	0	(91)	(54,619)	-2.87
City Space International Co., Ltd	19,000	51,121	20,053	31,068	49,548	8,643	7,297	3.84
Topco Scientific(Japan) Co., Ltd	97,740	77,501	2,090	75,411	77	(7,302)	(9,502)	-
Topco Group Ltd.	688,773	3,305,051	982	3,304,069	0	(1,632)	1,143,087	1.66
Topscience (s) Pte Ltd	153,184	1,544,072	971,236	572,836	1,538,144	29,830	4,139	0.03
Topscience Vietnam Co., Ltd	103,594	200,716	134,656	66,060	236,768	(12,432)	(13,511)	-
Anyong(s) Pte. Ltd	6,195	3,295	668	2,627	856	(3,575)	(3,554)	-0.57
Asia Topco Investment Ltd.	614,100	3,154,391	0	3,154,391	0	(879)	1,103,545	1.80
Hong Kong Topco Trading Ltd	46,058	194,935	64,349	130,586	386,029	39,367	40,481	-
Topco Scientific (Shanghai) Co., Ltd	269,897	4,108,110	2,182,551	1,925,559	10,666,275	859,601	671,462	-
Shanghai Chongyao Trading Co., Ltd	56,251	97,395	14,900	82,495	11,204	35,853	37,443	-
Suzhou Topco Construction Ltd	324,675	2,965,622	2,182,170	783,452	4,746,495	225,369	179,644	-
Topco Chemical (Z.F.T.Z.) Co., Ltd	21,985	647,973	291,103	356,870	657,142	311,335	242,559	-
ECO Technical Services Co., Ltd	538,291	1,008,519	664,411	344,108	2,113,279	47,980	50,416	0.94
Kuan Yueh Technology Engineering Co., Ltd	192,996	979,909	767,761	212,148	105,588	28,863	11,590	0.06
Jia Yi Energy Co., Ltd	309,293	351,527	39,928	311,599	267,577	(3,526)	6,578	0.21
Kanbo Biomedical Co., Ltd	10,000	1,360	0	1,360	0	(2)	1	0.001
Topco Engineering (Suzhou) Ltd	86,540	122,860	26,567	96,293	28,344	3,342	2,105	-
Anyong Biotechnology Inc	300,000	96,353	27,237	69,116	135,407	(34,483)	(32,041)	-1.07
Anyong Fresh Mart Inc	295,000	299,890	166,364	133,526	348,757	(57,576)	(62,909)	-2.13
Jiang Chen Energy Co., Ltd	75,855	115,359	44,296	71,063	21,802	6,798	4,998	0.66
Jing Yang Energy Co., Ltd	87,951	274,213	198,826	75,387	31,861	12,218	8,148	0.93
Topchem Materials Corp	55,000	228,110	125,552	102,558	634,934	27,436	30,235	5.50
Multi Rich Technology Co., Ltd	21,000	1,181	0	1,181	0	(365)	(346)	-0.16
Xiang Yueh Co.,	73,400	11,453	0	11,453	0	(15,333)	(23,042)	-3.14

Name of Business	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Profit (loss)	EPS (NT\$)
Ltd								
Ding Yue Solar Co., Ltd	9,000	3,703	0	3,703	0	(24)	17	0.02
Jing Yueh Energy Co., Ltd	91,223	326,643	225,790	100,853	33,859	10,393	5,571	0.61
Yilan Anyong Lohas, Co., Ltd	255,000	47,235	15,114	32,121	61,572	(25,339)	(24,946)	-0.98
Xports Sports Co., Ltd	150,000	156,823	39,280	117,543	93,425	(16,413)	(14,453)	-0.96
MinJen Restaurant Business Co., Ltd	-	-	-	-	-	-	3,120	-
Top Vacuum Co., Ltd	100,000	173,729	51,846	121,883	138,180	26,074	21,626	2.16
Yun Yueh Technology Co., Ltd	865	811	0	811	0	(12)	(8)	-0.09
Tai Ying Resource Industrial Corp.	100,000	145,849	28,477	117,372	68,882	(20,545)	(19,155)	-1.92
Unitech New Energy Engineering Co., Ltd	10,000	306,612	149,165	157,447	747,187	160,604	131,820	131.82
Topco Scientific USA Corp.	152,011	139,577	3,461	136,116	14,323	(13,106)	(13,097)	-
Asia Topco Holding Ltd.	614,100	3,157,462	0	3,157,462	0	0	1,103,545	1.80
Pin Yue Technologies SDN. BHD.	14,531	19,129	9,488	9,641	29,224	(2,614)	(2,235)	-
Shanghai Perfect Micro Electronics Co., Ltd	8,654	9,271	12	9,259	1,503	130	171	-
Topchip electronic Co. Ltd	10,000	14,655	4,141	10,514	4,794	487	524	0.52
Thermaltake green power Co., Ltd	1,000	2,195	1,260	935	44	(47)	(42)	-0.42
Shunkawa Co., Ltd.	65,160	77,065	16,331	60,734	110,628	(465)	(1,472)	-
Tai Ying Global Trading Ltd., Co.	15,000	15,134	1,735	13,399	1,071	(1,436)	(1,126)	-
Chongling Chemical Product Trading (Z.F.T.Z.) Co., Ltd	43,270	43,178	0	43,178	0	(144)	(92)	-

II. Private Placement Securities in 2023 and as of the date of this Annual Report's publication: None

III. Shares Acquired or Disposed by Subsidiaries in 2023 and as of this Annual Report's publication: None

IV. Other Required Supplementary Notes: None

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

Appendix 1 Financial statements for the most recent year
(AP1-1~AP1-88)

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

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

Consolidated Financial Statements

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

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

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Topco Scientific Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Topco Scientific Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Topco Scientific Co., Ltd.

Chairman: Zhong-Liang Pan

Date: February 29, 2024



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

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

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 6(a) of the consolidated financial statements, according to the IFRSs Q&A updated by the Financial Supervisory Commission, Securities and Futures Bureau, the repatriated offshore funds deposit 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 consolidated financial statements of the Group for 2023 and 2022. The investments accounted for using equity method constituted 7.31% and 7.13% of the total consolidated assets as of December 31, 2023 and 2022; and the share of profits of associates and joint ventures accounted for using equity method constituted 12.35% and 12.85% of profit 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.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued unmodified opinions with emphasis of matter and other matter paragraph.

Key Audit Matters

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

1. Recognition of Operating Revenue

Please refer to note 4(p) "Revenue" for accounting policies related to revenue recognition; note 5(a) for revenue recognition of construction and the percentage of completion method for construction contracts; and note 6(x) "Revenue" for details of revenue.

Description of Key Audit Matters:

Due to the wide variety of the Group's products, different transactions were generated according to customers and product portfolio. Identification of revenue recognition has significant influence on the consolidated financial statements of the Group. In addition, the budgets for construction contracts highly depend on the management's judgments. The evaluation of above budgets may result in significant changes in income and losses for the reporting period. Therefore, revenue recognition is considered as one of the key matters in our 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 Group is in accordance with the related standards. In addition, we examined the sales contracts between the Group and its customers to understand their trading modality and conditions, evaluating and comparing if revenue recognition is consistent with the terms of the contracts; acquiring construction contracts that have significant effects on financial results to verify that there is no difference in the percentage of completion calculated by the Group; conducting testing for details of revenue before and after the balance sheet date and verifying if revenue recognition is in accordance with the contract terms.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

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

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022		January 1, 2022	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents (note 6(a))	\$ 6,484,853	21	5,335,081	18	4,694,503	19
1110 Current financial assets at fair value through profit or loss (note 6(b))	432,055	1	190,096	1	329,565	1
1140 Current contract assets (note 6(x))	1,726,003	5	1,671,753	6	918,686	4
1170 Notes and accounts receivable, net (note 6(d))	6,523,205	21	7,055,323	24	6,965,296	28
1180 Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	132,168	-	109,068	-	93,550	-
1476 Other current financial assets (notes 6(i) and 8)	218,745	1	124,924	-	150,278	1
1300 Inventories, net (note 6(e))	4,142,418	13	5,291,287	17	3,336,418	13
1479 Other current assets, others	852,312	3	814,462	3	409,071	1
	<u>20,511,759</u>	<u>65</u>	<u>20,591,994</u>	<u>69</u>	<u>16,897,367</u>	<u>67</u>
Non-current assets:						
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	691,557	2	586,921	2	265,417	1
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,376,325	4	1,338,861	5	1,212,851	5
1550 Investments accounted for using equity method (note 6(f))	2,367,555	8	2,177,225	7	1,844,403	7
1600 Property, plant and equipment (note 6(h))	3,796,751	12	3,644,002	12	3,505,682	14
1755 Right-of-use assets (note 6(i))	550,517	2	531,692	2	464,543	2
1760 Investment property, net (notes 6(j) and 8)	133,652	1	139,591	-	168,750	1
1780 Intangible assets (note 6(k))	439,979	1	468,083	2	516,011	2
1840 Deferred tax assets (note 6(l))	75,678	-	58,699	-	95,283	-
1900 Other non-current assets (notes 6(i) and 8)	1,691,766	5	343,207	1	204,136	1
	<u>11,123,780</u>	<u>35</u>	<u>9,288,281</u>	<u>31</u>	<u>8,277,076</u>	<u>33</u>
Total assets	<u>\$ 31,635,539</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>25,174,443</u>	<u>100</u>
Liabilities and Equity						
Current liabilities:						
2100 Short-term borrowings (note 6(m))	\$ -	-	755,033	3	1,452,782	6
2123 Total current financial liabilities at fair value through profit or loss (note 6(x))	-	-	-	-	302	-
2130 Current contract liabilities	1,310,666	4	1,787,806	6	779,085	3
2170 Notes and accounts payable	5,440,711	17	6,431,358	22	4,997,829	20
2180 Notes and accounts payable to related parties (note 7)	1,272,691	4	2,774,334	9	2,611,490	10
2200 Other current financial liabilities	1,184,859	4	1,267,044	4	940,209	4
2230 Current tax liabilities	620,081	2	640,528	2	363,407	2
2250 Current provisions (note 6(q))	302,903	1	181,371	1	66,350	-
2280 Current lease liabilities (note 6(p))	133,265	1	134,708	1	93,229	-
2320 Long-term borrowings, current portion (note 6(n))	82,450	-	79,701	-	102,351	-
2365 Current refund liabilities	9,815	-	14,372	-	16,044	-
2399 Other current liabilities	101,390	-	82,336	-	87,015	-
	<u>12,727,225</u>	<u>40</u>	<u>14,148,591</u>	<u>48</u>	<u>11,510,093</u>	<u>45</u>
Non-Current liabilities:						
2530 Bonds payable (note 6(o))	956,809	3	-	-	-	-
2540 Long-term borrowings (note 6(n))	1,291,565	4	1,315,193	4	748,314	3
2580 Non-current lease liabilities (note 6(p))	415,479	1	397,578	1	373,814	2
2670 Deferred tax liabilities and others (note 6(t))	767,532	3	616,736	2	486,620	2
2640 Non-current net defined benefit liability (note 6(s))	132,618	-	131,178	-	176,954	1
	<u>3,564,003</u>	<u>11</u>	<u>2,460,685</u>	<u>7</u>	<u>1,785,702</u>	<u>8</u>
	<u>16,291,228</u>	<u>51</u>	<u>16,609,276</u>	<u>55</u>	<u>13,295,795</u>	<u>53</u>
Total liabilities						
Equity attributable to owners of parent (note 6(u)):						
3110 Ordinary share	1,886,996	6	1,816,996	6	1,816,996	7
3200 Capital surplus	2,688,841	8	2,343,848	8	2,345,202	10
3300 Retained earnings	9,757,304	31	8,041,653	27	6,604,677	26
3400 Other equity	775,924	3	757,147	3	829,697	3
	<u>15,109,065</u>	<u>48</u>	<u>12,959,644</u>	<u>44</u>	<u>11,596,572</u>	<u>46</u>
3610 Non-controlling interests	235,246	1	311,355	1	282,076	1
	<u>15,344,311</u>	<u>49</u>	<u>13,270,999</u>	<u>45</u>	<u>11,878,648</u>	<u>47</u>
Total liabilities and equity	<u>\$ 31,635,539</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>25,174,443</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the 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)

	2023		2022	
	Amount	%	Amount	%
Operating Revenues: (notes 6(x) and 7)				
4110 Sales revenue	\$ 40,098,389	81	43,781,509	82
4520 Construction revenue	6,846,020	14	6,773,590	13
4800 Other operating revenue	2,329,046	5	2,423,116	5
Operating revenue, net	<u>49,273,455</u>	<u>100</u>	<u>52,978,215</u>	<u>100</u>
Operating costs: (notes 6(e), 6(s), 6(y), 7 and 12)				
5110 Cost of sales	35,473,660	72	38,737,337	73
5500 Construction cost	6,312,056	13	6,621,772	13
5800 Other operating costs	1,068,939	2	1,093,742	2
	<u>42,854,655</u>	<u>87</u>	<u>46,452,851</u>	<u>88</u>
5910 Less: Unrealized profit (loss) from sales	12,022	-	(292)	-
Gross profit	<u>6,406,778</u>	<u>13</u>	<u>6,525,656</u>	<u>12</u>
Operating expenses: (notes 6(d), 6(s), 6(y), 7 and 12)				
6100 Selling expenses	1,660,981	4	1,617,562	3
6200 Administrative expenses	1,430,119	3	1,521,832	3
6300 Research and development expenses	117,479	-	156,411	-
Total operating expenses	<u>3,208,579</u>	<u>7</u>	<u>3,295,805</u>	<u>6</u>
Net operating income	<u>3,198,199</u>	<u>6</u>	<u>3,229,851</u>	<u>6</u>
Non-operating income and expenses:				
7100 Interest income	86,586	-	51,929	-
7010 Other income (notes 6(b), 6(c), 6(r) and 6(z))	183,786	1	125,124	-
7020 Other gains and losses, net (notes 6(b), 6(f), 6(r) and 6(z))	39,643	-	346,212	1
7050 Finance costs (note 6(p))	(99,567)	-	(53,106)	-
7060 Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	471,821	1	541,721	1
	<u>682,269</u>	<u>2</u>	<u>1,011,880</u>	<u>2</u>
Profit before tax	<u>3,880,468</u>	<u>8</u>	<u>4,241,731</u>	<u>8</u>
7950 Less: Income tax expenses (note 6(t))	1,027,554	2	1,166,556	2
Profit	<u>2,852,914</u>	<u>6</u>	<u>3,075,175</u>	<u>6</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(6,215)	-	21,812	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	37,464	-	(152,613)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss	(28)	-	5	-
8349 Less: income tax related to items that will not be reclassified to profit or loss (note 6(t))	(1,243)	-	4,363	-
	<u>32,464</u>	<u>-</u>	<u>(135,159)</u>	<u>-</u>
8360 Items that will be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(52,776)	-	99,732	-
8399 Less: income tax related to items that will be reclassified to profit or loss (note 6(t))	(9,973)	-	19,669	-
	<u>(42,803)</u>	<u>-</u>	<u>80,063</u>	<u>-</u>
8300 Other comprehensive income	<u>(10,339)</u>	<u>-</u>	<u>(55,096)</u>	<u>-</u>
Comprehensive income	<u>\$ 2,842,575</u>	<u>6</u>	<u>3,020,079</u>	<u>6</u>
Profit, attributable to:				
8610 Attributable to owners of parent	2,835,024	6	3,018,478	6
8620 Attributable to non-controlling interests	17,890	-	56,697	-
	<u>\$ 2,852,914</u>	<u>6</u>	<u>3,075,175</u>	<u>6</u>
Comprehensive income attributable to:				
Attributable to owners of parent	\$ 2,824,626	6	2,963,382	6
Attributable to non-controlling interests	17,949	-	56,697	-
	<u>\$ 2,842,575</u>	<u>6</u>	<u>3,020,079</u>	<u>6</u>
Earnings per share: (note 6(w))				
9750 Basic net income per share	\$ 15.36		16.61	
9850 Diluted net income per share	\$ 15.03		16.41	

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings					Other equity					
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	1,816,996	2,345,202	1,643,582	4,961,095	6,604,677	(127,797)	957,494	829,697	11,596,572	282,076	11,878,648
Profit for the year ended December 31, 2022	-	-	-	3,018,478	3,018,478	-	-	-	3,018,478	56,697	3,075,175
Other comprehensive income	-	-	-	17,454	17,454	80,063	(152,613)	(72,550)	(55,096)	-	(55,096)
Total comprehensive income	-	-	-	3,035,932	3,035,932	80,063	(152,613)	(72,550)	(55,096)	-	(55,096)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	229,146	(229,146)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(1,598,956)	(1,598,956)	-	-	-	(1,598,956)	-	(1,598,956)
Changes in equity of associates and joint ventures accounted for using equity method	-	(951)	-	-	-	-	-	-	(951)	-	(951)
Changes in ownership interests in subsidiaries	-	(403)	-	-	-	-	-	-	(403)	-	(403)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(27,418)	(27,418)
Balance at December 31, 2022	1,816,996	2,343,848	1,872,728	6,168,925	8,041,653	(47,734)	804,881	757,147	12,959,644	311,355	13,270,999
Profit for the year ended December 31, 2023	-	-	-	2,835,024	2,835,024	-	-	-	2,835,024	17,890	2,852,914
Other comprehensive income	-	-	-	(5,000)	(5,000)	(42,719)	37,321	(5,398)	(10,398)	59	(10,339)
Total comprehensive income	-	-	-	2,830,024	2,830,024	(42,719)	37,321	(5,398)	2,824,626	17,949	2,842,575
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	303,593	(303,593)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(1,090,198)	(1,090,198)	-	-	-	(1,090,198)	-	(1,090,198)
Other changes in capital surplus:											
Cash dividends from capital surplus	-	(726,798)	-	-	-	-	-	-	(726,798)	-	(726,798)
Issue of shares	70,000	977,210	-	-	-	-	-	-	1,047,210	-	1,047,210
Changes in ownership interests in subsidiaries	-	(1,260)	-	-	-	-	-	-	(1,260)	-	(1,260)
Due to recognition of equity component of convertible bonds issued	-	59,026	-	-	-	-	-	-	59,026	-	59,026
Compensation cost of employee stock option	-	36,815	-	-	-	-	-	-	36,815	-	36,815
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(94,058)	(94,058)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(24,175)	(24,175)	(90,453)	866,377	775,924	15,109,065	235,246	15,344,311
Balance at December 31, 2023	1,886,996	2,688,841	2,176,321	7,580,983	9,757,304	(90,453)	866,377	775,924	15,109,065	235,246	15,344,311

Disposal of investments in equity instruments designated at fair value through other comprehensive income

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,880,468	4,241,731
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	407,401	383,023
Amortization expense	71,581	73,057
Expected credit (gains) loss	(23,390)	34,625
Net gain on financial assets and liabilities at fair value through profit or loss	(80,149)	(248,495)
Interest expense	99,567	53,106
Interest income	(86,586)	(51,929)
Dividends income	(104,268)	(70,984)
Compensation cost of share-based payments	36,815	-
Share of profit of associates and joint ventures accounted for using equity method	(471,821)	(541,721)
Loss on disposal of property, plant and equipment, net	26,108	26,653
Gain on disposal of right-of-use assets, net	(6,780)	(1,172)
Others	12,123	1,160
Total adjustments to reconcile profit	<u>(119,399)</u>	<u>(342,677)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in contract assets	(54,250)	(753,067)
Decrease (increase) in notes and accounts receivable	533,163	(142,052)
Decrease (increase) in inventories	1,148,869	(1,954,869)
(Increase) decrease in financial assets at fair value through profit or loss	(287,268)	52,174
Increase in other current assets	(37,850)	(405,396)
Decrease (increase) in other financial assets	10,664	(21,108)
Total changes in operating assets	<u>1,313,328</u>	<u>(3,224,318)</u>
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(477,140)	1,008,721
(Decrease) Increase in notes payable	(2,492,290)	1,596,373
(Decrease) increase in other current financial liabilities	(97,851)	319,787
Increase in provisions	121,532	115,021
Decrease in refund liabilities	(4,557)	(1,672)
Increase (decrease) in other current liabilities	19,054	(4,679)
Decrease in others	(4,775)	(23,964)
Total changes in operating liabilities	<u>(2,936,027)</u>	<u>3,009,587</u>
Total changes in operating assets and liabilities	<u>(1,622,699)</u>	<u>(214,731)</u>
Total adjustments	<u>(1,742,098)</u>	<u>(557,408)</u>
Cash inflow generated from operations	2,138,370	3,684,323
Interest received	83,144	50,055
Dividends received	402,247	309,344
Interest paid	(89,994)	(53,040)
Income taxes paid	(913,348)	(807,131)
Net cash flows from operating activities	<u>1,620,419</u>	<u>3,183,551</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(358)	(278,623)
Proceeds from capital reduction of financial assets at fair value through profit or loss	20,922	13,984
Acquisition of investments accounted for using equity method	(16,875)	(30,406)
Acquisition of property, plant and equipment	(397,511)	(368,588)
Proceeds from disposal of property, plant and equipment	2,728	6,891
Increase in prepayments of land and buildings	(1,375,516)	-
Decrease (increase) in refundable deposits	36,040	(137,899)
Acquisition of intangible assets	(43,954)	(23,260)
Net payment for acquisition of subsidiaries	(20,888)	(12,824)
Increase (decrease) in other non-current assets	(9,334)	13,983
Increase (decrease) in restricted assets	(100,792)	33,985
Net cash flows used in investing activities	<u>(1,905,538)</u>	<u>(782,757)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	1,513,361	(697,749)
Proceeds from issuance of bonds	1,007,039	-
Addition of long-term borrowings	161,485	624,080
Repayments of long-term borrowings	(182,364)	(79,851)
(Decrease) increase in guarantee deposits received	(1,642)	81,544
Payment of lease liabilities	(145,959)	(139,545)
Cash dividends paid	(1,816,996)	(1,598,956)
Issue of shares	1,047,210	-
Changes in non-controlling interests	(93,999)	(27,821)
Net cash flows from (used in) financing activities	<u>1,488,135</u>	<u>(1,838,298)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(53,244)</u>	<u>78,082</u>
Net increase in cash and cash equivalents	1,149,772	640,578
Cash and cash equivalents at the beginning of period	5,335,081	4,694,503
Cash and cash equivalents at the end of period	<u>\$ 6,484,853</u>	<u>5,335,081</u>

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

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

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

The consolidated financial statements were approved for issuance by the Board of Directors on 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

(Continued)

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

In addition, the Group 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 Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group’s condensed interim financial statements. The Group 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 Group’s consolidated financial statements for the year ended December 31, 2023. Please refer to note 6(t) income tax for further description.

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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

(ii) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
The Company	Taiwan E&M System Inc. (Taiwan E&M)	Sales of electronic material	100%	100%	
"	Topco Group Ltd. (Topco Group)	Investment	100%	100%	
"	Topco International Investment Co., Ltd. (Topco International Investment)	Investment	100%	100%	
"	Topco Investment Co., Ltd. (Topco Investment)	Investment	100%	100%	
"	ECO Technical Services Co., Ltd. (Chien Yueh)	Water purification and construction of dust-proof room	100%	100%	
"	Anyong Biotechnology, Inc. (Anyong Biotechnology)	Aquaculture and strategic partnership with fish processing	100%	100%	
"	Anyong FreshMart, Inc. (Anyong FreshMart)	Wholesale and retail sales of fishery products and supermarket operation	100%	100%	
"	Xiang Yueh Co., Ltd. (Xiang Yueh)	Waste Disposal	100%	83%	Xiang Yueh Co. Ltd issued new shares and repurchase shares from minority interest in the first quarter of 2023, which increasing the company's shareholding ratio to 100%. The Company applied for approval to the liquidation procedures in September 2023.
"	Jia Yi Energy Co., Ltd. (Jia Yi Energy)	Solar system engineering	84%	84%	The Company and Topco International Investment jointly held its entire shares.
"	Yilan Anyong Lohas, Co., Ltd. (Anyong Lohas)	Restaurant and retail sales of food products	100%	100%	
"	Topscience (s) Pte Ltd. (Topscience (s))	Sales of parts of semiconductor and optoelectronic industries	100%	100%	
"	Unitech New Energy Engineering Co., Ltd. (Unitech New Energy Engineering)	Environment-related engineering planning, assessment, supervision and monitoring	77.60%	77.60%	
"	Topco Scientific USA Corp. (Topco Scientific USA)	Wholesale of semiconductor material	100%	100%	

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
The Company	Xports Sports Co. Ltd (Xports Sports)	Sport Training	100%	100%	
"	Topco Scientific (Japan) Co., Ltd. (Topco Japan)	Sales of facilities of semiconductor and clean room	100%	-%	In order to coordinate the adjustment of the Group organization,, the Company purchased all of shares from Topco International Investment
Topco Group	Asia Topco Holding Ltd. (Asia Cayman)	Investment	100%	100%	
"	Hong Kong Topco Trading Limited (Topco Trading)	Wholesale of semiconductor material and electronic material	100%	100%	
Asia Cayman	Asia Topco Investment Ltd. (Asia Topco)	Investment	100%	100%	
Asia Topco	Topco Scientific (Shanghai) Co., Ltd. (Topco Shanghai)	Wholesale of semiconductor material and electronic material	100%	100%	
"	Suzhou Topco Construction Ltd. (Topco Suzhou)	Water purification and cleanroom construction	100%	100%	
"	Topco Chemical (Z.F.T.Z.) Co., Ltd. (Topco Chemical)	Wholesale and sales of chemical products	100%	100%	
Topco Shanghai	Shanghai Chong Yao Trading Co., Ltd. (Shanghai Chong Yao)	Wholesale of semiconductor material and electronic material	98%	98%	Topco Shanghai and Topco Suzhou held its 100% shares jointly.
"	Shanghai perfect microelectronics Co., Ltd.	IC Design Company	51%	51%	
Topco Suzhou	Shanghai Chong Yao	Wholesale of semiconductor material and electronic material	2%	2%	
"	Topco Engineering (Suzhou) Ltd.. (Topco Engineering)	Water purification and cleanroom construction	100%	100%	
Topco Chemical	Chongling Chemical Product Trading (Z.F.T.Z.) Co., Ltd. (Chongling Chemical)	Wholesale and sales of chemical products	70%	-%	The company was established in May 2023.
Topscience (s)	Topscience Vietnam Co., Ltd. (Topscience Vietnam)	Sales of parts of semiconductor and optoelectronic industries	100%	100%	
"	Anyong (s) Pte. LTD. (Anyong (s))	Wholesale and retail sales of fishery products	100%	100%	
"	Ping Yue Technologies SDN.BHD. (Ping Yue Technologies)	Sales of semiconductor material and equipment	100%	100%	

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
Topco International Investment	Cityspace International Co., Ltd. (Cityspace)	Wholesale and sales of cosmetic	67%	67%	
"	Topco Scientific (Japan) Co., Ltd. (Topco Japan)	Sales of facilities of semiconductor and clean room	-%	100%	
"	Kuan Yueh Technology Engineering Co., Ltd. (Kuan Yueh Technology)	Development of renewable energy projects; Configure pipeline construction and device installation	100%	100%	
"	Jia Yi Energy	Solar system engineering	16%	16%	
"	Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	Sales of health food products	100%	100%	
Topco International Investment	Topchem Materials Corp. (Topchem Materials)	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	100%	100%	
"	Tai Ying Resource Industrial Corp. (Tai Ying Resource)	Waste Disposal Industry	48.80%	48.80%	Topco International Investment and Chien Yueh held its 51.85% shares jointly.
"	Topchip electronic Co. Ltd. (Topchip)	IC Design and Sales Company	100%	100%	
"	Thermaltake green power Co. Ltd- (Thermaltake green power)	Renewable-energy-based electricity retailing	100%	100%	
Topco Investment	Multi Rich Technology Co., Ltd. (Multi Rich Technology)	Wholesale of fishery products	98%	98%	Multi Rich Technology had applied for liquidation procedures in August 2023.
"	Ding Yue Solar Co., Ltd. (Ding Yue Solar)	Development of renewable energy projects	100%	100%	
"	Min Jen Restaurant Business Co., Ltd. (Min Jen Restaurant)	Restaurant	-%	69%	Min Jen Restaurant had applied for liquidation procedures in December 2022 and completed the liquidation procedures in August 2023.
"	Yun Yueh Technology Co., Ltd (Yun Yueh Technology)	Aquaculture and wholesale and sales of fishery products	55%	55%	
Jia Yi Energy	Jing Chen Energy Co., Ltd. (Jing Chen Energy)	Development of renewable energy projects.	100%	100%	
"	Jing Yang Energy Co., Ltd. (Jing Yang Energy)	"	100%	100%	
"	Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)	"	100%	100%	
Taiwan E&M	Top Vacuum Co., Ltd. (Top Vacuum)	Vacuum pump equipment maintenance	60%	60%	

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
Chien Yueh	Tai Ying Resource	Waste Disposal Industry	3.1%	3.1%	
"	Unitech New Energy Engineering	Environment-related engineering planning, assessment, supervision and monitoring	1%	1%	
Topco Japan	Shunkawa Corporation (Shunkawa)	Import and export of semiconductor raw materials	100%	100%	
Tai Ying Resource	Tai Ying Global Trading Ltd., Co. (Tai Ying Global Trading)	International trading company	100%	100%	

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

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

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

The business cycle of the construction contracts is usually longer than a year, therefore, the balance sheet accounts related to the construction contracts are classified as current.

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

(f) Cash and cash equivalents

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

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

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instruments

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

3) 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.

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

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.

5) Derecognition of financial liabilities

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

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

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 Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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

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

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

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

(Continued)

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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: 1~30 years

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

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Lease

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

(i) As a lessee

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

(Continued)

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

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

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

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

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

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

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

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

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

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value-asset, including machinery and IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

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

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

(ii) As a lessor

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

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

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

(m) Intangible assets

(i) Recognition and measurement

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

(Continued)

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

- 1) Computer software: 1~5 years
- 2) Right of using: the contract period
- 3) Customer relationship: 10~11 years
- 4) Unrealized order: 4~5 years
- 5) Rights of operating: 2~3 years

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

(n) Impairment of non-financial assets

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

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

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

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

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

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

(o) Provisions

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

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(p) Revenue from contracts with customers

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

(i) Sale of goods

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

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

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(ii) Construction contracts

The Group enters into contracts to construction of dust-proof room and ammonium wastewater. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of completion of a physical proportion of the contract work. The consideration promised in the contract includes fixed amounts. The customer pays the fixed amount based on a payment schedule. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

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

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For constructions, the Group offers a standard warranty to provide assurance that they comply with agreed-upon specifications and has recognized warranty provisions for this obligation; please refer to note 6(q).

(iii) Commissions

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

(iv) Financing components

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

(q) Employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

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

(r) Share-based payment

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

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

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

(s) Income taxes

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

The Group 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 Group 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 that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

The Group's income tax returns are calculated and filed based on the Company's and each subsidiary's local tax law. The Group's income tax expenses are the aggregation of all consolidated entities' income tax expenses.

(t) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(u) Earnings per share

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

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of stand-alone financial information.

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

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

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

Information about judgments made in applying accounting policies that do not have the significant effects on the amounts recognized in the consolidated financial statements. Additionally, the uncertainty of the following assumptions and estimates has a significant risk that the amount of assets and liabilities will be adjusted significantly in the next financial year, and the impact of COVID-19 pandemic has been reflected as follows:

(a) Revenue recognition

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs or actually completion of the contracts. Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts. Refer to note 6(x) for further description of construction revenue.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022 (Restated)
Cash on hand	\$ 14,723	21,225
Checking accounts and demand deposits	2,748,109	3,045,533
Time deposits	<u>3,722,021</u>	<u>2,268,323</u>
	<u>\$ 6,484,853</u>	<u>5,335,081</u>

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

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Beneficiary certificate-Funds	\$ 432,055	190,096
Domestic listed stocks	212,336	145,485
Foreign listed stocks	63,214	83,370
Unlisted stocks and limited partnership	377,589	312,668
Foreign unlisted funds	<u>38,418</u>	<u>45,398</u>
	<u>\$ 1,123,612</u>	<u>777,017</u>
Current	\$ 432,055	190,096
Non-current	<u>691,557</u>	<u>586,921</u>
	<u>\$ 1,123,612</u>	<u>777,017</u>

The gain or loss on valuation of financial assets at fair value of the Group for the years ended December 31, 2023 and 2022, was a gain of \$80,149 and \$248,495, respectively.

- (i) During the years ended December 31, 2023 and 2022, the dividends of \$13,473 and \$19,858, respectively, related to mandatorily measured at fair value through profit or loss held on the years then ended, were recognized as other income by the Group, please refer to note 6(z).

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(ii) The Group's information of market risk, please refer to note 6(aa).

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity investments at fair value through other comprehensive income		
Domestic listed stocks	\$ 194,250	143,450
Domestic unlisted stocks	<u>1,182,075</u>	<u>1,195,411</u>
	<u>\$ 1,376,325</u>	<u>1,338,861</u>

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

The Group's 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 \$90,795 and \$51,126, 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 Group, please refer to note 6(z).

During the years ended December 31, 2023 and 2022, the Group's unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income was a gain of \$37,464 and a loss of \$152,613, respectively.

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable from operating activities	\$ 16,374	76,718
Accounts receivable from measured as amortized cost	6,681,397	7,154,216
Less: loss allowance	<u>42,398</u>	<u>66,543</u>
	<u>\$ 6,655,373</u>	<u>7,164,391</u>
Notes and accounts receivable, net	<u>\$ 6,523,205</u>	<u>7,055,323</u>
Notes and accounts receivable due from related parties, net	<u>\$ 132,168</u>	<u>109,068</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 5,872,338	0.10%	6,011
Overdue 0-30 days	388,900	0.99%	3,868
Overdue 31-60 days	124,559	2.28%	2,837
Overdue 61-90 days	126,479	4.99%	6,308
Overdue over 91 days	185,495	12.60%	23,374
	\$ 6,697,771		42,398
	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 6,413,284	0.09%	5,978
Overdue 0-30 days	582,883	1.00%	5,829
Overdue 31-60 days	59,190	3.00%	1,776
Overdue 61-90 days	42,349	5.00%	2,117
Overdue over 91 days	133,228	38.16%	50,843
	\$ 7,230,934		66,543

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

	2023	2022
Balance at January 1	\$ 66,543	30,036
Impairment losses recognized (reversed)	(23,390)	36,385
Foreign exchange gain (losses)	(755)	122
Balance at December 31	\$ 42,398	66,543

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventories	\$ 4,019,342	5,162,444
Work in progress	7,058	2,984
Raw materials	52,287	49,883
Goods in transits	63,731	75,976
	\$ 4,142,418	5,291,287

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

The details of the cost of sales were as follows:

	<u>2023</u>	<u>2022</u>
Cost of sales	\$ 35,469,862	38,741,786
Provision (reversal) for inventory valuation loss and obsolescence	2,680	(4,968)
Loss on indemnity of inventory and others	<u>1,118</u>	<u>519</u>
	<u>\$ 35,473,660</u>	<u>38,737,337</u>

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

(f) Investments accounted for using equity method

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The carrying amount of individually insignificant associates' equity	<u>\$ 2,367,555</u>	<u>2,177,225</u>
	<u>2023</u>	<u>2022</u>
Attributable to the Group:		
Profit from continuing operations	\$ 471,821	541,721
Other comprehensive income	<u>(28)</u>	<u>5</u>
Total comprehensive income	<u>\$ 471,793</u>	<u>541,726</u>

(ii) As of December 31, 2023 and 2022, the Group 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.

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

- (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.
- (v) 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.

(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and others</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 767,057	1,644,164	2,397,995	4,809,216
Additions	-	6,112	426,222	432,334
Disposal	-	(33,495)	(106,949)	(140,444)
Reclassifications	-	520	(2,810)	(2,290)
Effect of movements in exchange rates	(13)	(1,282)	(1,102)	(2,397)
Balance at December 31, 2023	<u>\$ 767,044</u>	<u>1,616,019</u>	<u>2,713,356</u>	<u>5,096,419</u>
Balance at January 1, 2022	\$ 686,645	1,615,123	2,241,627	4,543,395
Additions	-	5,050	363,412	368,462
Disposal	-	(19,073)	(125,536)	(144,609)
Reclassification from investment property	-	34,013	-	34,013
Reclassifications	78,028	644	(82,198)	(3,526)
Effect of movements in exchange rates	2,384	8,407	690	11,481
Balance at December 31, 2022	<u>\$ 767,057</u>	<u>1,644,164</u>	<u>2,397,995</u>	<u>4,809,216</u>
Depreciation and impairments loss:				
Balance at January 1, 2023	\$ -	392,180	773,034	1,165,214
Depreciation	-	53,451	196,295	249,746
Disposal	-	(33,495)	(78,113)	(111,608)
Reclassifications	-	-	(2,133)	(2,133)
Impairment (reversal) loss	-	-	(56)	(56)
Effect of movements in exchange rates	-	(828)	(667)	(1,495)
Balance at December 31, 2023	<u>\$ -</u>	<u>411,308</u>	<u>888,360</u>	<u>1,299,668</u>

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

	Land	Buildings and building improvement	Machinery and others	Total
Balance at January 1, 2022	\$ -	354,792	682,921	1,037,713
Depreciation	-	54,860	181,880	236,740
Disposal	-	(19,073)	(91,992)	(111,065)
Reclassification from investment property	-	113	-	113
Reclassifications	-	-	(228)	(228)
Effect of movements in exchange rates	-	1,488	453	1,941
Balance at December 31, 2022	<u>\$ -</u>	<u>392,180</u>	<u>773,034</u>	<u>1,165,214</u>
Carrying amounts:				
Balance at December 31, 2023	<u>\$ 767,044</u>	<u>1,204,711</u>	<u>1,824,996</u>	<u>3,796,751</u>
Balance at January 1, 2022	<u>\$ 686,645</u>	<u>1,260,331</u>	<u>1,558,706</u>	<u>3,505,682</u>
Balance at December 31, 2022	<u>\$ 767,057</u>	<u>1,251,984</u>	<u>1,624,961</u>	<u>3,644,002</u>

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

(i) Right-of-use assets

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

	Land	Buildings	Machinery and others	Total
Cost:				
Balance at January 1, 2023	\$ 23,176	674,459	103,321	800,956
Additions	1,582	178,160	15,146	194,888
Reclassifications	-	(1,454)	(466)	(1,920)
Disposals	(1,582)	(89,626)	(15,258)	(106,466)
Effect of movements in exchange rates	-	(1,488)	521	(967)
Balance at December 31, 2023	<u>\$ 23,176</u>	<u>760,051</u>	<u>103,264</u>	<u>886,491</u>
Balance at January 1, 2022	\$ 5,127	569,877	86,758	661,762
Additions	19,738	154,969	39,586	214,293
Disposals	(1,689)	(51,397)	(23,023)	(76,109)
Effect of movements in exchange rates	-	1,010	-	1,010
Balance at December 31, 2022	<u>\$ 23,176</u>	<u>674,459</u>	<u>103,321</u>	<u>800,956</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and others</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2023	\$ 4,150	223,265	41,849	269,264
Depreciation	3,648	118,934	28,542	151,124
Reclassification	-	(1,454)	(466)	(1,920)
Disposals	(1,582)	(64,883)	(15,257)	(81,722)
Effect of movements in exchange rates	-	(772)	-	(772)
Balance at December 31, 2023	<u>\$ 6,216</u>	<u>275,090</u>	<u>54,668</u>	<u>335,974</u>
Balance at January 1, 2022	\$ 2,645	155,251	39,323	197,219
Depreciation	2,358	111,280	25,549	139,187
Disposals	(853)	(43,541)	(23,023)	(67,417)
Effect of movements in exchange rates	-	275	-	275
Balance at December 31, 2022	<u>\$ 4,150</u>	<u>223,265</u>	<u>41,849</u>	<u>269,264</u>
Carrying amount:				
Balance at December 31, 2023	<u>\$ 16,960</u>	<u>484,961</u>	<u>48,596</u>	<u>550,517</u>
Balance at January 1, 2022	<u>\$ 2,482</u>	<u>414,626</u>	<u>47,435</u>	<u>464,543</u>
Balance at December 31, 2022	<u>\$ 19,026</u>	<u>451,194</u>	<u>61,472</u>	<u>531,692</u>

(j) Investment property

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

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

The movements of investment property of the Group were as follows:

	<u>Buildings</u>
Cost:	
Balance at January 1, 2023	\$ 201,617
Effect of changes in foreign exchange rates	<u>9</u>
Balance at December 31, 2023	<u>\$ 201,626</u>
Balance at January 1, 2022	\$ 221,552
Reclassification to property, plant and equipment	(34,013)
Effect of changes in foreign exchange rates	<u>14,078</u>
Balance at December 31, 2022	<u>\$ 201,617</u>

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

	Buildings
Accumulated depreciation and impairment losses:	
Balance at January 1, 2023	\$ 62,026
Depreciation	6,531
Effect of changes in foreign exchange rates	(583)
Balance at December 31, 2023	<u>\$ 67,974</u>
Balance at January 1, 2022	\$ 52,802
Depreciation	7,096
Reclassification to property, plant and equipment	(113)
Effect of changes in foreign exchange rates	2,241
Balance at December 31, 2022	<u>\$ 62,026</u>
Carrying amount:	
Balance at December 31, 2023	<u>\$ 133,652</u>
Balance at January 1, 2022	<u>\$ 168,750</u>
Balance at December 31, 2022	<u>\$ 139,591</u>
Fair value:	
Balance at December 31, 2023	<u>\$ 226,550</u>
Balance at December 31, 2022	<u>\$ 200,582</u>

- (i) Parts of the Group's offices were leased to third parties. The fair value of the investment property is measured at the market price.
- (ii) As of December 31, 2023 and 2022, the Group did not provide any investment property as collateral for its loan.
- (iii) As of December 31, 2023 and 2022, the fair value parts of investment property of the Group were not valued by qualified independent appraiser. Instead, they were assessed based on the market value of transaction price of the real estate in the adjacent area, and the inputs of levels of fair value hierarchy were classified to level 3.

(k) Intangible assets

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

	Goodwill	Unrealized orders	Customer relationship	Others	Total
Cost:					
Balance at January 1, 2023	\$ 226,251	64,616	112,645	64,571	468,083
Acquired by the Group	-	-	-	43,954	43,954
Amortization	-	(21,659)	(12,538)	(37,384)	(71,581)
Effect of changes in foreign exchange rates	-	-	-	(477)	(477)
Balance at December 31, 2023	<u>\$ 226,251</u>	<u>42,957</u>	<u>100,107</u>	<u>70,664</u>	<u>439,979</u>

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

	<u>Goodwill</u>	<u>Unrealized orders</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2022	\$ 226,251	86,275	125,183	78,302	516,011
Acquired by the Group	-	-	-	23,260	23,260
Reclassification	-	-	-	1,851	1,851
Amortization	-	(21,659)	(12,538)	(38,860)	(73,057)
Effect of changes in foreign exchange rates	-	-	-	18	18
Balance at December 31, 2022	<u>\$ 226,251</u>	<u>64,616</u>	<u>112,645</u>	<u>64,571</u>	<u>468,083</u>

According to the results of the impairment test performed by the Group, there was no impairment loss for goodwill as of reporting date.

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022 (Restated)</u>
Restricted assets	\$ 168,184	67,141
Other receivables	50,561	57,783
	<u>\$ 218,745</u>	<u>124,924</u>

As of December 31, 2023 and 2022, \$363 of the restricted assets are coming from bank deposits of restricted purpose due to the construction contract conditions; the remains of the restricted time deposits are guarantees for construction contracts, etc. Please refer to note 8.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted assets	\$ 35,551	35,802
Refundable deposits	267,209	303,249
Prepayments of land and buildings	1,375,516	-
Others	13,490	4,156
	<u>\$ 1,691,766</u>	<u>343,207</u>

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

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

(m) Short-term borrowings

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

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 2,268,394</u>	<u>755,033</u>
Unused credit lines	<u>\$ 11,182,160</u>	<u>10,762,176</u>
Range of interest rates	<u>1.56%~6.73%</u>	<u>0.59%~5.25%</u>

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

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

(n) Long-term borrowings

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

	December 31, 2023			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	1.69%~2.60%	2024.4~2036.9	\$ 1,374,015
Less: current portion				<u>(82,450)</u>
Total				<u>\$ 1,291,565</u>
Unused credit lines				<u>\$ 84,060</u>
	December 31, 2022			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	1.45%~2.425%	2024.4~2036.9	\$ 1,394,894
Less: current portion				<u>(79,701)</u>
Total				<u>\$ 1,315,193</u>
Unused credit lines				<u>\$ 59,230</u>

(i) Issuance and repayments of long-term borrowings

The Group issued new long-term loans amounted to \$161,485 and \$624,080 in 2023 and 2022, respectively. The repayments amounted to \$182,364 and \$79,851 in 2023 and 2022, respectively.

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

- (ii) As of December 31, 2023, the repayment schedule for the long-term borrowings was as follows:

Period	Amount
2024.1.1~2024.12.31	\$ 82,450
2025.1.1~2025.12.31	683,627
2026.1.1~2026.12.31	83,627
2027.1.1~2027.12.31	83,627
After 2028.1.1	440,684
	\$ 1,374,015

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

- (o) Convertible bonds payable

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

	December 31, 2023
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	\$ 956,809
Embedded derivatives—call option, include in non-current financial assets at fair value through profit or loss	\$ -
Equity component—conversion rights, include in capital surplus	\$ 59,026
	2023
Embedded derivatives—call option, gains or losses at fair value, include in gain (losses) on financial assets (liabilities) at fair value through profit or loss	\$ (100)
Interest expenses	\$ (8,696)

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

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

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.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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- (ii) The information on the Company's convertible options separated from its recognized liabilities was as follows:

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

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

- (p) Lease liabilities

The lease liabilities of the Group were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 133,265</u>	<u>134,708</u>
Non-current	<u>\$ 415,479</u>	<u>397,578</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 8,299</u>	<u>8,965</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 22,318</u>	<u>19,024</u>
Expenses relating to short-term leases	<u>\$ 14,343</u>	<u>16,992</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 13,196</u>	<u>13,838</u>
Covid-19-related rent concessions (recognized as other income)	<u>\$ -</u>	<u>(521)</u>

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

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 204,115</u>	<u>197,843</u>

- (i) Real estate leases

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Some leases require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(ii) Other leases

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

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

(q) Provisions

	<u>Warranties</u>	<u>Onerous contracts</u>	<u>Total</u>
Balance at January 1, 2023	\$ 23,805	157,566	181,371
Provisions made during the period	220,266	5,828	226,094
Provisions used during the period	(20,851)	-	(20,851)
Provisions reversed during the period	(483)	(79,562)	(80,045)
Effect of changes in foreign exchange rates	(3,218)	(448)	(3,666)
Balance at December 31, 2023	<u>\$ 219,519</u>	<u>83,384</u>	<u>302,903</u>
Balance at January 1, 2022	\$ 37,293	29,057	66,350
Provisions made during the period	20,479	128,989	149,468
Provisions used during the period	(30,882)	-	(30,882)
Provisions reversed during the period	(3,544)	(480)	(4,024)
Effect of changes in foreign exchange rates	459	-	459
Balance at December 31, 2022	<u>\$ 23,805</u>	<u>157,566</u>	<u>181,371</u>

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

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

(r) Operating leases

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than one year	\$ 7,489	6,991
Between one and two years	7,375	1,818
Between two and three years	3,911	1,244
	<u>\$ 18,775</u>	<u>10,053</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Rental income from investment properties were \$7,938 and \$8,211 in 2023 and 2022, respectively, and recognized as other income in the consolidated statements of comprehensive income.

(s) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$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.

2) Movements in present value of defined benefit obligations

The movements in present value of defined benefit obligations for the Group 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)
Benefits paid	5,375	20,270
Remeasurements of net defined benefit liabilities	<u>(7,070)</u>	<u>14,679</u>
Defined benefit obligations at December 31	<u>\$ (249,275)</u>	<u>(243,058)</u>

(Continued)

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

3) Movements of defined benefit plan assets

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

	<u>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
Benefits paid	-	(656)
Remeasurements of net defined benefit liabilities	<u>855</u>	<u>7,133</u>
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	<u>2,274</u>	<u>1,098</u>
	<u>\$ 3,000</u>	<u>2,050</u>
Selling expenses	\$ -	-
Administrative expenses	<u>3,000</u>	<u>2,050</u>
	<u>\$ 3,000</u>	<u>2,050</u>

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

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

	<u>2023</u>	<u>2022</u>
Accumulated amount at January 1	\$ 49,589	71,401
Recognized during the period	<u>6,215</u>	<u>(21,812)</u>
Accumulated amount at December 31	<u>\$ 55,804</u>	<u>49,589</u>

(Continued)

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

6) Actuarial assumptions

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

	<u>December 31, 2023</u>	<u>December 31, 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 Group to the defined benefit plans for the one year period after the reporting date is \$2,400.

The weighted-average lifetime of the defined benefit plan is 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:

	Effects to the defined benefit obligation	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2023		
Discount rate	\$ (4,155)	4,284
Future salary increasing rate	4,124	(4,022)
December 31, 2022		
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.

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(ii) Defined contribution plans

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

The domestic Group entities recognized the pension costs under the defined contribution method amounting to \$55,695 and \$53,963 for the years ended December 31, 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to \$20,329 and \$18,604 for the years ended December 31, 2023 and 2022, respectively.

(t) Income taxes

(i) Income tax expenses

1) The components of income tax were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 810,772	1,060,783
Surtax on unappropriated earnings	<u>82,129</u>	<u>23,469</u>
	892,901	1,084,252
Deferred tax expense		
Origination and reversal of temporary differences	<u>134,653</u>	<u>82,304</u>
	<u>134,653</u>	<u>82,304</u>
Current tax expense	<u><u>1,027,554</u></u>	<u><u>1,166,556</u></u>

2) The amounts of income tax recognized in other comprehensive income 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><u>\$ (11,216)</u></u>	<u><u>24,032</u></u>

(Continued)

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

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

	2023	2022
Profit before tax	<u>\$ 3,880,468</u>	<u>4,241,731</u>
Income tax calculated based on local tax rate of the Company	1,120,449	1,142,476
Tax exemption income, and domestic investment income, net	(164,166)	(136,329)
Effects of the difference applicable exchange rate of foreign dividend income	1,326	30,851
Changes in unrecognized deferred tax assets	(19,384)	102,266
Estimated difference adjustment and others	7,200	3,823
Surtax on unappropriated earnings	<u>82,129</u>	<u>23,469</u>
	<u>\$ 1,027,554</u>	<u>1,166,556</u>

- (ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

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

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	<u>\$ 36,803</u>	<u>67,453</u>
Tax carryforward of unused tax losses	<u>373,421</u>	<u>362,155</u>
	<u>\$ 410,224</u>	<u>429,608</u>

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

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized is as follows:

<u>Year of loss</u>	<u>Expiry year</u>	<u>Unused tax loss</u>
2014 (Assessed)	2024	\$ 92,897
2015 (Assessed)	2025	139,483
2016 (Assessed)	2026	145,163
2017 (Assessed)	2027	252,151
2018 (Assessed)	2028	207,061
2019 (Assessed)	2029	207,061
2020 (Assessed)	2030	139,283
2021 (Filed/Assessed)	2031	202,810
2022 (Filed/Assessed))	2032	278,539
2023 (Estimated)	2033	<u>202,657</u>
		<u>\$ 1,867,105</u>

2) Recognized deferred tax assets and liabilities

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

	<u>Defined benefit plan</u>	<u>Foreign investment loss under equity method</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance at January 1, 2023	\$ 27,103	1,515	11,537	18,544	58,699
Recognized in profit or loss	(955)	3,063	-	3,655	5,763
Recognized in other comprehensive income	<u>1,243</u>	<u>-</u>	<u>9,973</u>	<u>-</u>	<u>11,216</u>
Balance at December 31, 2023	<u>\$ 27,391</u>	<u>4,578</u>	<u>21,510</u>	<u>22,199</u>	<u>75,678</u>
Balance at January 1, 2022	\$ 36,259	152	31,206	27,666	95,283
Recognized in profit or loss	(4,793)	1,363	-	(9,122)	(12,552)
Recognized in other comprehensive income	<u>(4,363)</u>	<u>-</u>	<u>(19,669)</u>	<u>-</u>	<u>(24,032)</u>
Balance at December 31, 2022	<u>\$ 27,103</u>	<u>1,515</u>	<u>11,537</u>	<u>18,544</u>	<u>58,699</u>

(Continued)

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

	Foreign investment income under equity method	Others	Total
Deferred tax liabilities:			
Balance at January 1, 2023	\$ 435,757	19,579	455,336
Recognized in profit or loss	<u>142,718</u>	<u>(2,302)</u>	<u>140,416</u>
Balance at December 31, 2023	<u>\$ 578,475</u>	<u>17,277</u>	<u>595,752</u>
Balance at January 1, 2022	\$ 380,340	5,244	385,584
Recognized in profit or loss	<u>55,417</u>	<u>14,335</u>	<u>69,752</u>
Balance at December 31, 2022	<u>\$ 435,757</u>	<u>19,579</u>	<u>455,336</u>

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

(iv) Global minimum top-up tax

Some of the countries that the Group operates in, which have enacted new legislation to implement the global minimum top-up tax. However, the new legislation has not yet been effective and implemented. The Group is closely monitoring the legislative progress on the introduction of the global minimum top-up tax in each jurisdiction where it operates. As of December 31, 2023, the Group assessed that the application of this new legislation will have no significant impact on the Group.

The Group recognizes the current income tax when the supplemental tax is actually incurred, and the accounting treatment of deferred income tax related to the supplemental tax is applied to the temporary mandatory relief, please refer to note 4(s).

(u) 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.

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

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

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

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

(ii) Capital surplus

The balances of capital surplus were as follows:

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

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.

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

(iii) Retained earnings

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

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

1) Legal reverse

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

2) Special reverse

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:

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

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 share NT (Dollars)	Total amount
Dividends distributed to common shareholder:		
Cash dividends	\$ 9.0	<u>1,698,296</u>

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

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (47,734)	804,881	<u>757,147</u>
Exchange differences on foreign operations:			
The Group	(42,719)	-	(42,719)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	37,321	37,321
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	24,175	24,175
Balance at December 31, 2023	<u>\$ (90,453)</u>	<u>866,377</u>	<u>775,924</u>
Balance at January 1, 2022	\$ (127,797)	957,494	829,697
Exchange differences on foreign operations:			
The Group	80,063	-	80,063
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(152,613)	(152,613)
Balance at December 31, 2022	<u>\$ (47,734)</u>	<u>804,881</u>	<u>757,147</u>

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

(v) Share-based payment

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

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

(w) Earnings per share

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

	2023	2022
Basic earnings per share:		
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>
Diluted earnings per share:		
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 (after adjustment of potential diluted ordinary shares)	\$ <u>2,843,726</u>	<u>3,018,478</u>
Weighted-average number of outstanding ordinary shares (thousands)	184,616	181,700
Effect of dilutive potential ordinary shares (thousands)		
Employee bonuses	2,009	2,232
Effect of employee share bonuses	<u>2,534</u>	<u>-</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>

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

(x) Revenue from contracts with customers

(i) Details of revenue

	2023			
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 20,291,149	2,049,566	1,721,944	24,062,659
China	18,296,825	4,748,000	192	23,045,017
Others	<u>1,892,964</u>	<u>255,614</u>	<u>17,201</u>	<u>2,165,779</u>
	<u>\$ 40,480,938</u>	<u>7,053,180</u>	<u>1,739,337</u>	<u>49,273,455</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 40,480,938	-	-	40,480,938
Water purification and construction of dust-proof room	-	7,053,180	-	7,053,180
Others	<u>-</u>	<u>-</u>	<u>1,739,337</u>	<u>1,739,337</u>
	<u>\$ 40,480,938</u>	<u>7,053,180</u>	<u>1,739,337</u>	<u>49,273,455</u>
	2022			
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 23,433,880	2,540,166	1,844,398	27,818,444
China	18,976,228	3,871,479	67	22,847,774
Others	<u>1,809,332</u>	<u>465,076</u>	<u>37,589</u>	<u>2,311,997</u>
	<u>\$ 44,219,440</u>	<u>6,876,721</u>	<u>1,882,054</u>	<u>52,978,215</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 44,219,440	-	-	44,219,440
Water purification and construction of dust-proof room	-	6,876,721	-	6,876,721
Others	<u>-</u>	<u>-</u>	<u>1,882,054</u>	<u>1,882,054</u>
	<u>\$ 44,219,440</u>	<u>6,876,721</u>	<u>1,882,054</u>	<u>52,978,215</u>

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

(ii) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes and accounts receivable (including related parties)	\$ 6,697,771	7,230,934	7,088,882
Less: allowance for impairment	<u>42,398</u>	<u>66,543</u>	<u>30,036</u>
Total	<u><u>\$ 6,655,373</u></u>	<u><u>7,164,391</u></u>	<u><u>7,058,846</u></u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets — construction	<u><u>\$ 1,726,003</u></u>	<u><u>1,671,753</u></u>	<u><u>918,686</u></u>
Contract liabilities — construction	\$ 853,781	1,368,819	467,217
Contract liabilities — unearned revenue	<u>456,885</u>	<u>418,987</u>	<u>311,868</u>
Total	<u><u>\$ 1,310,666</u></u>	<u><u>1,787,806</u></u>	<u><u>779,085</u></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 \$363,098 and \$238,131, respectively.

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

(y) Remuneration to employees, directors

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

For the 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 employee remuneration are calculated based on the closing price of the Company's ordinary shares on the day before the approval by the Board of Directors. Related information would be available at the Market Observation Post System website.

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

(z) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<u>2023</u>	<u>2022</u>
Government grants	46,285	37,420
Dividends income	104,268	70,984
Rental income	8,618	9,706
Indemnity income	10,767	1,000
Others	<u>13,848</u>	<u>6,014</u>
	<u>183,786</u>	<u>125,124</u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Foreign currency exchange gains (losses), net	(13,740)	123,547
Gains on financial assets at fair value through profit or loss, net	80,149	248,495
Losses on disposal of property, plant and equipment, net	(26,108)	(26,653)
Others	<u>(658)</u>	<u>823</u>
	<u>39,643</u>	<u>346,212</u>

(aa) Financial instruments

(i) Credit risk

1) Credit risk – exposure to credit risk

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

2) Concentration to credit risk

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

3) Receivables and debt securities

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

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

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	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 14,355	16,235
Amounts reversed	-	(1,760)
Amounts written off	-	(120)
Balance at December 31	<u>\$ 14,355</u>	<u>14,355</u>

(ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 3,642,409	(3,832,274)	(2,387,657)	(709,797)	(734,820)
Notes and accounts payable (including related parties)	6,713,402	(6,713,402)	(6,713,402)	-	-
Accrued expenses and other payables	1,184,859	(1,184,859)	(1,184,859)	-	-
Lease liabilities (including current and non-current)	548,744	(591,907)	(141,049)	(94,844)	(356,014)
Bonds payable	956,809	(1,000,000)	-	-	(1,000,000)
Guarantee deposits received	157,308	(157,308)	(157,308)	-	-
	<u>\$ 13,203,531</u>	<u>(13,479,750)</u>	<u>(10,584,275)</u>	<u>(804,641)</u>	<u>(2,090,834)</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term and long-term borrowings	\$ 2,149,927	(13,479,750)	(10,584,275)	(804,641)	(2,090,834)
Notes and accounts payable (including related parties)	9,205,692	(9,205,692)	(9,205,692)	-	-
Accrued expenses and other payables	1,267,044	(1,267,044)	(1,267,044)	-	-
Lease liabilities (including current and non-current)	532,286	(568,082)	(142,504)	(118,705)	(306,873)
Guarantee deposits received	158,950	(158,950)	(158,950)	-	-
	<u>\$ 13,313,899</u>	<u>(24,679,518)</u>	<u>(21,358,465)</u>	<u>(923,346)</u>	<u>(2,397,707)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
USD	\$	85,034 USD/TWD= 30.705	2,610,969	127,959 USD/TWD= 30.71		3,929,621
USD		62,421 USD/CNY= 7.0961	1,916,626	63,234 USD/CNY= 6.967		1,941,922
JPY		4,576,599 JPY/TWD= 0.2172	994,037	4,239,122 JPY/TWD= 0.2324		985,172
JPY		1,623,910 JPY/CNY= 0.0502	352,738	1,546,147 JPY/CNY= 0.0527		359,172
Financial liabilities						
USD	\$	75,342 USD/TWD= 30.705	2,313,376	89,771 USD/TWD= 30.71		2,756,867
USD		39,675 USD/CNY= 7.0961	1,218,214	91,086 USD/CNY= 6.967		2,797,260
JPY		4,046,191 JPY/TWD= 0.2172	878,883	4,593,506 JPY/TWD= 0.2324		1,067,531
JPY		1,477,776 JPY/CNY= 0.0502	320,996	1,229,598 JPY/CNY= 0.0527		285,638

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account and other receivables, current restricted assets, loans and borrowings, and account and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of each major foreign currency against Group entities' functional currency as of December 31, 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, 2023	December 31, 2022
USD (against the TWD)		
Appreciation 5%	\$ 14,880	58,637
Depreciation 5%	(14,880)	(58,637)
JPY (against the TWD)		
Appreciation 5%	5,758	(4,118)
Depreciation 5%	(5,758)	4,118

(Continued)

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
USD (against the CNY)		
Appreciation 5%	34,921	(42,766)
Depreciation 5%	(34,921)	42,766
JPY (against the CNY)		
Appreciation 5%	1,587	3,678
Depreciation 5%	(1,587)	(3,678)

3) Foreign exchange gain and loss on monetary items

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

	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses) (including realized and unrealized portions)	<u>\$ (13,740)</u>	<u>123,547</u>

(iv) Interest rate analysis

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

	<u>Carrying amount</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Variable rate instruments:		
Financial assets	\$ 3,144,443	3,357,047
Financial liabilities	2,246,203	1,836,006

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

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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 2023 and 2022, respectively, which would be mainly resulted from the bank savings, time deposits with variable interest rates, restricted assets with variable interest rates, and short-term and long-term borrowings with variable interest rates.

	2023	2022
Interest rate increased by 0.25%	\$ 2,246	3,803
Interest rate decreased by 0.25%	(2,246)	(3,803)

(v) Fair value of financial instruments

1) Evaluation process and fair value hierarchy

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

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

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

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

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

2) Fair value hierarchy

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

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	December 31, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 432,055	432,055	-	-	432,055
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	212,336	212,336	-	-	212,336
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks and limited partnership	63,214	63,214	-	-	63,214
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	377,589	174,522	-	203,067	377,589
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>1,123,612</u>				
Financial assets at fair value through other comprehensive income	<u>1,376,325</u>	241,034	-	1,135,291	1,376,325
Financial assets measured at amortized cost					
Cash and cash equivalents	6,484,853	-	-	-	-
Notes and accounts receivable (including related parties)	6,655,373	-	-	-	-
Other current financial assets	218,745	-	-	-	-
Other non-current assets (refundable deposits and pledged asset-time deposits)	<u>302,760</u>	-	-	-	-
Subtotal	<u>13,661,731</u>				
Total	<u><u>\$ 16,161,668</u></u>				

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	December 31, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Long-term and short-term bank loans	\$ 3,642,409	-	-	-	-
Notes and accounts payable (including related parties)	6,713,402	-	-	-	-
Accrued expenses and other payables	1,184,859	-	-	-	-
Lease liabilities (including current and non-current)	548,744	-	-	-	-
Bonds payable	956,809	-	-	-	-
Guarantee deposits received	<u>157,308</u>	-	-	-	-
Total	<u><u>\$ 13,203,531</u></u>				

	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 190,096	190,096	-	-	190,096
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	145,485	145,485	-	-	145,485
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks and limited partnership	83,370	83,370	-	-	83,370
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	312,668	-	-	312,668	312,668
Non-derivative financial assets mandatorily measured at fair value through profit or loss foreign unlisted funds	<u>45,398</u>	-	-	45,398	45,398
Subtotal	<u><u>777,017</u></u>				
Financial assets at fair value through other comprehensive income	<u><u>1,338,861</u></u>	143,450	-	1,195,411	1,338,861

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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,355,081	-	-	-	-
Notes and accounts receivable (including related parties)	7,164,391	-	-	-	-
Other current financial assets	124,924	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>339,051</u>	-	-	-	-
Subtotal	<u>12,983,447</u>				
Total	<u>\$ 15,099,325</u>				
Financial liabilities measured at amortized cost					
Long-term and short-term bank loans	\$ 2,149,927	-	-	-	-
Notes and accounts payable (including related parties)	9,205,692	-	-	-	-
Accrued expenses and other payables	1,267,044	-	-	-	-
Lease liabilities (including current and non-current)	532,286	-	-	-	-
Guarantee deposits received	<u>158,950</u>	-	-	-	-
Total	<u>\$ 13,313,899</u>				

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

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

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

4) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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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.

5) Transfers between levels

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

6) Reconciliation of Level 3 fair value

	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income	Total
	Derivative financial assets- convertible bonds	Equity investment without quoted price	Debt investment without quoted price	Equity investment without quoted price	
Balance at January 1, 2023	\$ -	189,464	168,602	1,195,411	1,553,477
Issued	100	-	-	-	100
Total gains and losses recognized:					
In profit	(100)	-	19,917	-	19,817
In other comprehensive income	-	-	-	(11,431)	(11,431)
Purchased	-	-	73,888	-	73,888
Proceeds of capital reduction of investment	-	-	(20,922)	-	(20,922)
Reclassify from level 3	-	(189,464)	-	(48,689)	(238,153)
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>241,485</u>	<u>1,135,291</u>	<u>1,376,776</u>
Balance at January 1, 2022	\$ -	-	110,328	1,212,851	1,323,179
Total gains and losses recognized:					
In profit	-	70,303	(14,408)	-	55,895
In other comprehensive income	-	-	-	(46,063)	(46,063)
Purchased	-	119,161	86,666	28,623	234,450
Proceeds of capital reduction of investment	-	-	(13,984)	-	(13,984)
Balance at December 31, 2022	<u>\$ -</u>	<u>189,464</u>	<u>168,602</u>	<u>1,195,411</u>	<u>1,553,477</u>

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

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

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

The quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter relationships between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (6.74~81.32 and 7.37~88.13 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% all 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. (34.05~88.13 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.

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- 8) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input	Move up or down	Impacts of fair value change on net income or loss		Impacts of fair value change on other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2023						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>56,820</u>	<u>(56,820)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>70,947</u>	<u>(70,947)</u>
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ <u>9,473</u>	<u>(9,473)</u>	<u>-</u>	<u>-</u>
	Lack of marketability discount	5%	\$ <u>11,841</u>	<u>(11,841)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ <u>-</u>	<u>-</u>	<u>59,763</u>	<u>(59,763)</u>
	Lack of marketability discount	5%	\$ <u>-</u>	<u>-</u>	<u>74,713</u>	<u>(74,713)</u>

The Group's favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. If fair value of financial instruments is affected by more than one input, the analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(ab) Financial risk management

(i) Briefings

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

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

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

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(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

2) Investments

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

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3) Guarantees

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

(iv) Liquidity risk

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

Loans and borrowings from the bank is an important source of liquidity for the Group. The Group's unused credit line were amounted to \$11,182,160 and \$10,762,176 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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

1) Currency risk

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

2) Interest rate risk

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

3) Other price risk

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

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(ac) 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, retained earnings and non-controlling interests. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 16,291,228	16,609,276
Total assets	31,635,539	29,880,275
Liability ratio	51 %	56 %

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

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

The Group's investing and financial activities, which did not affect its current cash flow in the 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, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>				<u>December 31, 2023</u>
			<u>Additions of leases</u>	<u>Cancellation of leases</u>	<u>Foreign exchange movement</u>	<u>Others</u>	
Short term borrowings	\$ 755,033	1,513,361	-	-	-	-	2,268,394
Long term borrowings	1,394,894	(20,879)	-	-	-	-	1,374,015
Bonds payable	-	1,007,039	-	-	-	(50,230)	956,809
Lease liabilities	532,286	(145,959)	194,888	(31,524)	(947)	-	548,744
Guarantee deposits received	158,950	(1,642)	-	-	-	-	157,308
Total liabilities from financing activities	<u>\$ 2,841,163</u>	<u>2,351,920</u>	<u>194,888</u>	<u>(31,524)</u>	<u>(947)</u>	<u>(50,230)</u>	<u>5,305,270</u>

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>				<u>December 31, 2022</u>
			<u>Additions of leases</u>	<u>Cancellation of leases</u>	<u>Foreign exchange movement</u>	<u>Others</u>	
Short term borrowings	\$ 1,452,782	(697,749)	-	-	-	-	755,033
Long term borrowings	850,665	544,229	-	-	-	-	1,394,894
Lease liabilities	467,043	(139,545)	214,293	(9,864)	359	-	532,286
Guarantee deposits received	77,406	81,544	-	-	-	-	158,950
Total liabilities from financing activities	<u>\$ 2,847,896</u>	<u>(211,521)</u>	<u>214,293</u>	<u>(9,864)</u>	<u>359</u>	<u>359</u>	<u>2,841,163</u>

(Continued)

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Topco Quartz Products Co., Ltd. (Topco Quartz)	An associate
Eastwind Tsusho Inc. (Eastwind Tsusho)	An associate
Shin-Etsu Handotai Taiwan Co., Ltd. (Shin-Etsu Handotai Taiwan)	The Company is the corporate director of the related party
Shin-Etsu Opto Electronic Co., Ltd. (Shin-Etsu Opto Electronic)	The Company is the corporate director of the related party
Fong Rong Smart Machinery Co., Ltd. (Fong Rong Smart Machinery)	An associate (Note 1)
Wuxi Super Sunrise Material Co., Ltd. (Wuxi Super Sunrise Material)	An associate (Note 2)

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

Note 2: The Group acquired Wuxi Super Sunrise Material's shares, resulting in the Group to have significant influence over it, and has been listed as an associate in September 2022.

(b) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 349,356	385,004
Post-employment benefits	3,386	2,766
Share-based payments	6,290	-
	<u>\$ 359,032</u>	<u>387,770</u>

(c) Significant transactions with related party

(i) Sales

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

	<u>2023</u>	<u>2022</u>
Associates	\$ 2,478	3,541
Other related parties	20,811	43,215
	<u>\$ 23,289</u>	<u>46,756</u>

(Continued)

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

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

	<u>2023</u>	<u>2022</u>
Associates:		
Topco Quartz	\$ 426,611	264,500
Other associates	4,563	-
Other related parties:		
Shin-Etsu Handotai Taiwan	377,161	366,794
Other related parties	<u>237</u>	<u>505</u>
	<u>\$ 808,572</u>	<u>631,799</u>

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

- (ii) Purchases

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

	<u>2023</u>	<u>2022</u>
Associates	\$ 750,060	747,613
Other related parties:		
Shin-Etsu Handotai Taiwan	5,572,671	8,969,214
Other related parties:	<u>452</u>	<u>1,650</u>
	<u>\$ 6,323,183</u>	<u>9,718,477</u>

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

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

(iii) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Associates:		
Accounts receivable	Topco Quartz	\$ 50,723	42,166
Accounts receivable	Other associates	15,717	-
	Other related parties:		
Accounts receivable	Shin-Etsu Handotai Taiwan	65,636	66,891
Accounts receivable	Other related parties	<u>92</u>	<u>11</u>
		<u><u>\$ 132,168</u></u>	<u><u>109,068</u></u>

(iv) Payables to related parties

The payables to related parties were as follows:

<u>Accounts</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Associates :		
Accounts payable	Topco Quartz	\$ 231,962	212,939
Accounts payable	Other associates	14,810	1,929
	Other related parties:		
Accounts payable	Shin-Etsu Handotai Taiwan	1,025,669	2,558,776
Accounts payable	Other related parties	<u>250</u>	<u>690</u>
		<u><u>\$ 1,272,691</u></u>	<u><u>2,774,334</u></u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other current financial assets	Guarantees for construction contracts, warranties, coupons, credit card readers, and fees received in advance for sport training courses	\$ 167,821	66,778
Other non-current assets – time deposits	Lease for plant, and guarantees for long term borrowings	<u>35,551</u>	<u>35,802</u>
		<u><u>\$ 203,372</u></u>	<u><u>102,580</u></u>

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

(9) Commitments and contingencies:

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

	December 31, 2023	December 31, 2022
Commitments for construction contracts	\$ 2,260,600	2,649,054
Bank guarantees to construction contracts	\$ 1,739,105	1,407,494
Acquisition of property, plant and equipment	\$ 3,974,484	-

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

	December 31, 2023	December 31, 2022
Unused and outstanding letters of credit	\$ 1,127,000	1,517,567

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

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

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

By function	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	494,792	1,740,761	2,235,553	418,076	1,850,729	2,268,805
Labor and health insurance	52,462	102,648	155,110	38,331	96,096	134,427
Pension	13,538	65,486	79,024	11,891	62,726	74,617
Remuneration of directors	-	77,832	77,832	-	84,374	84,374
Others	17,713	94,675	112,388	19,945	81,861	101,806
Depreciation	148,708	258,693	407,401	131,235	251,788	383,023
Amortization	1,820	69,761	71,581	1,134	71,923	73,057

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: None.

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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- (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.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to table 4.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions: Please refer to table 5.
- (b) Information on investees: Please refer to table 6.
- (c) Information on investment in mainland China:
 - (i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to table 7.
 - (ii) Limitation on investment in Mainland China: Please refer to table 7.
 - (iii) Significant transactions: Please refer to table 7.
- (d) Major shareholders holding more than 5% of ownership as of December 31, 2023: None.

(14) Segment information:

(a) General information

The basis of segmentation of the Group are different products and services. The reportable segments include advanced material division, semiconductor and electronics division and environmental engineering group. Other segments engage mainly in sales of used machine equipment business and retail sales.

(b) Reportable segments and operating segment information

The Group did not allocate tax expense to the reportable segments. The amounts of the Group's reportable segments are the same as those in the reports used by the chief operating decision maker. The accounting policies for the operating segments are the same as those in Note 2. The profit or loss of the Group's operating segments is measured by profit or loss before tax, and is considered as the basis for performance assessment.

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

The Group's operating segment information and reconciliation were as follows:

	<u>Semiconductor and electronics division</u>	<u>Environmental engineering group</u>	<u>Other divisions</u>	<u>Adjustment and elimination</u>	<u>Total</u>
2023					
Revenue					
Revenue from external customers	\$ 40,480,938	7,053,180	1,739,337	-	49,273,455
Revenue from segments	346,675	116,610	345,854	(809,139)	-
Interest income	-	-	-	-	-
Total revenue	<u>\$ 40,827,613</u>	<u>7,169,790</u>	<u>2,085,191</u>	<u>(809,139)</u>	<u>49,273,455</u>
Interest expense	64,595	9,778	25,194	-	99,567
Depreciation and amortization	234,201	6,076	238,705	-	478,982
Share of profit of equity-accounted investees (associates and jointly controlled entities)	-	-	471,821	-	471,821
Reportable segment profit or loss	<u>\$ 3,010,889</u>	<u>258,115</u>	<u>611,464</u>	<u>-</u>	<u>3,880,468</u>
2022					
Revenue					
Revenue from external customers	\$ 44,219,440	6,876,721	1,882,054	-	52,978,215
Revenue from segments	185,375	39,548	276,170	(501,093)	-
Interest income	-	-	-	-	-
Total revenue	<u>\$ 44,404,815</u>	<u>6,916,269</u>	<u>2,158,224</u>	<u>(501,093)</u>	<u>52,978,215</u>
Interest expense	25,594	5,615	21,897	-	53,106
Depreciation and amortization	224,411	9,376	222,293	-	456,080
Share of profit of equity-accounted investees (associates and jointly controlled entities)	-	-	541,721	-	541,721
Reportable segment profit or loss	<u>\$ 3,455,789</u>	<u>(191,365)</u>	<u>977,307</u>	<u>-</u>	<u>4,241,731</u>

(c) Industry information

(i) Product and service information

The Group's segment information is based on different products and services. Product and service information does not have to be disclosed.

(ii) Geographical information

Stated below are the geographic information on the Group's sales presented by destination of sales and non-current assets presented by location.

1) Revenue from external customers:

Location	<u>2023</u>	<u>2022</u>
Taiwan	\$ 24,062,659	27,818,444
China	23,045,017	22,847,774
Other countries	<u>2,165,779</u>	<u>2,311,997</u>
	<u>\$ 49,273,455</u>	<u>52,978,215</u>

(Continued)

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

2) Non-current assets:

	2023	2022
Taiwan	\$ 6,092,456	4,686,600
Other countries	484,659	404,173
	\$ 6,577,115	5,090,773

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including deferred tax assets and restricted assets (non-current).

(iii) Information about major customers

Sales to individual customer constituting over 10% of the total revenue in the consolidated statements of comprehensive income of 2023 and 2022 are summarized as follows:

	2023	2022
A Company	\$ 10,723,196	12,384,140

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Topco Chemical	(Note 2)	(Note 4)	133,350	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 Yueh 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 USA	(Note 2)	(Note 4)	497,370	129,810	-	-	0.86%	(Note 5)	Y	N	Y
"	"	Umitech New Energy Engineering Vietnam Co., Ltd.	(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 New Asia Construction & Development Corp.	(Note 3)	(Note 7)	300,000	300,000	300,000	-	1.99%	(Note 7)	N	N	N
"	"		(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				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
	Fund:									
The Company	Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	193	2,491	-	2,491	271	-	
	Stock:									
The Company	Eversol Corporation	None	Non-current financial assets at fair value through other comprehensive income	230	-	8.21	-	230	8.21	
"	Shin-Etsu Opto Electronic	The Company is its company director	"	2,000	118,260	10	118,260	2,000	10	
"	Shin-Etsu Handotai Taiwan	"	"	12,000	975,840	8	975,840	12,000	8.00	
"	Everglory Resource Technology Co., Ltd.	"	"	2,000	29,060	8.18	29,060	2,000	8.18	
"	ProMOS Technologies Inc.	"	"	71	1,757	0.16	1,757	71	0.16	
"	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	"	"	5,000	194,250	0.84	194,250	5,000	0.84	
"	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	1,595	2.63	
"	Baris Biofund, Inc.	"	"	7,209	76,486	3.6	76,486	7,209	3.60	
"	Shih Her Technologies Inc.	"	"	1,977	167,254	3.48	167,254	2,519	4.44	
"	Guangxin Venture Capital Co., Ltd.	"	"	6,667	69,600	6.67	69,600	6,667	6.67	
"	Belite Bio, Inc.	"	"	45	63,214	0.16	63,214	90	0.36	
"	Fu You Private Equity Fund Limited Partner	"	"	3,500	41,825	5.00	41,825	3,500	5	
"	Lin Bioscience, Inc.	"	"	100	11,344	0.13	11,344	100	0.13	
"	Foxtron Vehicle Technologies Co., Ltd.	"	"	995	44,377	0.06	44,377	995	0.06	
	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	-	12.22	
	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	1,010	-	
"	Mega Diamond Money Market	"	"	3,884	50,104	-	50,104	3,884	-	
"	Taishin Ta-Chong Money Market	"	"	2,058	30,062	-	30,062	2,058	-	
"	Hua Nan Phoenix Money Market	"	"	2,990	50,001	-	50,001	2,990	-	
	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	855	1.41	
"	Mylight Technology Co., Ltd. (Mylight)	"	"	-	-	-	-	0	-	Note 1
"	Archers Inc.	"	"	-	-	-	-	0	-	Note2
"	Ultramed Technology Co., Ltd.	"	"	100	3,668	5.26	3,668	100	5.26	
"	Sunergy development corporation	"	"	285	-	-	-	285	-	
"	Mycopore Corporation Ltd.	"	"	400	2,696	2.29	2,696	400	2.29	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	30	10	
"	Win Win Precision Technology Co., Ltd.	"	"	711	28,951	1.17	28,951	711	1.17	
"	3S Silicon Tech., Inc.	"	"	400	5,797	1.08	5,797	400	1.08	
	Fund:									
Topco Investment	Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	302	4,208	-	4,208	302	-	
	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	273	1.08	
"	TFBS BIOSCIENCE, INC.	"	"	262	11,933	0.78	11,933	262	0.78	
"	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	1,699	15,156	5.75	15,156	1,699	5.75	
"	TFBS BIOSCIENCE, INC.	"	"	1,394	63,450	4.01	63,450	1,394	4.01	
	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	4,176	-	
"	Franklin U.S. Government Money Fund	"	"	4,187	44,496	-	44,496	4,187	-	
"	FSITC Taiwan Money Market	"	"	3,266	51,397	-	51,397	3,266	-	
"	Taishin 1699 Money Market	"	"	3,540	49,353	-	49,353	3,540	-	
"	KGI Victory Money Market Fund	"	"	1,261	15,001	-	15,001	3,385	-	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
Top Vacuum	Stock: ProMOS Technologies Inc	None	Non-current financial assets at fair value through other comprehensive income	14	357	-	357	14	-	
Ding Yue Solar	Fund: FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,366	-	1,366	7	-	
Anyong Biotechnology	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	1,256	17,517	-	17,517	2,335	-	
Anyong Fresh Mart	Fund: Jih Sun Money Market Fund	None	Current financial assets at fair value through profit or loss	2,627	40,081	-	40,081	2,627	-	
Xports Sports	Fund: Jih Sun Money Market Fund	None	Current financial assets at fair value through profit or loss	526	8,026	-	8,026	526	-	
Unitech New Energy Engineering	Stock: United Microelectronics Corporation Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	10	551	-	551	10	-	
"	United Renewable Energy Co., Ltd.	"	"	10	154	-	154	10	-	

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. AND SUBSIDIARIES
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 63,456	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 39,961	1%	
"	"	"	Purchase	609,426	3%	Net 60 days from the end of the month of delivery	-	-	Accounts payable (218,978)	(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 10,761	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 (1,003,197)	(32%)	

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

(v) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	Topco Shanghai	1	Accounts Receivable	50,719	There is no significant difference of price between general customers. The collection period is net 30-90 days from the end of the month of delivery.	0.16%
"	"	"	1	Sales Revenue	266,636	"	0.54%
"	"	Topco Suzhou	1	Other Receivables	6,311	Based on the agreement between both parties	0.02%
"	"	"	1	Non-operating Income	6,231	"	0.01%
"	"	Chien Yueh	1	Rent Revenue	6,360	Based on the agreement between both parties	0.01%
1	Jia Yi Energy	Kuan Yueh Technology	3	Construction Revenue	83,853	Based on the agreement between both parties	0.17%
"	"	"	3	Operating Revenue	9,444	"	0.02%
"	"	Jing Yang Energy	3	Accounts Receivable	8,360	"	0.03%
"	"	"	3	Construction Revenue	63,592	"	0.13%
"	"	Jing Yueh Energy	3	Accounts Receivable	8,434	"	0.03%
"	"	"	3	Construction Revenue	69,522	"	0.14%
2	Anyong Fresh Mart.	The Company	2	Sales Revenue	12,398	There is no significant difference of price between general customers. The collection period is net 30 days from the end of the month of delivery.	0.03%
3	Taiwan E&M.	The Company	2	Sales Revenue	14,775	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.03%
"	"	Topsciencece(s)	3	Sales Revenue	6,522	"	0.01%
4	Topchem Materials	The Company	2	Operating Revenue	31,406	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.06%
5	Anyong Biotechnology	Anyong Fresh Mart	3	Operating Revenue	19,493	There is no significant difference of price between general customers. The collection period is net 30 days from the end of the month of delivery.	0.04%
"	"	Anyong Lohas.	3	Sales Revenue	9,173	"	0.02%
6	Anyong Lohas	Anyong Fresh Mart	3	Sales Revenue	27,502	There is no significant difference of price between general customers. The collection period is net 30 days from the end of the month of delivery.	0.06%
7	Tai Ying Resource	Chien Yueh	3	Operating Revenue	21,815	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.04%
8	Chien Yueh	Xports Sports	3	Construction Revenue	18,258	Based on the agreement between both parties	0.04%
9	Topco Suzhou	Topco Vietnam	3	Construction Revenue	76,612	Based on the agreement between both parties	0.16%

Note 1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Information on investees:

The following is the information on investees for the year ended 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	Highest balance during the year		Note		
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying Value			Shares/Units (thousands)	Percentage of Ownership			
The Company	Topco Quartz	Hsinchu County	Manufacture and repair of quartz equipment, quartz tube e.g.	99,232	99,232	13	40%	2,057,455	1,177,500		453,682	13	40%		
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	538,771	69,291		69,291	42,500	100%	Note 7	
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	253,400	102,141		25,526	14,960	25%		
	Topco Group	Samoa	Investment activities	714,206	714,206	22,432	100%	3,309,706	1,143,087		1,148,687	22,432	100%	Note 7	
	Topscience(s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	411,513	411,513	4,153	100%	572,836	4,139		4,139	4,153	100%	Note 7	
	Topco International Investment	Taipei City	Investment activities	495,000	495,000	66,962	100%	650,157	39,772		39,772	66,962	100%	Note 7	
	Topco Investment	Taipei City	Investment activities	315,000	315,000	19,009	100%	121,818	(54,619)		(54,619)	19,009	100%	Note 7	
	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	53,829	100%	Note 7	
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	540,629	540,629	30,000	100%	69,116	(32,041)		(32,041)	30,000	100%	Note 7	
	Winfull Bio-tech Co., Ltd.	Tainan City	Manufacture of organic fertilizer	35,000	35,000	3,500	39%	-	-		-	3,500	39%		
	Anyong Fresh Mart.	Taipei City	Wholesale and retail sales of fishery products and supermarket operation	699,350	604,350	29,500	100%	133,557	(62,909)		(62,888)	35,800	100%	Note 7	
	Jia Yi Energy	Taipei City	Solar system engineering	236,792	236,792	25,924	84%	190,812	6,578		5,492	25,924	84%	Note 7	
	Xiang Yueh	Taipei City	Waste disposal	91,170	76,770	7,340	100%	11,453	(23,042)		(19,622)	7,340	100%	Note 4, Note 7	
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	355,000	317,000	25,500	100%	32,121	(24,946)		(24,946)	25,500	100%	Note 7	
	Xports Sports	Taipei City	Sports Training	145,508	95,508	15,000	100%	117,543	(14,453)		(14,453)	15,000	100%	Note 7	
	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	434,560	434,560	776	77.6%	386,698	131,821		74,385	776	78%	Note 7	
	TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	152,011	91,233	10	100%	136,116	(13,097)		(13,097)	10	100%	Note 7	
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	77,367	-	45	100%	75,411	(9,502)		(2,409)	45	100%	Note 3, Note 7	
	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	1,500	100%	Note 7
		Asia Topco Holding	Cayman	Investment activities	(USD1,500)	(USD1,500)	614,100	20,000	3,157,462	1,103,545		"	20,000	100%	Note 7
Asia Topco Holding	Asia Topco	Mauritius	Investment activities	(USD20,000)	(USD20,000)	614,100	20,000	3,154,391	1,103,545		"	20,000	100%	Note 7	
Topscience(s)	Topscience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	(SGD4,448)	(SGD2,437)	-	100%	66,060	(13,511)		Investment gains (losses) recognized by Topscience(s)	-	100%	Note 7	
Anyong (s)	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	6,195	-	266	100%	2,627	(3,554)		"	266	100%	Note 7	
	Ping Yue Technology	Malaysia	Sales of semiconductor material and equipment	(SGD266)	(SGD -)	14,533	2,056	9,641	(2,235)		"	2,056	100%	Note 7	
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	1,267	67%	Note 7	
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	-	54,300	-	-	-	(9,502)		"	25	100%	Note 3, Note 7	
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		"	19,300	100%	Note 7		
Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	28,208	28,208	5,005	16%	50,417	6,578		"	5,005	16%	Note 7		
Kanbo Biomedical	Taipei City	Sales of health food products	6,287	6,287	1,000	100%	1,360	1		"	1,000	100%	Note 7		
Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	4,197	4,197	142	36%	-	-		"	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		"	5,500	100%	Note 7		
Fortune	Taipei City	Clean up of waste and environmental management service	771	771	40	0.07%	712	102,141		"	40	0.07%			
Tai Ying Resource	Kaohsiung City	Clean up of waste	83,144	141,704	4,880	48.80%	83,096	(19,155)		"	10,736	48.80%	Note 7		
EastWind Tsusho	Taipei City	Manufacturing and trading of electronic parts, etc.	5,000	5,000	500	25%	7,640	10,836		"	500	25%			
Topchip	Taipei City	IC Design and Sales Company	10,000	5,000	1000	100%	10,514	524		"	1,000	100%	Note 7		
Thermalake green power	Taipei City	Sales of renewable energy	1,000	1,000	100	100%	935	(42)		"	100	100%	Note 7		
Fong Rong Smart Machinery	Hsinchu City	Machinery manufacturing and repair industry	4,550	4,550	350	25%	3,052	(6,408)		"	350	25%			
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	2,050	98%	Note 6, Note 7	
	Ding Yue Solar	Taipei City	Development of renewable energy project	9,000	9,000	900	100%	3,703	17		"	900	100%		
Min Jen Restaurant	Taipei City	Restaurant	-	110,000	-	-	-	3,120		"	1,719	69%	Note 5, Note 7		
Fei Da Intelligent Co., Ltd.	Taipei City	Manpower dispatch	8,875	8,875	725	14%	2,718	(11,860)		"	725	14%	Note 2		
STARX INC.	Hsinchu City	Precision instrument manufacturing	8,000	8,000	8,626	26%	5,464	(4,961)		"	8,626	26%			
Yun Yueh Technology	Taichung City	Aquaculture and wholesale and sales of fishery products	555	555	60	55%	518	(8)		"	60	55%	Note 7		
Great Talent Tech Co., Ltd.	Taipei City	Personnel training	5,000	5,000	500	31%	1,558	(6,600)		"	500	31%			
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	7,586	100%	Note 7	
	Jing Yang Energy	Taipei City	"	86,497	86,497	8,795	100%	68,791	8,148		"	8,795	100%	Note 7	
	Jing Yueh Energy	Taipei City	"	92,160	92,160	9,122	100%	95,164	5,571		"	9,122	100%	Note 7	

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

(In Thousands of New Taiwan Dollars and foreign currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Highest balance during the year		Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying Value			Shares/Units (thousands)	Percentage of Ownership	
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	6,000	60%	Note 7
Chien Yueh	Tai Ying Resource	Kaohsiung City	Clean up of waste	6,261	9,916	305	3.1%	5,903	(19,155)	Investment gains (losses) recognized by Chien Yueh	670	3%	Note 7
	Unitech New Energy Engineering	Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	5,600	5,600	10	1%	4,983	131,820	"	10	1%	Note 7
Topco Japan	Shunkawa	Japan	Import and export of semiconductor raw materials	21,720 (JPY100,000)	21,720 (JPY100,000)	10	100%	60,734 (JPY279,624)	(1,472) (JPY6,622)	Investment gains (losses) recognized by Topco Japan	10	100%	Note 7
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	1,500	100%	Note 7

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 F&D 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.

Note 7: The aforementioned transactions had been written-off the preparation of the consolidated financial statements.

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of US Dollars and CNY)

Name of investee	Main businesses and products	Total amount of paid in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment gains (losses) (Note 2)	Book value (Note 3)	Accumulated remittances of earnings in current period
					Outflow	Inflow						
Topco Shanghai	Wholesale of electronic material and equipment	269,897 (USD 8,790) (Note 4)	Note 1	-	-	-	-	671,462 (USD 21,548)	100%	671,462 (USD 21,548)	1,925,572 (USD 62,712)	1,468,908 (USD 47,139)
Shanghai Chong Yao	"	56,251 (RMB 13,000)	Note 5	Note 5	-	-	-	37,443 (RMB 8,519)	100%	37,443 (RMB 8,519)	82,495 (RMB 19,065)	-
Topco Suzhou	Water purification and construction of dust-proof room	324,675 (USD 10,574) (Note 4)	Note 1	-	-	-	-	179,644 (USD 5,765)	100%	179,644 (USD 5,765)	783,469 (USD 25,516)	164,593 (USD 5,282)
Topco Chemical	Wholesale and sales of chemical products	21,985 (USD 716) (Note 4)	Note 1	13,602 (USD 443)	-	13,602 (USD 443)	-	242,559 (USD 7,784)	100%	242,559 (USD 7,784)	356,884 (USD 11,623)	218,315 (USD 7,006)
Topco Engineering	Water purification and construction of dust-proof room	86,540 (RMB 20,000)	Note 6	Note 6	-	-	-	2,105 (RMB 479)	100%	2,105 (RMB 479)	96,294 (RMB 22,254)	-
Shanghai Perfect Microelectronics	IC Design Company	8,654 (RMB 2,000)	Note 9	-	-	-	-	171 (RMB 39)	51%	88 (RMB 20)	4,721 (RMB 1,091)	-
Wuxi super sunrise material	Semiconductor wafer cassette recycling and cleaning service	129,810 (RMB 30,000)	Note 10	-	-	-	-	(12,913) (RMB (2,938))	20%	(2,967) (RMB (675))	35,556 (RMB 8,218)	-
Chung-Ling Chemical	Wholesale and sales of chemical products	43,270 (RMB 10,000)	Note 11	-	-	-	-	(92) (RMB (21))	70%	(66) (RMB (15))	30,224 (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 (USD 3,050) (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 Shanhai, Super natural technology, Wuxi Puli technology and Wuxi Xian Jene 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 Linegas 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.

Financial Statements

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

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AP2-3

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Topco Scientific Co., Ltd. (“the Company”), which comprise the balance 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 for 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)

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

		2023		2022	
		Amount	%	Amount	%
Operating Revenues: (notes 6(t) and 7)					
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>
Operating revenue, net		<u>26,389,230</u>	<u>100</u>	<u>28,231,985</u>	<u>100</u>
Operating costs: (notes 6(e), 7 and 12)					
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>
Gross profit		<u>3,385,417</u>	<u>13</u>	<u>3,617,101</u>	<u>13</u>
Operating expenses: (notes 7 and 12)					
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>
Total operating expenses		<u>1,848,540</u>	<u>7</u>	<u>1,912,715</u>	<u>7</u>
Net operating income		<u>1,536,877</u>	<u>6</u>	<u>1,704,386</u>	<u>6</u>
Non-operating income and expenses:					
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	Profit from continuing operations before tax	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>
Profit		<u>2,835,024</u>	<u>11</u>	<u>3,018,478</u>	<u>11</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(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	Items that will be reclassified to profit or loss				
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>
		<u>(42,719)</u>	<u>-</u>	<u>80,063</u>	<u>-</u>
8300	Other comprehensive income	<u>(10,398)</u>	<u>-</u>	<u>(55,096)</u>	<u>-</u>
Comprehensive income		<u>\$ 2,824,626</u>	<u>11</u>	<u>2,963,382</u>	<u>11</u>
Earnings per share: (note 6(s))					
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)

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

Disposal of investments in equity instruments designated at fair value through other comprehensive income

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)

	2023	2022 (Restated)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,444,726	3,733,041
Adjustments:		
Adjustments to reconcile profit:		
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)
Total adjustments to reconcile profit	<u>(1,608,288)</u>	<u>(1,675,696)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(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
Total changes in operating assets	<u>557,062</u>	<u>(414,855)</u>
Changes in operating liabilities:		
(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)
Total changes in operating liabilities	<u>(823,354)</u>	<u>1,111,554</u>
Total changes in operating assets and liabilities	<u>(266,292)</u>	<u>696,699</u>
Total adjustments	<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)
Net cash flows from operating activities	<u>2,118,169</u>	<u>4,040,745</u>
Cash flows from (used in) investing activities:		
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)	-
Net cash flows used in investing activities	<u>(1,833,406)</u>	<u>(1,371,297)</u>
Cash flows from (used in) financing activities:		
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	-
Net cash flows from (used in) financing activities	<u>795,411</u>	<u>(1,727,436)</u>
Net increase in cash and cash equivalents	<u>1,080,174</u>	<u>942,012</u>
Cash and cash equivalents at beginning of period	<u>2,274,408</u>	<u>1,332,396</u>
Cash and cash equivalents at end of period	<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).

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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.

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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.

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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.

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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.

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.

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TOPCO SCIENTIFIC CO., LTD.
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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.

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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.

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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.

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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.

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(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.
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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

	December 31, 2023	December 31, 2022 (Restated)
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>
	<u>\$ 3,354,582</u>	<u>2,274,408</u>

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

	December 31, 2023	December 31, 2022
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>
	<u>\$ 579,989</u>	<u>438,813</u>
Current	\$ 2,491	4,451
Non-current	<u>577,498</u>	<u>434,362</u>
	<u>\$ 579,989</u>	<u>438,813</u>

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

	December 31, 2023	December 31, 2022
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>
	<u>\$ 1,319,167</u>	<u>1,280,032</u>

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

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

	December 31, 2023	December 31, 2022
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>
	<u>\$ 3,159,195</u>	<u>3,138,993</u>
Notes and accounts receivable, net	<u>\$ 3,005,880</u>	<u>3,023,028</u>
Notes and accounts receivable due from related parties, net	<u>\$ 153,315</u>	<u>115,965</u>

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TOPCO SCIENTIFIC CO., LTD.
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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:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
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
	\$ 3,163,594		4,399
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,987,932	0.1%	2,797
Overdue 0-30 days	130,497	1.0%	1,305
Overdue 31-60 days	18,531	3.0%	556
Overdue 61-90 days	180	5.0%	9
Overdue over 91 days	7,244	10.0%	724
	\$ 3,144,384		5,391

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

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

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventories	\$ 2,067,385	2,619,122
Goods in transit	63,220	75,872
	\$ 2,130,605	2,694,994

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

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

(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:

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

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

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
Depreciation and impairments loss:					
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.
Notes to the Financial Statements

	<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, 2023</u>	<u>December 31, 2022 (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, 2023</u>	<u>December 31, 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, 2023</u>	<u>December 31, 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.
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- (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:

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

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

- (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:

	December 31, 2023
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	\$ 956,809
Embedded derivatives — call option, include in non-current financial assets at fair value through profit or loss	\$ -
Equity component — conversion rights, include in capital surplus	\$ 59,026

(Continued)

TOPCO SCIENTIFIC CO., LTD.
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	2023
Embedded derivatives — call option, gains or losses at fair value, include in gain (losses) on financial assets (liabilities) at fair value through profit or loss	<u>\$ (100)</u>
Interest expenses	<u>\$ (8,696)</u>

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

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

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

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

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

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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:

	December 31, 2023	December 31, 2022
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:

	2023	2022
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:

	2023	2022
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.

(Continued)

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:

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

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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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>

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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, 2023</u>	<u>December 31, 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 benefit obligation</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2023		
Discount rate	\$ (4,155)	4,284
Future salary increasing rate	4,124	(4,022)
December 31, 2022		
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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TOPCO SCIENTIFIC CO., LTD.
Notes to the Financial Statements

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

(ii) Defined contribution plans

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

The Company recognized the pension costs under the defined contribution method amounting to \$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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TOPCO SCIENTIFIC CO., LTD.
Notes to the Financial Statements

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

	2023	2022
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>\$ 609,702</u>	<u>714,563</u>

- (ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

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

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

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

- 2) Recognized deferred tax assets and liabilities

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

	Defined benefit plan	Exchange differences on translation of foreign financial statements	Others	Total
Deferred tax assets:				
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	1,243	9,973	-	11,216
Balance at December 31, 2023	<u>\$ 27,391</u>	<u>21,510</u>	<u>15,024</u>	<u>63,925</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	(4,363)	(19,669)	-	(24,032)
Balance at December 31, 2022	<u>\$ 27,103</u>	<u>11,537</u>	<u>12,057</u>	<u>50,697</u>

(Continued)

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

	Foreign investment income under equity method	Others	Total
Deferred tax liabilities:			
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>\$ 578,475</u>	<u>11,575</u>	<u>590,050</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>\$ 435,757</u>	<u>14,051</u>	<u>449,808</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):

	Ordinary Shares	
	2023	2022
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>188,700</u>	<u>181,700</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.
Notes to the Financial Statements

(iii) Capital surplus

The balances of capital surplus were as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <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.
Notes to the Financial Statements

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

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 share NT (Dollars)	Total amount
Dividends distributed to common shareholder:		
Cash dividends	\$ 9.0	<u>1,698,296</u>

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

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

4) Other equity

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

(r) Share-based payment

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

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

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

(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>
Basic earnings per share:		
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>
Diluted earnings per share:		
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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TOPCO SCIENTIFIC CO., LTD.
Notes to the Financial Statements

(ii) Contract balance

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1,</u> <u>2022</u>
Notes and accounts receivable (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 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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TOPCO SCIENTIFIC CO., LTD.
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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:

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

(ii) Other gains and losses

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

	2023	2022
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	121	1,162
	\$ 137,252	287,197

(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.
Notes to the Financial Statements

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 Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2023					
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 (including related parties)	3,351,734	(3,351,734)	(3,351,734)	-	-
Accrued expenses and other payables	773,509	(773,509)	(773,509)	-	-
Lease liabilities (including 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>
December 31, 2022					
Non-derivative financial liabilities					
Short-term bank loans	\$ 630,000	(631,270)	(631,270)	-	-
Long-term bank loans	600,000	(626,168)	(8,700)	(8,700)	(608,768)
Notes and accounts payable (including related parties)	4,139,895	(4,139,895)	(4,139,895)	-	-
Accrued expenses and other payables	857,425	(857,425)	(857,425)	-	-
Lease liabilities (including current and non-current)	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 currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
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
Financial liabilities						
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, 2023	December 31, 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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	2023	2022
Foreign exchange gains (losses) (including realized and unrealized portions)	\$ 16,856	106,155

(iv) Interest rate analysis

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

	Carrying amount	
	December 31, 2023	December 31, 2022
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.

	December 31, 2023	December 31, 2022
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.
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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		
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 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.
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	December 31, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	<u>1,319,167</u>	194,250	-	1,124,917	1,319,167
Financial assets measured at amortized cost					
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>\$ 8,637,820</u>				
Financial liabilities measured at amortized cost					
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>\$ 7,049,714</u>				

(Continued)

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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 4,451	4,451	-	-	4,451
Non derivative financial assets mandatorily measured at fair value through profit or loss domestic listed stocks	144,843	144,843	-	-	144,843
Non-derivative financial assets mandatorily measured at fair value through profit or loss foreign listed stocks	83,370	83,370	-	-	83,370
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks 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>				
Financial assets at fair value through other comprehensive income	<u>1,280,032</u>	143,450	-	1,136,582	1,280,032
Financial assets measured at amortized cost					
Cash and cash equivalents	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>				

(Continued)

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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
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>	-	-	-	-
Total	<u>\$ 6,387,885</u>				

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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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 through profit or loss			Financial assets at fair value through other comprehensive income	Total
	Derivative financial assets- convertible bonds	Equity investment without quoted price	Debt investment without quoted price	Equity investment without quoted price	
Balance at January 1, 2023	\$ -	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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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. (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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	Input	Move up or down	Impacts of fair value change on net income or loss		Impacts of fair value change on other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2023						
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>
December 31, 2022						
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.
Notes to the Financial Statements

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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(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, 2023</u>	<u>December 31, 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, 2023</u>	<u>Cash flow</u>	<u>Non-cash changes</u>			<u>December 31, 2023</u>
			<u>Additions of leases</u>	<u>Cancellation 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, 2022</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>December 31, 2022</u>
			<u>Additions of leases</u>	<u>Cancellation 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
Topscience (s) Pte. Ltd. (Topscience (s))	Subsidiary
Topscop 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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<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. (Shin-Etsu Handotai Taiwan)	The Company is the corporate director of the related party
Shin-Etsu Opto Electronics Co. Ltd. (Shin-Etsu Opto Electronics)	The Company is the corporate director of the related party

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

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

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

Note 4: 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><u>\$ 294,264</u></u>	<u><u>174,251</u></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.

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2) Service revenue — commission and others

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

	<u>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>

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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.

	2023	2022
Subsidiaries	\$ 5,909	5,702

(v) Loans to other parties

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

December 31, 2023: None.

	December 31, 2022		
	Ending balance	Highest balance	Current interest income
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:

Account	Relationship	December 31, 2023	December 31, 2022
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	32	31
		\$ 162,448	125,447

(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, 2023</u>	<u>December 31, 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, 2023</u>	<u>December 31, 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, 2023</u>	<u>December 31, 2022</u>
Other non-current financial assets – time deposits	Deposit for lease	\$ 2,398	2,390
Other current financial assets	Fees received in advance for sport 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, 2023</u>	<u>December 31, 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, 2023</u>	<u>December 31, 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 Yueh 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.

TOPCO SCIENTIFIC CO., LTD.
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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	

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Notes to the Consolidated Financial Statements

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:							
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
								8,970,163		1,633,273	
	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) 614,100 (USD20,000)	(USD1,500) 614,100 (USD20,000)	20,000	100%	3,157,462	1,103,545	"	
Asia Topco Holding	Asia Topco	Mauritius	Investment activities	614,100 (USD20,000) 103,594	614,100 (USD20,000) 56,758	20,000	100%	3,154,391	1,103,545	"	
Topsience(s)	Topsience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	(SGD4,448)	(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 (SGD267)	- (SGD-)	266	100%	2,627	(3,554)	"	
	Ping Yue Technology	Malaysia	Sales of semiconductor material and equipment	14,533 (SGD624)	14,533 (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 (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 (JPY100,000)	21,720 (JPY100,000)	10	100%	60,734 (JPY279,624)	(1,472) (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 3)	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 (USD 8,790) (Note 4)	Note 1	-	-	-	-	670,527 (USD 21,518)	100%	670,527 (USD 21,518)	1,925,572 (USD 62,712)	1,468,908 (USD 47,139)
Shanghai Chong Yao	"	56,251 (RMB 13,000)	Note 5	Note 5	-	-	-	37,445 (RMB 8,519)	100%	37,445 (RMB 8,519)	82,494 (RMB 19,065)	-
Topco Suzhou	Water purification and construction of dust-proof room	324,675 (USD 10,574) (Note 4)	Note 1	-	-	-	-	179,644 (USD 5,765)	100%	179,644 (USD 5,765)	783,469 (USD 25,516)	164,593 (USD 5,282)
Topco Chemical	Wholesale and sales of chemical products	21,985 (USD 716) (Note 4)	Note 1	13,602 (USD 443)	-	13,602 (USD 443)	-	242,590 (USD 7,785)	100%	242,590 (USD 7,785)	356,884 (USD 11,623)	218,315 (USD 7,006)
Topco Engineering	Water purification and construction of dust-proof room	86,540 (RMB 20,000)	Note 6	Note 6	-	-	-	2,105 (RMB 479)	100%	2,105 (RMB 479)	96,293 (RMB 22,254)	-
Shanghai Perfect Microelectronics	IC Design Company	8,654 (RMB 2,000)	Note 9	-	-	-	-	88 (RMB 20)	51%	44 (RMB 10)	4,721 (RMB 1,091)	-
Wuxi super sunrise material	Semiconductor wafer cassette recycling and cleaning service	129,810 (RMB 30,000)	Note 10	-	-	-	-	(2,967) (RMB (675))	20%	(593) (RMB (135))	35,557 (RMB 8,218)	-
Chung-Ling Chemical	Wholesale and sales of chemical products	43,270 (RMB 10,000)	Note 11	-	-	-	-	(92) (RMB (21))	70%	(66) (RMB (15))	30,224 (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 (USD 3,050) (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>
Total	<u>\$ 2,130,605</u>	<u>2,277,324</u>

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>
Total		<u>\$ 128,562</u>

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

Topco Scientific Co., Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars and Shares)

Investees Company	Balance, January 1, 2023		Increase (Decrease) (Note1)		Share of profits (losses) recognized	Amounts of exchanges difference on translation foreign operations	Other adjustment (Note2)		Balance, December 31, 2023			Market price or net value	Collaterals or pledged assets
	Shares	Amounts	Shares	Amounts			Shares	Amounts	Shares	Percentage of ownership	Amounts		
Topco Quartz	13	\$ 1,863,773			453,682	-	-	-	13	40 %	2,057,455	2,105,647	None
Taiwan E&M	42,500	534,058	(64,793)	69,291	69,291	-	215	-	42,500	100 %	538,771	538,771	None
Fortune	14,960	264,603	(36,729)	25,526	25,526	-	-	-	14,960	25 %	253,400	253,400	None
Topco Group	22,432	2,589,941	(375,325)	1,148,687	1,148,687	(53,597)	-	-	22,432	100 %	3,309,706	3,304,069	None
Topsience(s)	3,153	535,634	30,582	4,139	4,139	2,481	-	-	4,153	100 %	572,836	572,836	None
Topco International Investment	60,358	599,004	3,827	39,772	39,772	(1,660)	9,214	(11,243)	66,962	100 %	650,157	724,663	None
Topco Investment	16,500	187,680	-	2,509	(54,619)	-	-	-	19,009	100 %	121,818	121,818	None
Chien Yueh	53,829	269,829	6,990	36,374	36,374	-	-	-	53,829	100 %	313,193	344,108	None
Anyong Biotechnology	30,000	99,897	1,260	(32,041)	(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	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	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
Total		<u>\$ 7,883,215</u>		<u>(491,819)</u>	<u>1,633,273</u>	<u>(52,692)</u>		<u>(1,814)</u>			<u>8,970,163</u>		

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, employees and directors' compensations	Estimated year-end bonuses, performance bonuses, employees benefits and employees and directors' 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 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>\$ 23,003,813</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>\$ 651,891</u>	<u>1,162,914</u>	<u>33,735</u>	<u>1,848,540</u>

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