

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023**

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~15
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	15
(6) Explanation of significant accounts	15~52
(7) Related-party transactions	53~55
(8) Pledged assets	56
(9) Commitments and contingencies	56
(10) Losses Due to Major Disasters	56
(11) Subsequent Events	56
(12) Other	57
(13) Other disclosures	
(a) Information on significant transactions	57~58、60~64
(b) Information on investees	58、65~66
(c) Information on investment in mainland China	58、67
(d) Major shareholders	58
(14) Segment information	58~59



安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Topco Scientific Co., Ltd. and its subsidiaries as of June 30, 2024 and 2023 (restated), and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$1,686,109 thousand and \$2,133,153 thousand, constituting 4.74% and 6.69% of consolidated total assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to \$672,800 thousand and \$691,501 thousand, constituting 3.38% and 3.64% of consolidated total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income amounting to \$59,041 thousand, \$74,280 thousand, \$183,688 thousand and \$129,908 thousand, constituting 5.11%, 13.66%, 8.31% and 10.50% of consolidated total comprehensive income for the three months and six months ended June 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Topco Scientific Co., Ltd. and its subsidiaries in its investee companies of \$2,419,279 thousand and \$2,181,817 thousand as of June 30, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$183,298 thousand, \$147,799 thousand, \$292,399 thousand and \$286,356 thousand for the three months and six months ended June 30, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Topco Scientific Co., Ltd. and its subsidiaries as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 2024 and 2023 (restated) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 \$1,031,642 thousand and \$1,035,558 thousand on June 30, 2023 and January 1, 2023, 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.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuan-Ying Kuo and Keng-Chia Huang.

KPMG

Taipei, Taiwan (Republic of China)
July 30, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2024		December 31, 2023		June 30, 2023 (Restated)		January 1, 2023 (Restated)				June 30, 2024		December 31, 2023		June 30, 2023 (Restated)		January 1, 2023 (Restated)	
Assets		Amount	%	Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:									
1100	Cash and cash equivalents (note 6(a))	\$ 4,763,605	13	6,484,853	21	6,169,213	19	5,335,081	18	2100	Short-term borrowings (note 6(m))	\$ 856,553	2	2,268,394	7	1,937,109	6	755,033	3
1110	Current financial assets at fair value through profit or loss (note 6(b))	315,350	1	432,055	1	270,363	1	190,096	1	2130	Current contract liabilities (note 6(x))	1,655,405	5	1,310,666	4	1,705,643	6	1,787,806	6
1140	Current contract assets (note 6(x))	1,670,187	5	1,726,003	5	1,909,796	6	1,671,753	6	2170	Notes and accounts payable	5,479,188	15	5,440,711	17	5,877,322	18	6,431,358	22
1170	Notes and accounts receivable, net (note 6(d))	7,685,056	22	6,523,205	21	6,962,164	22	7,055,323	24	2180	Notes and accounts payable to related parties (note 7)	2,453,825	7	1,272,691	4	1,979,186	6	2,774,334	9
1180	Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	115,296	-	132,168	-	145,990	1	109,068	-	2200	Other current financial liabilities	1,243,809	4	1,184,859	4	1,221,483	4	1,267,044	4
1476	Other current financial assets (notes 6(l) and 8)	350,759	1	218,745	1	257,871	1	124,924	-	2216	Dividends payable	1,917,394	6	-	-	1,866,041	6	-	-
1300	Inventories, net (note 6(e))	4,484,860	13	4,142,418	13	5,425,520	17	5,291,287	17	2230	Current tax liabilities	483,728	2	620,081	2	425,995	1	640,528	2
1479	Other current assets, others	796,349	2	852,312	3	768,151	2	814,462	3	2250	Current provisions (note 6(q))	284,853	1	302,903	1	360,057	1	181,371	1
		20,181,462	57	20,511,759	65	21,909,068	69	20,591,994	69	2280	Current lease liabilities (note 6(p))	139,216	-	133,265	1	132,033	1	134,708	1
	Non-current assets:									2320	Long-term borrowings, current portion (note 6(n))	92,647	-	82,450	-	81,381	-	79,701	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	681,671	2	691,557	2	644,232	2	586,921	2	2365	Current refund liabilities	1,435	-	9,815	-	12,345	-	14,372	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,642,158	5	1,376,325	4	1,224,079	4	1,338,861	5	2399	Other current liabilities	107,854	-	101,390	-	99,931	-	82,336	-
1550	Investments accounted for using equity method (notes 6(f) and 6(g))	2,419,279	7	2,367,555	8	2,181,817	7	2,177,225	7			14,715,907	42	12,727,225	40	15,698,526	49	14,148,591	48
1600	Property, plant and equipment (notes 6(h) and 8)	9,066,535	25	3,796,751	12	3,652,052	11	3,644,002	12		Non-Current liabilities:								
1755	Right-of-use assets (note 6(i))	598,230	2	550,517	2	473,935	1	531,692	2	2530	Bonds payable (note 6(o))	953,001	3	956,809	3	948,113	3	-	-
1760	Investment property, net (note 6(j))	133,955	-	133,652	1	135,140	1	139,591	-	2540	Long-term borrowings (note 6(n))	2,892,150	8	1,291,565	4	1,284,533	4	1,315,193	4
1780	Intangible assets (note 6(k))	400,530	1	439,979	1	437,569	1	468,083	2	2580	Non-current lease liabilities (note 6(p))	461,465	1	415,479	1	345,190	1	397,578	1
1840	Deferred tax assets	52,141	-	75,678	-	72,645	-	58,699	-	2670	Deferred tax liabilities and others	776,280	2	767,532	3	615,402	2	616,736	2
1900	Other non-current assets (notes 6(l) and 8)	393,718	1	1,691,766	5	1,133,700	4	343,207	1	2640	Non-current net defined benefit liability (note 6(s))	132,858	-	132,618	-	131,479	1	131,178	-
		15,388,217	43	11,123,780	35	9,955,169	31	9,288,281	31			5,215,754	14	3,564,003	11	3,324,717	11	2,460,685	7
	Total assets	\$ 35,569,679	100	31,635,539	100	31,864,237	100	29,880,275	100		Total liabilities	19,931,661	56	16,291,228	51	19,023,243	60	16,609,276	55
											Equity attributable to owners of parent (note 6(u)):								
										3110	Ordinary share	1,887,641	5	1,886,996	6	1,816,996	6	1,816,996	6
										3140	Advance receipts for share capital	-	-	-	-	90,952	-	-	-
										3200	Capital surplus	2,511,926	7	2,688,841	8	1,711,631	5	2,343,848	8
										3300	Retained earnings	9,867,017	28	9,757,304	31	8,336,833	26	8,041,653	27
										3400	Other equity	1,170,991	3	775,924	3	607,630	2	757,147	3
												15,437,575	43	15,109,065	48	12,564,042	39	12,959,644	44
										3610	Non-controlling interests	200,443	1	235,246	1	276,952	1	311,355	1
											Total equity	15,638,018	44	15,344,311	49	12,840,994	40	13,270,999	45
											Total liabilities and equity	\$ 35,569,679	100	31,635,539	100	31,864,237	100	29,880,275	100

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share
which is expressed in New Taiwan Dollars)**

		For the three months ended June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenues: (notes 6(x) and 7)									
4110	Sales revenue	\$ 11,657,921	84	10,071,622	84	21,752,329	85	20,166,504	82
4520	Construction revenue	1,628,170	12	1,447,974	12	2,965,001	11	3,238,190	13
4800	Other operating revenue	505,689	4	535,755	4	1,006,027	4	1,143,002	5
	Operating revenue, net	<u>13,791,780</u>	<u>100</u>	<u>12,055,351</u>	<u>100</u>	<u>25,723,357</u>	<u>100</u>	<u>24,547,696</u>	<u>100</u>
Operating costs: (notes 6(e), 6(s), 6(y), 7 and 12)									
5110	Cost of sales	10,262,377	74	8,918,807	74	19,103,690	74	17,953,043	73
5500	Construction cost	1,382,712	10	1,305,413	11	2,566,826	10	2,975,093	12
5800	Other operating costs	215,285	2	249,643	2	435,707	2	537,328	2
		<u>11,860,374</u>	<u>86</u>	<u>10,473,863</u>	<u>87</u>	<u>22,106,223</u>	<u>86</u>	<u>21,465,464</u>	<u>87</u>
5910	Less: Unrealized profit (loss) from sales	684	-	2,937	-	3,972	-	3,407	-
	Gross profit	<u>1,930,722</u>	<u>14</u>	<u>1,578,551</u>	<u>13</u>	<u>3,613,162</u>	<u>14</u>	<u>3,078,825</u>	<u>13</u>
Operating expenses: (notes 6(d), 6(s), 6(y), 7 and 12)									
6100	Selling expenses	478,282	4	394,851	3	891,849	4	777,719	3
6200	Administrative expenses	434,149	3	425,123	4	819,186	3	784,211	3
6300	Research and development expenses	16,751	-	25,637	-	25,963	-	72,211	1
	Total operating expenses	<u>929,182</u>	<u>7</u>	<u>845,611</u>	<u>7</u>	<u>1,736,998</u>	<u>7</u>	<u>1,634,141</u>	<u>7</u>
	Net operating income	<u>1,001,540</u>	<u>7</u>	<u>732,940</u>	<u>6</u>	<u>1,876,164</u>	<u>7</u>	<u>1,444,684</u>	<u>6</u>
Non-operating income and expenses:									
7100	Interest income	29,241	-	19,169	-	43,512	-	38,477	-
7010	Other income (notes 6(r) and 6(z))	71,965	1	122,565	1	96,673	1	132,664	1
7020	Other gains and losses, net (notes 6(b), 6(f), 6(r) and 6(z))	(2,913)	-	(46,372)	-	56,666	-	42,853	-
7050	Finance costs (note 6(p))	(28,385)	-	(19,357)	-	(56,708)	-	(37,773)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	183,298	1	147,799	1	292,399	1	286,356	1
		<u>253,206</u>	<u>2</u>	<u>223,804</u>	<u>2</u>	<u>432,542</u>	<u>2</u>	<u>462,577</u>	<u>2</u>
	Profit before tax	<u>1,254,746</u>	<u>9</u>	<u>956,744</u>	<u>8</u>	<u>2,308,706</u>	<u>9</u>	<u>1,907,261</u>	<u>8</u>
7950	Less: Income tax expenses (note 6(t))	230,345	2	288,870	2	505,500	2	495,643	2
	Profit	<u>1,024,401</u>	<u>7</u>	<u>667,874</u>	<u>6</u>	<u>1,803,206</u>	<u>7</u>	<u>1,411,618</u>	<u>6</u>
8300	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	102,861	1	(59,148)	-	313,193	1	(114,782)	(1)
8349	Less: income tax related to items that will not be reclassified to profit or loss (note 6(t))	-	-	-	-	-	-	-	-
		<u>102,861</u>	<u>1</u>	<u>(59,148)</u>	<u>-</u>	<u>313,193</u>	<u>1</u>	<u>(114,782)</u>	<u>(1)</u>
8360	Items that will be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	34,467	-	(80,576)	(1)	118,150	1	(73,009)	-
8399	Less: income tax related to items that will be reclassified to profit or loss (note 6(t))	6,872	-	(15,614)	-	23,560	-	(13,969)	-
		<u>27,595</u>	<u>-</u>	<u>(64,962)</u>	<u>(1)</u>	<u>94,590</u>	<u>1</u>	<u>(59,040)</u>	<u>-</u>
8300	Other comprehensive income	<u>130,456</u>	<u>1</u>	<u>(124,110)</u>	<u>(1)</u>	<u>407,783</u>	<u>2</u>	<u>(173,822)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 1,154,857</u>	<u>8</u>	<u>543,764</u>	<u>5</u>	<u>2,210,989</u>	<u>9</u>	<u>1,237,796</u>	<u>5</u>
	Profit, attributable to:								
8610	Attributable to owners of parent	\$ 1,020,612	7	669,619	6	1,795,649	7	1,409,553	6
8620	Attributable to non-controlling interests	3,789	-	(1,745)	-	7,557	-	2,065	-
		<u>\$ 1,024,401</u>	<u>7</u>	<u>667,874</u>	<u>6</u>	<u>1,803,206</u>	<u>7</u>	<u>1,411,618</u>	<u>6</u>
	Comprehensive income attributable to:								
	Attributable to owners of parent	\$ 1,150,955	8	545,663	5	2,203,076	9	1,235,861	5
	Attributable to non-controlling interests	3,902	-	(1,899)	-	7,913	-	1,935	-
		<u>\$ 1,154,857</u>	<u>8</u>	<u>543,764</u>	<u>5</u>	<u>2,210,989</u>	<u>9</u>	<u>1,237,796</u>	<u>5</u>
	Earnings per share: (note 6(w))								
9750	Basic net income per share	<u>\$ 5.41</u>		<u>3.69</u>		<u>9.52</u>		<u>7.76</u>	
9850	Diluted net income per share	<u>\$ 5.27</u>		<u>3.67</u>		<u>9.26</u>		<u>7.69</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 Changes in Equity

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
					Legal reserve	Unappropriated retained earnings	Total		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity			
Balance at January 1, 2023	\$ 1,816,996	-	-	2,343,848	1,872,728	6,168,925	8,041,653	(47,734)	804,881	757,147	12,959,644	311,355	13,270,999
Profit for the six months ended June 30, 2023	-	-	-	-	-	1,409,553	1,409,553	-	-	-	1,409,553	2,065	1,411,618
Other comprehensive income	-	-	-	-	-	-	-	(58,910)	(114,782)	(173,692)	(173,692)	(130)	(173,822)
Total comprehensive income	-	-	-	-	-	1,409,553	1,409,553	(58,910)	(114,782)	(173,692)	1,235,861	1,935	1,237,796
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	-	-	90,952	-	-	-	-	-	-	-	90,952	-	90,952
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	-	-	-	-	-	-	-	-	-	-	-	(36,338)	(36,338)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(24,175)	(24,175)	-	24,175	24,175	-	-	-
Balance at June 30, 2023	\$ 1,816,996	-	90,952	1,711,631	2,176,321	6,160,512	8,336,833	(106,644)	714,274	607,630	12,564,042	276,952	12,840,994
Balance at January 1, 2024	\$ 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
Profit for the six months ended June 30, 2024	-	-	-	-	-	1,795,649	1,795,649	-	-	-	1,795,649	7,557	1,803,206
Other comprehensive income	-	-	-	-	-	-	-	94,236	313,191	407,427	407,427	356	407,783
Total comprehensive income	-	-	-	-	-	1,795,649	1,795,649	94,236	313,191	407,427	2,203,076	7,913	2,210,989
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	-	280,585	(280,585)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(1,698,296)	(1,698,296)	-	-	-	(1,698,296)	-	(1,698,296)
Other changes in capital surplus:													
Cash dividends from capital surplus	-	-	-	(188,700)	-	-	-	-	-	-	(188,700)	-	(188,700)
Conversion of convertible bonds	5	640	-	11,785	-	-	-	-	-	-	12,430	-	12,430
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(42,716)	(42,716)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	12,360	12,360	-	(12,360)	(12,360)	-	-	-
Balance at June 30, 2024	\$ 1,887,001	640	-	2,511,926	2,456,906	7,410,111	9,867,017	3,783	1,167,208	1,170,991	15,437,575	200,443	15,638,018

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 six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2024	2023 (Restated)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,308,706	1,907,261
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	209,788	201,482
Amortization expense	31,636	36,372
Expected credit loss (gain)	3,616	(18,455)
Net gain on financial assets and liabilities at fair value through profit or loss	(59,765)	(69,278)
Interest expense	56,708	37,773
Interest income	(43,512)	(38,477)
Dividends income	(71,113)	(104,222)
Compensation cost of share-based payments	-	36,815
Share of profit of associates and joint ventures accounted for using equity method	(292,399)	(286,356)
Loss on disposal of property, plant and equipment, net	3,053	20,622
Gain on disposal of right-of-use assets, net	-	(220)
Others	8,587	3,557
Total adjustments to reconcile profit	<u>(153,401)</u>	<u>(180,387)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	55,816	(238,043)
(Increase) decrease in notes and accounts receivable	(1,149,613)	75,814
Increase in inventories	(342,442)	(134,233)
Decrease (increase) in financial assets at fair value through profit or loss	119,367	(79,100)
Decrease in other current assets	76,087	46,311
(Increase) decrease in other financial assets	(670)	17,967
Total changes in operating assets	<u>(1,241,455)</u>	<u>(311,284)</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	344,739	(82,163)
Increase (decrease) in notes and accounts payable	1,219,619	(1,349,184)
Increase (decrease) in other current financial liabilities	85,687	(48,463)
(Decrease) increase in provisions	(18,050)	178,686
Decrease in refund liabilities	(8,380)	(2,027)
Increase in other current liabilities	6,460	17,595
Increase in others	240	301
Total changes in operating liabilities	<u>1,630,315</u>	<u>(1,285,255)</u>
Total changes in operating assets and liabilities	<u>388,860</u>	<u>(1,596,539)</u>
Total adjustments	<u>235,459</u>	<u>(1,776,926)</u>
Cash inflow generated from operations	2,544,165	130,335
Interest received	38,640	37,654
Dividends received	248,456	260,000
Interest paid	(46,032)	(35,710)
Income taxes paid	(641,734)	(710,304)
Net cash flows from (used in) operating activities	<u>2,143,495</u>	<u>(318,025)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(57,000)	-
Proceeds from disposal of financial assets at fair valued through profit or loss	123,989	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	47,358	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	10,800
Acquisition of investments accounted for using equity method	(57,778)	(16,700)
Proceeds from disposal of subsidiaries (Deduction of cash decrease)	(4,375)	-
Acquisition of property, plant and equipment	(4,049,610)	(154,902)
Proceeds from disposal of property, plant and equipment	220	2,693
Increase in prepayments of land and buildings	-	(810,000)
Decrease in refundable deposits	14,589	40,066
Acquisition of intangible assets	(10,396)	(6,098)
Increase in other non-current assets	(77,150)	(21,184)
Increase in restricted assets	(16,819)	(8,524)
Net cash flows used in investing activities	<u>(4,086,972)</u>	<u>(963,849)</u>
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(1,411,841)	1,182,076
Proceeds from issuance of bonds	-	1,007,039
Addition of long-term borrowings	1,652,810	10,770
Repayments of long-term borrowings	(42,028)	(39,750)
Increase (decrease) in guarantee deposits received	4,634	(4,590)
Payment of lease liabilities	(75,285)	(71,933)
Issue of shares-Advance receipts for share capital	-	90,952
Changes in non-controlling interests	(11,962)	12,707
Net cash flows from financing activities	<u>116,328</u>	<u>2,187,271</u>
Effect of exchange rate changes on cash and cash equivalents	<u>105,901</u>	<u>(71,265)</u>
Net decrease in cash and cash equivalents	<u>(1,721,248)</u>	<u>834,132</u>
Cash and cash equivalents at the beginning of period	<u>6,484,853</u>	<u>5,335,081</u>
Cash and cash equivalents at the end of period	<u><u>\$ 4,763,605</u></u>	<u><u>6,169,213</u></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

June 30, 2024 and 2023

(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 July 30, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- 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”

- (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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Taiwan E&M System Inc. (Taiwan E&M)	Sales of electronic material	100%	100%	100%	
"	Topco Group Ltd. (Topco Group)	Investment	100%	100%	100%	
"	Topco International Investment Co., Ltd. (Topco International Investment)	Investment	100%	100%	100%	

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Topco Investment Co., Ltd. (Topco Investment)	Investment	100%	100%	100%	
"	ECO Technical Services Co., Ltd. (Chien Yueh)	Water purification and construction of dust-proof room	100%	100%	100%	
"	Anyong Biotechnology, Inc. (Anyong Biotechnology)	Aquaculture and strategic partnership with fish processing	100%	100%	100%	
"	Anyong FreshMart, Inc. (Anyong FreshMart)	Wholesale and retail sales of fishery products and supermarket operation	100%	100%	100%	
"	Xiang Yueh Co., Ltd. (Xiang Yueh)	Waste Disposal	100%	100%	100%	Xiang Yueh acquired a court approval letter for liquidation in June 2024, and the distribution of the remaining assets was pending.
"	Jia Yi Energy Co., Ltd. (Jia Yi Energy)	Solar system engineering	84%	84%	84%	The Company and Topco International Investment jointly held its entire shares.
"	Yilan Anyong Lohas Co., Ltd. (Anyong Lohas)	Restaurant and retail sales of food products	100%	100%	100%	
"	Topscience (s) Pte Ltd. (Topscience (s))	Sales of parts of semiconductor and optoelectronic industries	100%	100%	100%	Note
"	Unitech New Energy Engineering Co., Ltd. (Unitech New Energy Engineering)	Environment-related engineering planning, assessment, supervision and monitoring	77.60%	77.60%	77.60%	
"	Topco Scientific USA Corp. (Topco Scientific USA)	Wholesale of semiconductor material	100%	100%	100%	
"	Xports Sports Co. Ltd (Xports Sports)	Sport Training	100%	100%	100%	
"	Topco Scientific (Japan) Co., Ltd. (Topco Japan)	Sales of facilities of semiconduction and clean room	100%	100%	-%	In order to coordinate the adjustment of the Group's organization, the Company purchased all of shares from Topco International Investment in October 2023.
Topco Group	Asia Topco Holding Ltd. (Asia Cayman)	Investment	100%	100%	100%	

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
Topco Group	Hong Kong Topco Trading Limited (Topco Trading)	Wholesale of semiconductor material and electronic material	100%	100%	100%	Note
Asia Cayman	Asia Topco Investment Ltd. (Asia Topco)	Investment	100%	100%	100%	
Asia Topco	Topco Scientific (Shanghai) Co., Ltd. (Topco Shanghai)	Wholesale of semiconductor material and electronic material	100%	100%	100%	
"	Suzhou Topco Construction Ltd. (Topco Suzhou)	Water purification and cleanroom construction	100%	100%	100%	
"	Topco Chemical (Z.F.T.Z.) Co., Ltd. (Topco Chemical)	Wholesale and sales of chemical products	100%	100%	100%	
Topco Shanghai	Shanghai Chong Yao Trading Co., Ltd. (Shanghai Chong Yao)	Wholesale of semiconductor material and electronic material	98%	98%	98%	Topco Shanghai and Topco Suzhou held its 100% shares jointly. (Note)
"	Shanghai perfect microelectronics Co., Ltd.	IC Design Company	49%	51%	51%	The company transferred 2% of its shareholding to Shanghai Tx semiconductor and lost control in January, 2024. (Note)
Topco Suzhou	Shanghai Chong Yao	Wholesale of semiconductor material and electronic material	2%	2%	2%	
"	Topco Engineering (Suzhou) Ltd.. (Topco Engineering)	Water purification and cleanroom construction	100%	100%	100%	Note
Topco Chemical	Chongling Chemical Product Trading (Z.F.T.Z.) Co., Ltd. (Chongling Chemical)	Wholesale and sales of chemical products	70%	70%	70%	Note
Topscience (s)	Topscience Vietnam Co., Ltd. (Topscience Vietnam)	Sales of parts of semiconductor and optoelectronic industries	100%	100%	100%	Note
"	Anyong (s) Pte. LTD. (Anyong (s))	Wholesale and retail sales of fishery products	100%	100%	100%	Note
"	Ping Yue Technologies SDN.BHD. (Ping Yue Technologies)	Sales of semiconductor material and equipment	100%	100%	100%	Note
Topco International Investment	Cityspace International Co., Ltd. (Cityspace)	Wholesale and sales of cosmetic	67%	67%	67%	

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
Topco International Investment	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%	100%	
"	Jia Yi Energy	Solar system engineering	16%	16%	16%	
"	Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	Sales of health food products	100%	100%	100%	
"	Topchem Materials Corp. (Topchem Materials)	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	100%	100%	100%	
"	Tai Ying Resource Industrial Corp. (Tai Ying Resource)	Waste Disposal Industry	48.80%	48.80%	48.80%	Topco International Investment and Chien Yueh held its 51.85% shares jointly.
"	Topchip electronic Co. Ltd. (Topchip)	IC Design and Sales Company	100%	100%	100%	
"	Thermaltake green power Co. Ltd- (Thermaltake green power)	Renewable-energy-based electricity retailing	100%	100%	100%	
Topco Investment	Multi Rich Technology Co., Ltd. (Multi Rich Technology)	Wholesale of fishery products	-%	98%	98%	Multi Rich Technology completed the liquidation procedures in April 2024.
"	Ding Yue Solar Co., Ltd. (Ding Yue Solar)	Development of renewable energy projects	100%	100%	100%	
"	Min Jen Restaurant Business Co., Ltd. (Min Jen Restaurant)	Restaurant	-%	-%	69%	Min Jen Restaurant had 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%	55%	
Jia Yi Energy	Jing Chen Energy Co., Ltd. (Jing Chen Energy)	Development of renewable energy projects.	100%	100%	100%	
"	Jing Yang Energy Co., Ltd. (Jing Yang Energy)	"	100%	100%	100%	
"	Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)	"	100%	100%	100%	
Taiwan E&M	Top Vacuum Co., Ltd. (Top Vacuum)	Vacuum pump equipment maintenance	60%	60%	60%	

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
Chien Yueh	Tai Ying Resource	Waste Disposal Industry	3.1%	3.1%	3.1%	
"	Unitech New Energy Engineering	Environment-related engineering planning, assessment, supervision and monitoring	1%	1%	1%	
Topco Japan	Shunkawa Corporation (Shunkawa)	Import and export of semiconductor raw materials	100%	100%	100%	
Tai Ying Resource	Tai Ying Global Trading Ltd., Co. (Tai Ying Global Trading)	International trading company	100%	100%	100%	

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

(c) 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.

(Continued)

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

(d) Employee benefits

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

(e) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are received on an ongoing basis which is in conformity with the consolidated interim financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note 6 of the 2023 annual consolidated financial statements.

(Continued)

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

(a) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023 (Restated)	January 1, 2023 (Restated)
Cash on hand	\$ 16,233	14,723	21,315	21,225
Checking accounts and demand deposits	3,663,255	2,748,109	3,384,325	3,045,533
Time deposits	1,084,117	3,722,021	2,763,573	2,268,323
	\$ 4,763,605	6,484,853	6,169,213	5,335,081

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 \$1,031,642 and \$1,035,558 for June 30, 2023 and January 1, 2023, 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 \$3,916 in the second quarter of 2023.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificate-Funds	\$ 315,350	432,055	270,363
Domestic listed stocks	215,005	212,336	174,019
Foreign listed stocks	66,704	63,214	40,068
Unlisted stocks and limited partnership	353,896	377,589	376,262
Foreign unlisted funds	45,481	38,418	53,783
Convertible bonds – embedded derivatives	585	-	100
	\$ 997,021	1,123,612	914,595
Current	\$ 315,350	432,055	270,363
Non-current	681,671	691,557	644,232
	\$ 997,021	1,123,612	914,595

The gain or loss on valuation of financial assets at fair value of the Group for the three months and six months ended June 30, 2024 and 2023, was a gain of \$2,663, a loss of \$40,248, a gain of \$59,765 and a gain of \$69,278, respectively.

- (i) The Group’s information of convertible bonds - embedded derivatives, please refer to note 6(o).

(Continued)

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

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

(iii) As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide financial assets as collateral for its loans.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Equity investments at fair value through other comprehensive income			
Domestic listed stocks	\$ 308,122	194,250	191,750
Domestic unlisted stocks	1,334,036	1,182,075	1,032,329
	<u><u>\$ 1,642,158</u></u>	<u><u>1,376,325</u></u>	<u><u>1,224,079</u></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 sold part of the stocks designated as at fair value through other comprehensive income in June 2024. The stocks sold had a fair value of \$47,358, and the Group transferred the foregoing cumulative gain on disposal of \$12,360 from other equity to retained earnings.

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 three months and six months ended June 30, 2024 and 2023, the Group's unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income was a gain of \$102,861, a loss of \$59,148, a gain of \$313,193 and a loss of \$114,782, respectively.

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

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide financial assets as collateral for its loans.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable from operating activities	\$ 27,617	16,374	88,799
Accounts receivable from measured as amortized cost	7,819,767	6,681,397	7,066,321
Less: loss allowance	47,032	42,398	46,966
	<u><u>\$ 7,800,352</u></u>	<u><u>6,655,373</u></u>	<u><u>7,108,154</u></u>
Notes and accounts receivable, net	<u><u>\$ 7,685,056</u></u>	<u><u>6,523,205</u></u>	<u><u>6,962,164</u></u>
Notes and accounts receivable due from related parties, net	<u><u>\$ 115,296</u></u>	<u><u>132,168</u></u>	<u><u>145,990</u></u>

(Continued)

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

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

June 30, 2024			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,729,353	0.10%	6,824
Overdue 0-30 days	639,440	1.00%	6,387
Overdue 31-60 days	121,450	3.00%	3,644
Overdue 61-90 days	115,235	4.94%	5,695
Overdue over 91 days	241,906	10.12%	24,482
	\$ 7,847,384		47,032
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
June 30, 2023			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,213,814	0.17%	10,394
Overdue 0-30 days	584,409	1.00%	5,844
Overdue 31-60 days	92,091	3.00%	2,763
Overdue 61-90 days	145,458	5.00%	7,273
Overdue over 91 days	119,348	17.34%	20,692
	\$ 7,155,120		46,966

(Continued)

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

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

	For the six months ended June 30,	
	2024	2023
Balance at January 1	\$ 42,398	66,543
Impairment losses recognized (reversed)	3,616	(18,455)
Foreign exchange gain (losses)	1,018	(1,122)
Balance at June 30	<u><u>\$ 47,032</u></u>	<u><u>46,966</u></u>

(e) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Merchandise inventories	\$ 4,343,289	4,019,342	5,278,903
Work in progress	3,585	7,058	18,591
Raw materials	54,317	52,287	47,448
Goods in transits	<u>83,669</u>	<u>63,731</u>	<u>80,578</u>
	<u><u>\$ 4,484,860</u></u>	<u><u>4,142,418</u></u>	<u><u>5,425,520</u></u>

The details of the cost of sales were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Cost of sales	\$ 10,262,671	8,916,305	19,103,769	17,953,116
Provision (reversal) for inventory valuation loss and obsolescence	(386)	2,394	(293)	(237)
Loss on indemnity of inventory and others	<u>92</u>	<u>108</u>	<u>214</u>	<u>164</u>
	<u><u>\$ 10,262,377</u></u>	<u><u>8,918,807</u></u>	<u><u>19,103,690</u></u>	<u><u>17,953,043</u></u>

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide inventories as collateral for its loans.

(Continued)

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

(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>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
The carrying amount of individually insignificant associates' equity	\$ <u>2,419,279</u>	<u>2,367,555</u>	<u>2,181,817</u>
	<u>For the three months ended</u> <u>June 30,</u>	<u>For the six months ended</u> <u>June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Attributable to the Group:			
Profit from continuing operations	\$ 183,298	147,799	292,399
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	\$ <u>183,298</u>	<u>147,799</u>	<u>292,399</u>

- (ii) As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(g) Changes in ownership of subsidiaries

- (i) In the first quarter of 2023, the Company failed to subscribe proportionately in the cash capital increase of its subsidiary, Xiang Yueh, due to issued new shares and repurchase shares from minority interest resulting in a decrease in its net equity in Xiang Yueh by \$1,260. From January 1, 2023 to June 30, 2023, due to the aforementioned transactions, it resulted in a decrease in capital surplus by \$1,260.
- (ii) 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 for the six months ended June 30, 2024 and 2023, resulting in the remaining amount of \$8,064 to be recognized as other current financial liabilities in the balance sheet.

(Continued)

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

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2024 and 2023 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, 2024	\$ 767,044	1,616,019	2,713,356	5,096,419
Additions	2,558,919	1,401,151	60,749	4,020,819
Disposal	-	(2,865)	(33,882)	(36,747)
Reclassifications	852,100	523,416	(4,912)	1,370,604
Effect of movements in exchange rates	4,569	4,599	1,585	10,753
Balance at June 30, 2024	<u>\$ 4,182,632</u>	<u>3,542,320</u>	<u>2,736,896</u>	<u>10,461,848</u>
Balance at January 1, 2023	\$ 767,057	1,644,164	2,397,995	4,809,216
Additions	-	4,051	151,690	155,741
Disposal	-	(559)	(75,539)	(76,098)
Reclassifications	-	331	(553)	(222)
Effect of movements in exchange rates	1,126	(2,721)	(1,507)	(3,102)
Balance at June 30, 2023	<u>\$ 768,183</u>	<u>1,645,266</u>	<u>2,472,086</u>	<u>4,885,535</u>
Depreciation and impairments loss:				
Balance at January 1, 2024	\$ -	411,308	888,360	1,299,668
Depreciation	-	23,869	103,142	127,011
Disposal	-	(2,624)	(30,850)	(33,474)
Reclassifications	-	-	(268)	(268)
Effect of movements in exchange rates	-	1,618	758	2,376
Balance at June 30, 2024	<u>\$ -</u>	<u>434,171</u>	<u>961,142</u>	<u>1,395,313</u>
Balance at January 1, 2023	\$ -	392,180	773,034	1,165,214
Depreciation	-	27,262	96,072	123,334
Disposal	-	(560)	(52,223)	(52,783)
Reclassifications	-	-	(72)	(72)
Effect of movements in exchange rates	-	(1,329)	(881)	(2,210)
Balance at June 30, 2023	<u>\$ -</u>	<u>417,553</u>	<u>815,930</u>	<u>1,233,483</u>
Carrying amounts:				
Balance at January 1, 2024	<u>\$ 767,044</u>	<u>1,204,711</u>	<u>1,824,996</u>	<u>3,796,751</u>
Balance at June 30, 2024	<u>\$ 4,182,632</u>	<u>3,108,149</u>	<u>1,775,754</u>	<u>9,066,535</u>
Balance at January 1, 2023	<u>\$ 767,057</u>	<u>1,251,984</u>	<u>1,624,961</u>	<u>3,644,002</u>
Balance at June 30, 2023	<u>\$ 768,183</u>	<u>1,227,713</u>	<u>1,656,156</u>	<u>3,652,052</u>

In order to accommodate business development and ensure corporate sustainable operation, the Board of Directors resolved to purchase an office building on Zhousi Street in Neihu, for a total contract price of \$5,350,000 thousand. The Group completed the transfer registration in March 2024.

(Continued)

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

As of June 30, 2024, the Group provided property, plant and equipment as collateral for its long-term loans. As of December 31, 2023 and June 30, 2023, the Group did not provide any property, plant and equipment as collateral for its loans.

(i) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and others</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 23,176	760,051	103,264	886,491
Additions	-	117,321	10,789	128,110
Disposals	(1,645)	(17,626)	(19,011)	(38,282)
Effect of movements in exchange rates	-	2,028	-	2,028
Balance at June 30, 2024	<u><u>\$ 21,531</u></u>	<u><u>861,774</u></u>	<u><u>95,042</u></u>	<u><u>978,347</u></u>
Balance at January 1, 2023	\$ 23,176	674,459	103,321	800,956
Additions	1,582	16,826	5,857	24,265
Disposals	(1,582)	(21,620)	(6,232)	(29,434)
Effect of movements in exchange rates	-	(1,634)	-	(1,634)
Balance at June 30, 2023	<u><u>\$ 23,176</u></u>	<u><u>668,031</u></u>	<u><u>102,946</u></u>	<u><u>794,153</u></u>
Depreciation:				
Balance at January 1, 2024	\$ 6,216	275,090	54,668	335,974
Depreciation	1,789	62,067	15,626	79,482
Disposals	(1,645)	(16,860)	(17,989)	(36,494)
Effect of movements in exchange rates	-	1,155	-	1,155
Balance at June 30, 2024	<u><u>\$ 6,360</u></u>	<u><u>321,452</u></u>	<u><u>52,305</u></u>	<u><u>380,117</u></u>
Balance at January 1, 2023	\$ 4,150	223,265	41,849	269,264
Depreciation	1,824	59,013	14,054	74,891
Disposals	(1,582)	(15,225)	(6,232)	(23,039)
Effect of movements in exchange rates	-	(898)	-	(898)
Balance at June 30, 2023	<u><u>\$ 4,392</u></u>	<u><u>266,155</u></u>	<u><u>49,671</u></u>	<u><u>320,218</u></u>
Carrying amount:				
Balance at January 1, 2024	<u><u>\$ 16,960</u></u>	<u><u>484,961</u></u>	<u><u>48,596</u></u>	<u><u>550,517</u></u>
Balance at June 30, 2024	<u><u>\$ 15,171</u></u>	<u><u>540,322</u></u>	<u><u>42,737</u></u>	<u><u>598,230</u></u>
Balance at January 1, 2023	<u><u>\$ 19,026</u></u>	<u><u>451,194</u></u>	<u><u>61,472</u></u>	<u><u>531,692</u></u>
Balance at June 30, 2023	<u><u>\$ 18,784</u></u>	<u><u>401,876</u></u>	<u><u>53,275</u></u>	<u><u>473,935</u></u>

(Continued)

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

(j) Investment property

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

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

	<u>Buildings</u>
Carrying amount:	
Balance at January 1, 2024	\$ <u>133,652</u>
Balance at June 30, 2024	\$ <u>133,955</u>
Balance at January 1, 2023	\$ <u>139,591</u>
Balance at June 30, 2023	\$ <u>135,140</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2024 and 2023. Information on depreciation for the period is discussed in note 12(a). Please refer to note 6(j) of the 2023 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from those disclosed in the note 6(j) of the annual consolidated financial statements for the year ended December 31, 2023.

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any investment properties as collateral for its loan.

(k) Intangible assets

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

	<u>Goodwill</u>	<u>Unrealized orders</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2024	\$ <u>226,251</u>	<u>42,957</u>	<u>100,107</u>	<u>70,664</u>	<u>439,979</u>
Balance at June 30, 2024	\$ <u>226,251</u>	<u>32,127</u>	<u>93,839</u>	<u>48,313</u>	<u>400,530</u>
Balance at January 1, 2023	\$ <u>226,251</u>	<u>64,616</u>	<u>112,645</u>	<u>64,571</u>	<u>468,083</u>
Balance at June 30, 2023	\$ <u>226,251</u>	<u>53,786</u>	<u>106,377</u>	<u>51,155</u>	<u>437,569</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2024 and 2023. Please refer to note 6(k) of the 2023 annual consolidated financial statements for other related information.

(Continued)

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

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

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

	June 30, 2024	December 31, 2023	June 30, 2023 (Restated)	January 1, 2023 (Restated)
Restricted assets	\$ 169,860	168,184	76,290	67,141
Other receivables	56,103	50,561	40,639	57,783
Dividends receivables	124,796	-	140,942	-
	<u><u>\$ 350,759</u></u>	<u><u>218,745</u></u>	<u><u>257,871</u></u>	<u><u>124,924</u></u>

As of June 30, 2024, December 31 and June 30, 2023, \$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:

	June 30, 2024	December 31, 2023	June 30, 2023
Restricted assets	\$ 50,694	35,551	35,177
Refundable deposits	252,620	267,209	263,183
Prepayments of land and buildings	-	1,375,516	810,000
Prepayment of investments	72,170	-	15,000
Prepayment of equipments	15,110	-	7,216
Others	3,124	13,490	3,124
	<u><u>\$ 393,718</u></u>	<u><u>1,691,766</u></u>	<u><u>1,133,700</u></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 party. The transfer was completed and therefore the prepayments of land and buildings were reclassified to property, plant and equipment in March 2024.

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any increase in restricted assets as collateral for its loan, please refer to note 8.

(Continued)

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:

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ <u>856,553</u>	<u>2,268,394</u>	<u>1,937,109</u>
Unused credit lines	\$ <u>13,417,045</u>	<u>11,182,160</u>	<u>10,163,998</u>
Range of interest rates	<u>1.68%~6.33%</u>	<u>1.56%~6.73%</u>	<u>1.30%~6.15%</u>

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

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

(n) Long-term borrowings

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

June 30, 2024				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.81%~2.60%	2025.10~2036.9	\$ 1,504,797
Secured bank loans	TWD	2.12%	2044.1	1,480,000
Less: current portion				(92,647)
Total				<u>\$ 2,892,150</u>
Unused credit lines				<u>\$ 420,000</u>
December 31, 2023				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.69%~2.60%	2024.4~2036.9	\$ 1,374,015
Less: current portion				(82,450)
Total				<u>\$ 1,291,565</u>
Unused credit lines				<u>\$ 84,060</u>
June 30, 2023				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.7%~2.55%	2024.4~2036.9	\$ 1,365,914
Less: current portion				(81,381)
Total				<u>\$ 1,284,533</u>
Unused long-term credit lines				<u>\$ 48,460</u>

- (i) For the six months ended June 30, 2024 and 2023, the Group had the additional long-term borrowings amounting to \$1,652,810 and \$10,770, respectively; the repayment amounted to \$42,028 and \$39,750, respectively.

(Continued)

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

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

(o) Convertible bonds payable

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

	June 30, 2024	December 31, 2023	June 30, 2023
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(32,268)	(40,871)	(49,100)
Cumulative converted amounts	(12,900)	-	-
	954,832	959,129	950,900
Unamortized issuing costs of corporate bonds payable	(1,831)	(2,320)	(2,787)
Corporate bonds issued balance at year-end	<u><u>\$ 953,001</u></u>	<u><u>956,809</u></u>	<u><u>948,113</u></u>
Embedded derivatives — call option, include in non-current financial assets at fair value through profit or loss	<u><u>\$ 585</u></u>	<u><u>-</u></u>	<u><u>100</u></u>
Equity component — conversion rights, include in capital surplus	<u><u>\$ 58,267</u></u>	<u><u>59,026</u></u>	<u><u>59,026</u></u>
		For the three months ended June 30, 2024	For the six months ended June 30, 2024
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><u>\$ 585</u></u>	<u><u>585</u></u>
Interest expenses		<u><u>\$ (4,298)</u></u>	<u><u>(8,622)</u></u>

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

During the six months ended June 30, 2024, the bondholders exercised their conversion rights for convertible bonds with a face value of \$12,900, which were converted into ordinary shares and bond conversion entitlement certificates of \$5 and \$640, respectively, offsetting the discount on the bonds payable of \$470. The capital surplus generated was recognized at \$11,785 (including the write-down on capital surplus - stock options of \$759). As of June 30, 2024, there was still a remaining face value of \$987,100 of corporate bonds that has not been converted. In addition to the above, the Group did not issue, repurchase, or repay any outstanding corporate bonds for the six months ended June 30, 2024. Please refer to note 6(o) of the 2023 annual consolidated financial statement, for other related information.

(Continued)

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

(p) Lease liabilities

The lease liabilities of the Group were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ <u>139,216</u>	<u>133,265</u>	<u>132,033</u>
Non-current	\$ <u>461,465</u>	<u>415,479</u>	<u>345,190</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>2,133</u>	<u>2,065</u>	<u>4,333</u>	<u>4,266</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>4,993</u>	<u>4,479</u>	<u>10,960</u>	<u>8,676</u>
Expenses relating to short-term leases	\$ <u>5,177</u>	<u>4,293</u>	<u>10,352</u>	<u>7,934</u>
Expense relating to leases of low- value assets, excluding short-term leases of low-value assets	\$ <u>3,203</u>	<u>3,699</u>	<u>6,881</u>	<u>7,114</u>

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

	For the six months ended June 30,	
	2024	2023
Total cash outflow for leases	\$ <u>107,811</u>	<u>99,923</u>

(i) Real estate leases

As of June 30, 2024, December 31 and June 30, 2023, the Group leases land and buildings for its office space, erecting solar power generation equipment and retail stores. The leases of office space typically run for a period of 1 to 20 years, of erecting solar power generation equipment for 20 years, and of retail stores for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(Continued)

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

(ii) Other leases

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

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

(q) Provisions

	Warranties	Onerous contracts	Total
Balance at January 1, 2024	\$ 219,519	83,384	302,903
Provisions made during the period	5,636	32,235	37,871
Provisions used during the period	(21,268)	-	(21,268)
Provisions reversed during the period	(2,498)	(37,978)	(40,476)
Effect of changes in foreign exchange rates	5,375	448	5,823
Balance at June 30, 2024	\$ 206,764	78,089	284,853
Balance at January 1, 2023	\$ 23,805	157,566	181,371
Provisions made during the period	215,811	-	215,811
Provisions used during the period	(9,249)	-	(9,249)
Provisions reversed during the period	(267)	(21,502)	(21,769)
Effect of changes in foreign exchange rates	(6,107)	-	(6,107)
Balance at June 30, 2023	\$ 223,993	136,064	360,057

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

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

(r) Operating leases

There were no significant changes in operating lease for the six months ended June 30, 2024 and 2023. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

(Continued)

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

(s) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-off events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Administrative expenses	\$ <u>720</u>	<u>750</u>	<u>1,440</u>	<u>1,500</u>

(ii) Defined contribution plans

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating cost and expenses	\$ <u>14,238</u>	<u>13,420</u>	<u>28,424</u>	<u>27,432</u>

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating cost and expenses	\$ <u>5,148</u>	<u>4,988</u>	<u>10,206</u>	<u>9,833</u>

(t) Income taxes

(i) Income tax expenses

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Current tax expense	\$ <u>230,345</u>	<u>288,870</u>	<u>505,500</u>	<u>495,643</u>

(Continued)

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Items that will not be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ <u>6,872</u>	<u>(15,614)</u>	<u>23,560</u>	<u>(13,969)</u>
(ii) The ROC tax authorities have examined the income tax returns of Xports Sports, as well as Taiwan E&M, Kuan Yueh Technology, Anyong Biotechnology, Tai Ying, Ding Yue Solar, Multi Rich Technology, Kanbo Biomedical, Xiang Yueh, 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, Topco International Investment, Topco Investment and Anyong Lohas through 2022; the Company, Chien Yueh and Anyong Fresh Mart through 2021.				

- (u) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2024 and 2023. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

- (i) Common stock

As of June 30, 2024, December 31 and June 30, 2023, 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, 188,700 and 181,700 thousand of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

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.

The Group issued 64,500 new shares to convertible bond holders who exercised their conversion rights at face value, with a total amount of \$645 for the six months ended June 30, 2024. As of June 30, 2024, the legal registration procedures of 64,000 shares have not been completed, they are recognized as certificate of entitlement to new shares from convertible bond.

(Continued)

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Capital premium	\$ 2,450,246	2,626,402	1,612,377
Convertible bonds-conversion options	58,267	59,026	59,026
Stock option-fair value differences of associates and joint ventures accounted under equity method	2,285	2,285	2,285
Changes in the equity ownership of the subsidiaries	706	706	706
Capital increase reserved for employee stock options	-	-	36,815
Others	422	422	422
	<u>\$ 2,511,926</u>	<u>2,688,841</u>	<u>1,711,631</u>

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.

(iii) Retained earnings

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

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

1) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2023 and 2022 had been approved in the Board meeting held on February 29, 2024 and March 13, 2023, respectively. The amount of other appropriation items of earnings for 2023 had been approved in the regular shareholders' meeting on May 30, 2024 and 2023.

(Continued)

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

	2023		2022	
	Amount per share NT (Dollars)	Total amount	Amount per share NT (Dollars)	Total amount
Dividends distributed to common shareholders:				
Cash dividends	\$ 9.0	<u>1,698,296</u>	6.0	<u>1,090,198</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, 2024	\$ (90,453)	866,377	775,924
Exchange differences on foreign operations:			
The Group	94,236	-	94,236
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	313,191	313,191
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(12,360)	(12,360)
Balance at June 30, 2024	<u>\$ 3,783</u>	<u>1,167,208</u>	<u>1,170,991</u>
Balance at January 1, 2023	\$ (47,734)	804,881	757,147
Exchange differences on foreign operations:			
The Group	(58,910)	-	(58,910)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(114,782)	(114,782)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	24,175	24,175
Balance at June 30, 2023	<u>\$ (106,644)</u>	<u>714,274</u>	<u>607,630</u>

(v) Share-based payment

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

(Continued)

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

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:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>1,020,612</u>	<u>669,619</u>	<u>1,795,649</u>	<u>1,409,553</u>
Weighted-average number of outstanding ordinary shares (thousand)	<u>188,720</u>	<u>181,700</u>	<u>188,710</u>	<u>181,700</u>
Basic earnings per share (dollars)	\$ <u>5.41</u>	<u>3.69</u>	<u>9.52</u>	<u>7.76</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 1,020,612	669,619	1,795,649	1,409,553
The after-tax impact of interest on convertible bonds and other income or losses	<u>3,668</u>	<u>-</u>	<u>7,945</u>	<u>-</u>
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ <u>1,024,280</u>	<u>-</u>	<u>1,803,594</u>	<u>1,409,553</u>
Weighted-average number of outstanding ordinary shares (thousand)	188,720	181,700	188,710	181,700
Effect of dilutive potential ordinary shares (thousand)				
Employee bonuses	4,979	56	4,990	27
Effect of employee share bonuses	<u>667</u>	<u>836</u>	<u>1,174</u>	<u>1,500</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>194,366</u>	<u>182,592</u>	<u>194,874</u>	<u>183,227</u>
Diluted earnings per share (dollars)	\$ <u>5.27</u>	<u>3.67</u>	<u>9.26</u>	<u>7.69</u>

(Continued)

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

(x) Revenue from contracts with customers

(i) Details of revenue

For the three months ended June 30, 2024				
	Semiconductor and electronics divisions	Environment al engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 5,534,808	431,074	373,652	6,339,534
China	5,326,885	1,013,499	1	6,340,385
Others	927,898	178,069	5,894	1,111,861
	<u>\$ 11,789,591</u>	<u>1,622,642</u>	<u>379,547</u>	<u>13,791,780</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 11,789,591	-	-	11,789,591
Water purification and construction of dust-proof room	-	1,622,642	-	1,622,642
Others	-	-	379,547	379,547
	<u>\$ 11,789,591</u>	<u>1,622,642</u>	<u>379,547</u>	<u>13,791,780</u>
For the three months ended June 30, 2023				
	Semiconductor and electronics divisions	Environment al engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 5,084,972	634,454	369,868	6,089,294
China	4,702,791	799,904	-	5,502,695
Others	414,453	43,945	4,964	463,362
	<u>\$ 10,202,216</u>	<u>1,478,303</u>	<u>374,832</u>	<u>12,055,351</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 10,202,216	-	-	10,202,216
Water purification and construction of dust-proof room	-	1,478,303	-	1,478,303
Others	-	-	374,832	374,832
	<u>\$ 10,202,216</u>	<u>1,478,303</u>	<u>374,832</u>	<u>12,055,351</u>

(Continued)

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

For the six months ended June 30, 2024				
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 10,723,694	863,863	771,220	12,358,777
China	9,655,086	1,810,990	1	11,466,077
Others	<u>1,581,466</u>	<u>302,780</u>	<u>14,257</u>	<u>1,898,503</u>
	<u>\$ 21,960,246</u>	<u>2,977,633</u>	<u>785,478</u>	<u>25,723,357</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 21,960,246	-	-	21,960,246
Water purification and construction of dust-proof room	-	2,977,633	-	2,977,633
Others	<u>-</u>	<u>-</u>	<u>785,478</u>	<u>785,478</u>
	<u>\$ 21,960,246</u>	<u>2,977,633</u>	<u>785,478</u>	<u>25,723,357</u>
For the six months ended June 30, 2023				
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 10,230,047	1,105,957	817,217	12,153,221
China	9,348,901	2,160,213	187	11,509,301
Others	<u>860,645</u>	<u>16,535</u>	<u>7,994</u>	<u>885,174</u>
	<u>\$ 20,439,593</u>	<u>3,282,705</u>	<u>825,398</u>	<u>24,547,696</u>
Major products / services:				
Semiconductor and optoelectronic industries	\$ 20,439,593	-	-	20,439,593
Water purification and construction of dust-proof room	-	3,282,705	-	3,282,705
Others	<u>-</u>	<u>-</u>	<u>825,398</u>	<u>825,398</u>
	<u>\$ 20,439,593</u>	<u>3,282,705</u>	<u>825,398</u>	<u>24,547,696</u>

(Continued)

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

(ii) Contract balance

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and accounts receivable (including related parties)	\$ 7,847,384	6,697,771	7,155,120
Less: allowance for impairment	<u>47,032</u>	<u>42,398</u>	<u>46,966</u>
Total	<u><u>\$ 7,800,352</u></u>	<u><u>6,655,373</u></u>	<u><u>7,108,154</u></u>
Contract assets — construction	<u>\$ 1,670,187</u>	<u>1,726,003</u>	<u>1,909,796</u>
Contract liabilities — construction	\$ 1,166,455	853,781	1,276,404
Contract liabilities — unearned revenue	<u>488,950</u>	<u>456,885</u>	<u>429,239</u>
Total	<u><u>\$ 1,655,405</u></u>	<u><u>1,310,666</u></u>	<u><u>1,705,643</u></u>

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

The amounts of revenue recognized for the six months ended June 30, 2024 and 2023 that were included in contract liability balance at the beginning of the period were \$352,354 and \$275,893, 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 three months and six months ended June 30, 2024 and 2023.

(y) Remuneration to employees, directors

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

For the three months and six months ended June 30, 2024 and 2023, the Company estimated its employees' remuneration amounting to \$100,974, \$77,559, \$183,323 and \$152,654, respectively, and the directors' remuneration amounting to \$25,244, \$19,390, \$45,831 and \$38,164, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during the six months ended June 30, 2024 and 2023. 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.

(Continued)

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

For the years ended December 31, 2023 and 2022, the remunerations to employees amounted to \$306,198 and \$331,826, respectively, and the remunerations to directors and supervisors amounted to \$76,549 and \$82,956, respectively. There are no differences between the amount approved in the Board of Directors meeting and those recognized in the financial statements. Related information would be available at the Market Observation Post System website.

(z) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Government grants	\$ (2,247)	7,774	17,034	8,297
Dividends income	71,113	104,222	71,113	104,222
Rental income	2,394	2,041	4,666	4,120
Indemnity income	45	8,045	90	10,379
Others	660	483	3,770	5,646
	<u>\$ 71,965</u>	<u>122,565</u>	<u>96,673</u>	<u>132,664</u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Foreign currency exchange gains (losses), net	\$ (5,217)	(2,669)	69	(5,864)
Gains on financial assets at fair value through profit or loss, net	2,663	(40,248)	59,765	69,278
Losses on disposal of property, plant and equipment, net	(368)	(3,674)	(3,053)	(20,622)
Others	9	219	(115)	61
	<u>\$ (2,913)</u>	<u>(46,372)</u>	<u>56,666</u>	<u>42,853</u>

(Continued)

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

(aa) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(aa) of the consolidated financial statements for the year ended December 31, 2023.

(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 six months ended June 30, 2024 and 2023, the loss allowance provisions were determined as follows:

	For the six months ended	
	June 30,	
	2024	2023
Balance at January 1	\$ 14,355	14,355
Impairment loss	-	-
Balance at June 30	<u><u>\$ 14,355</u></u>	<u><u>14,355</u></u>

(Continued)

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

(ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
June 30, 2024					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 3,841,350	(4,648,373)	(1,017,961)	(751,563)	(2,878,849)
Notes and accounts payable (including related parties)	7,933,013	(7,933,013)	(7,933,013)	-	-
Accrued expenses and other payables	1,243,809	(1,243,809)	(1,243,809)	-	-
Lease liabilities (including current and non-current)	600,681	(646,623)	(147,214)	(97,585)	(401,824)
Bonds payable	953,001	(987,100)	-	(987,100)	-
Guarantee deposits received	161,942	(161,942)	-	-	(161,942)
Dividends payable	1,917,394	(1,917,394)	(1,917,394)	-	-
	<u>\$ 16,651,190</u>	<u>(17,538,254)</u>	<u>(12,259,391)</u>	<u>(1,836,248)</u>	<u>(3,442,615)</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term and long-term borrowings	\$ 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>(10,426,967)</u>	<u>(804,641)</u>	<u>(2,248,142)</u>

(Continued)

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
June 30, 2023					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 3,303,023	(3,518,936)	(2,057,572)	(107,578)	(1,353,786)
Notes and accounts payable (including related parties)	7,856,508	(7,856,508)	(7,856,508)	-	-
Accrued expenses and other payables	1,221,483	(1,221,483)	(1,221,483)	-	-
Lease liabilities (including current and non-current)	477,223	(509,052)	(138,742)	(98,481)	(271,829)
Bonds payable	948,113	(1,000,000)	-	-	(1,000,000)
Guarantee deposits received	154,360	(154,360)	-	-	(154,360)
Dividends payable	<u>1,866,041</u>	<u>(1,866,041)</u>	<u>(1,866,041)</u>	<u>-</u>	<u>-</u>
	\$ <u>15,826,751</u>	<u>(16,126,380)</u>	<u>(13,140,346)</u>	<u>(206,059)</u>	<u>(2,779,975)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

	<u>June 30, 2024</u>			<u>December 31, 2023</u>			<u>June 30, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
USD	\$ 96,061	USD/TWD= 32.45	3,117,179	85,034	USD/TWD= 30.705	2,610,969	95,131	USD/TWD= 31.14	2,962,379
USD	85,133	USD/CNY= 7.3003	2,762,552	62,421	USD/CNY= 7.0961	1,916,626	55,300	USD/CNY= 7.2723	1,722,041
JPY	4,435,748	JPY/TWD= 0.2017	894,690	4,576,599	JPY/TWD= 0.2172	994,037	5,371,947	JPY/TWD= 0.215	1,154,969
JPY	2,567,242	JPY/CNY= 0.0454	518,077	1,623,910	JPY/CNY= 0.0502	352,738	1,760,404	JPY/CNY= 0.0502	378,410

(Continued)

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

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities									
USD	\$	77,570 USD/TWD= 32.45	2,517,147	75,342 USD/TWD= 30.705	2,313,376		79,786 USD/TWD= 31.14		2,484,536
USD		78,218 USD/CNY= 7.3003	2,538,161	39,675 USD/CNY= 7.0961	1,218,214		64,653 USD/CNY= 7.2723		2,013,294
JPY		4,155,791 JPY/TWD= 0.2017	838,223	4,046,191 JPY/TWD= 0.2172	878,883		4,568,154 JPY/TWD= 0.215		982,153
JPY		1,604,197 JPY/CNY= 0.0454	323,732	1,477,776 JPY/CNY= 0.0502	320,996		2,340,087 JPY/CNY= 0.0502		503,017

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 June 30, 2024 and 2023 would have influenced the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	June 30, 2024	June 30, 2023
USD (against the TWD)		
Appreciation 5%	\$ 30,001	23,893
Depreciation 5%	(30,001)	(23,893)
JPY (against the TWD)		
Appreciation 5%	2,823	8,641
Depreciation 5%	(2,823)	(8,641)
USD (against the CNY)		
Appreciation 5%	11,220	(14,563)
Depreciation 5%	(11,220)	14,563
JPY (against the CNY)		
Appreciation 5%	9,717	(6,230)
Depreciation 5%	(9,717)	6,230

(Continued)

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

3) Foreign exchange gain and loss on monetary items

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Foreign exchange gains (losses) (including realized and unrealized portions)	\$ <u>(5,217)</u>	<u>(2,669)</u>	<u>69</u>	<u>(5,864)</u>

(iv) Interest rate analysis

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

	Carrying amount	
	June 30, 2024	June 30, 2023
Variable rate instruments:		
Financial assets	\$ 4,115,687	3,730,069
Financial liabilities	3,113,641	2,133,009

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by the amounts listed below for the six months ended June 30, 2024 and 2023, 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.

	For the six months ended June 30,	
	2024	2023
Interest rate increased by 0.25%	\$ 1,253	1,996
Interest rate decreased by 0.25%	(1,253)	(1,996)

(Continued)

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

(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:

(Continued)

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

	June 30, 2024				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Convertible bonds - embedded derivatives	\$ 585	-	-	585	585
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	315,350	315,350	-	-	315,350
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	215,005	215,005	-	-	215,005
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks	66,704	66,704	-	-	66,704
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks and limited partnership	353,896	78,458	-	275,438	353,896
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>45,481</u>	-	-	45,481	45,481
Subtotal	<u>997,021</u>				
Financial assets at fair value through other comprehensive income	<u>1,642,158</u>	318,694	-	1,323,464	1,642,158
Financial assets measured at amortized cost					
Cash and cash equivalents	4,763,605	-	-	-	-
Notes and accounts receivable (including related parties)	7,800,352	-	-	-	-
Other current financial assets	350,759	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>303,314</u>	-	-	-	-
Subtotal	<u>13,218,030</u>				
Total	<u>\$ 15,857,209</u>				

(Continued)

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

		June 30, 2024				
		Book value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Long-term and short-term bank loans	\$	3,841,350	-	-	-	-
Notes and accounts payable (including related parties)		7,933,013	-	-	-	-
Accrued expenses and other payables		1,243,809	-	-	-	-
Lease liabilities (including current and non-current)		600,681	-	-	-	-
Bonds payable		953,001	-	-	-	-
Guarantee deposits received		161,942	-	-	-	-
Dividends payable		1,917,394	-	-	-	-
Total	\$	<u>16,651,190</u>				
		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 and limited partnership		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		1,123,612				

(Continued)

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

	December 31, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	<u>1,376,325</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>\$ 16,161,668</u>				
Financial liabilities measured at amortized cost					
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>\$ 13,203,531</u>				

(Continued)

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

	June 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Convertible bonds - embedded derivatives	\$ 100	-	-	100	100
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	270,363	270,363	-	-	270,363
Non-derivative financial assets mandatorily measured at fair value through profit or loss-listed stocks	174,019	174,019	-	-	174,019
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks	40,068	40,068	-	-	40,068
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks and limited partnership	376,262	247,086	-	129,176	376,262
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>53,783</u>	-	-	53,783	53,783
Subtotal	<u>914,595</u>				
Financial assets at fair value through other comprehensive income	<u>1,224,079</u>	267,053	-	957,026	1,224,079
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,169,213	-	-	-	-
Notes and accounts receivable (including related parties)	7,108,154	-	-	-	-
Other current financial assets	257,871	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>298,360</u>	-	-	-	-
Subtotal	<u>13,833,598</u>				
Total	<u>\$ 15,972,272</u>				

(Continued)

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

	June 30, 2023				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 3,303,023	-	-	-	-
Notes and accounts payable (including related parties)	7,856,508	-	-	-	-
Accrued expenses and other payables	1,221,483	-	-	-	-
Lease liabilities (including current and non-current)	477,223	-	-	-	-
Bonds payable	948,113	-	-	-	-
Guarantee deposits received	154,360	-	-	-	-
Dividends payable	1,866,041	-	-	-	-
Total	\$ 15,826,751				

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

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

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

4) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

b) Derivative financial instruments

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

(Continued)

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

5) Transfers between levels

The Group's equity holdings in Win Win Precision Technology Co., Ltd., and TFBS BIOSCIENCE, INC., with the fair values of \$189,464 and \$48,689, which were previously categorized as Level 3, had been classified as fair value through profit or loss and fair value through other comprehensive income as of December 31, 2022 because the shares had no quoted market price and the Company used significant unobservable inputs to measure the fair value. However, since both above companies' equity shares have been listed on an active market in January and May, 2023, their fair value measurement had been reclassified from Level 3 to Level 1 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	
	Derivative financial assets - convertible bonds	Equity investment without quoted price	Debt investment without quoted price	Equity investment without quoted price	Total
Balance at January 1, 2024	\$ -	-	241,485	1,135,291	1,376,776
Total gains and losses recognized:					
In profit	585	12,816	9,618	-	23,019
In other comprehensive income	-	-	-	188,173	188,173
Purchased	-	42,000	15,000	-	57,000
Balance at June 30, 2024	<u>\$ 585</u>	<u>54,816</u>	<u>266,103</u>	<u>1,323,464</u>	<u>1,644,968</u>
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	-	-	25,157	-	25,157
In other comprehensive income	-	-	-	(189,696)	(189,696)
Proceeds of capital reduction of investment	-	-	(10,800)	-	(10,800)
Reclassify from level 3	-	(189,464)	-	(48,689)	(238,153)
Balance at June 30, 2023	<u>\$ 100</u>	<u>-</u>	<u>182,959</u>	<u>957,026</u>	<u>1,140,085</u>

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

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

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

(Continued)

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

The quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter relationships between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income — equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (9.89~92.17, 6.74~81.32 and 7.27~68.04 respectively, on June 30, 2024, December 31 and June 30, 2023) Lack of Marketability discount rate (20% all on June 30, 2024, December 31 and June 30, 2023)	The higher the multiple is, the higher the fair value will be. 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 — convertible bonds redemption right	Binomial convertible bonds pricing models	· Volatility (20.61%, 16.41% and 22.09% respectively, on June 30, 2024, December 31 and June 30, 2023)	The higher the volatility, the higher the fair value will be.

(Continued)

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

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

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

			Impacts of fair value change on net income or loss		Impacts of fair value change on other comprehensive income	
	Input	Move up or down	Favorable change	Unfavorable change	Favorable change	Unfavorabl e change
June 30, 2024						
Financial assets at fair value through profit or loss						
Convertible bonds —redemption rights	Volatility	5%	\$ 70	(50)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	66,192	(66,192)
	Lack of marketability discount	5%	\$ -	-	82,716	(82,716)
December 31, 2023						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	56,820	(56,820)
	Lack of marketability discount	5%	\$ -	-	70,947	(70,947)
June 30, 2023						
Financial assets at fair value through profit or loss						
Equity investment without quoted price	Volatility	5%	\$ 10	(10)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	47,828	(47,828)
	Lack of marketability discount	5%	\$ -	-	59,814	(59,814)

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

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(ab) of the consolidated financial statements for the year ended December 31, 2023.

(Continued)

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

(ac) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2023 for further details.

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

The Group's investing and financial activities, which did not affect its current cash flow in the six months ended June 30, 2024 and 2023, included the acquisition of right-of-use assets through lease and conversion of convertible bonds to ordinary shares. Please refer to notes 6(i) and 6(o) for details.

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes				June 30, 2024
			Additions of leases	Cancellation of leases	Foreign exchange movement	Others	
Short term borrowings	\$ 2,268,394	(1,411,841)	-	-	-	-	856,553
Long term borrowings	1,374,015	1,610,782	-	-	-	-	2,984,797
Bonds payable	956,809	-	-	-	-	(3,808)	953,001
Lease liabilities	548,744	(75,285)	128,110	(1,817)	929	-	600,681
Guarantee deposits received	157,308	4,634	-	-	-	-	161,942
Total liabilities from financing activities	<u>\$ 5,305,270</u>	<u>128,290</u>	<u>128,110</u>	<u>(1,817)</u>	<u>929</u>	<u>(3,808)</u>	<u>5,556,974</u>
	January 1, 2023	Cash flows	Non-cash changes				June 30, 2023
			Additions of leases	Cancellation of leases	Foreign exchange movement	Others	
Short term borrowings	\$ 755,033	1,182,076	-	-	-	-	1,937,109
Long term borrowings	1,394,894	(28,980)	-	-	-	-	1,365,914
Bonds payable	-	1,007,039	-	-	-	(58,926)	948,113
Lease liabilities	532,286	(71,933)	24,265	(6,615)	(780)	-	477,223
Guarantee deposits received	158,950	(4,590)	-	-	-	-	154,360
Total liabilities from financing activities	<u>\$ 2,841,163</u>	<u>2,083,612</u>	<u>24,265</u>	<u>(6,615)</u>	<u>(780)</u>	<u>(58,926)</u>	<u>4,882,719</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
Wuxi Super Sunrise Material Co., Ltd. (Wuxi Super Sunrise Material)	An associate
Xinchongxin Technology (Xinchongxin)	An associate
Topco Athletic Training Performance Development Association	Other related party

(b) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 86,375	84,327	173,087	169,827
Post-employment benefits	889	855	1,750	1,692
Share-based payments	-	6,290	-	6,290
	<u>\$ 87,264</u>	<u>91,472</u>	<u>174,837</u>	<u>177,809</u>

(c) Significant transactions with related party

(i) Sales

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Associates	\$ 3,349	1,111	4,857	2,062
Other related parties	2,909	6,572	6,295	13,855
	<u>\$ 6,258</u>	<u>7,683</u>	<u>11,152</u>	<u>15,917</u>

(Continued)

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Associates:				
Topco Quartz	\$ 79,827	113,797	178,783	197,766
Other associates	2,933	-	3,237	-
Other related parties:				
Shin-Etsu Handotai Taiwan	98,609	93,128	183,224	172,279
Other related parties	<u>66</u>	<u>50</u>	<u>128</u>	<u>129</u>
	<u>\$ 181,435</u>	<u>206,975</u>	<u>365,372</u>	<u>370,174</u>

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

(ii) Purchases

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Associates				
Topco Quartz	\$ 184,346	184,010	546,987	325,221
Other associates	45,116	8,688	85,132	26,152
Other related parties:				
Shin-Etsu Handotai Taiwan	2,220,906	1,689,097	3,485,566	3,807,498
Shin-Etsu Opto Electronic	<u>449</u>	<u>-</u>	<u>901</u>	<u>-</u>
	<u>\$ 2,450,817</u>	<u>1,881,795</u>	<u>4,118,586</u>	<u>4,158,871</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.

(Continued)

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

(iii) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	Associates:			
Accounts receivable	Topco Quartz	\$ 46,629	50,723	83,714
Accounts receivable	Other associates	-	15,717	-
	Other related parties:			
Accounts receivable	Shin-Etsu Handotai Taiwan	68,560	65,636	62,224
Accounts receivable	Other related parties	<u>107</u>	<u>92</u>	<u>52</u>
		<u><u>\$ 115,296</u></u>	<u><u>132,168</u></u>	<u><u>145,990</u></u>

(iv) Payables to related parties

The payables to related parties were as follows:

<u>Accounts</u>	<u>Relationship</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	Associates:			
Accounts payable	Topco Quartz	\$ 191,938	231,962	193,039
Accounts payable	Other associates	30,634	14,810	1,392
	Other related parties:			
Accounts payable	Shin-Etsu Handotai Taiwan	2,230,335	1,025,669	1,784,755
Accounts payable	Other related parties	<u>918</u>	<u>250</u>	<u>-</u>
		<u><u>\$ 2,453,825</u></u>	<u><u>1,272,691</u></u>	<u><u>1,979,186</u></u>

(Continued)

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	June 30, 2024	December 31, 2023	June 30, 2023
Other current financial assets	Guarantees for construction contracts, warranties, coupons, credit card readers, and fees received in advance for sport training courses	\$ 169,497	167,821	75,927
Other non-current assets – time deposits	Lease for plant, and guarantees for long term borrowings	50,694	35,551	35,177
Property, plant and equipment	Guarantees for long term borrowings	5,334,597	-	-
		<u>\$ 5,554,788</u>	<u>203,372</u>	<u>111,104</u>

(9) Commitments and contingencies:

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

	June 30, 2024	December 31, 2023	June 30, 2023
Commitments for construction contracts	<u>\$ 2,617,336</u>	<u>2,260,600</u>	<u>2,317,415</u>
Bank guarantees to construction contracts	<u>\$ 1,514,587</u>	<u>1,739,105</u>	<u>1,167,953</u>
Acquisition of property, plant and equipment	<u>\$ -</u>	<u>3,974,484</u>	<u>4,540,000</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Unused and outstanding letters of credit	<u>\$ 1,677,408</u>	<u>1,127,000</u>	<u>1,374,666</u>

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

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

(12) Other:

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

	For the three months ended June 30,					
By function	2024			2023		
By item	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	115,816	568,772	684,588	109,219	507,467	616,686
Labor and health insurance	14,443	23,438	37,881	12,453	21,359	33,812
Pension	3,174	16,932	20,106	3,095	16,063	19,158
Others	3,855	22,379	26,234	4,226	17,077	21,303
Depreciation	42,585	62,580	105,165	33,955	67,076	101,031
Amortization	605	8,495	9,100	415	17,029	17,444

	For the six months ended June 30,					
By function	2024			2023		
By item	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	235,546	1,047,410	1,282,956	219,808	966,597	1,186,405
Labor and health insurance	28,834	50,561	79,395	24,013	50,054	74,067
Pension	6,527	33,543	40,070	6,179	32,586	38,765
Others	8,123	46,650	54,773	8,225	38,631	46,856
Depreciation	85,762	124,026	209,788	68,612	132,870	201,482
Amortization	1,101	30,535	31,636	828	35,544	36,372

(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 six months ended June 30, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to table 1.
- (iii) Securities held as of June 30, 2024 (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. AND SUBSIDIARIES
Notes to the Consolidated 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.
- (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 June 30, 2024: None.

(14) Segment information:

For the three months ended June 30, 2024					
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 11,789,591	1,622,642	379,547	-	13,791,780
Intersegment revenues	150,335	36,463	38,303	(225,101)	-
Total revenue	<u>\$ 11,939,926</u>	<u>1,659,105</u>	<u>417,850</u>	<u>(225,101)</u>	<u>13,791,780</u>
Reportable segment profit or loss	<u>\$ 890,470</u>	<u>132,761</u>	<u>231,515</u>	<u>-</u>	<u>1,254,746</u>
For the three months ended June 30, 2023					
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 10,202,216	1,478,303	374,832	-	12,055,351
Intersegment revenues	97,244	25,168	71,641	(194,053)	-
Total revenue	<u>\$ 10,299,460</u>	<u>1,503,471</u>	<u>446,473</u>	<u>(194,053)</u>	<u>12,055,351</u>
Reportable segment profit or loss	<u>\$ 713,200</u>	<u>54,746</u>	<u>188,798</u>	<u>-</u>	<u>956,744</u>

(Continued)

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

For the six months ended June 30, 2024					
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 21,960,246	2,977,633	785,478	-	25,723,357
Intersegment revenues	276,344	104,232	71,460	(452,036)	-
Total revenue	<u>\$ 22,236,590</u>	<u>3,081,865</u>	<u>856,938</u>	<u>(452,036)</u>	<u>25,723,357</u>
Reportable segment profit or loss	<u>\$ 1,723,471</u>	<u>217,047</u>	<u>368,188</u>	<u>-</u>	<u>2,308,706</u>
For the six months ended June 30, 2023					
	Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 20,439,593	3,282,705	825,398	-	24,547,696
Intersegment revenues	298,308	16,390	176,782	(491,480)	-
Total revenue	<u>\$ 20,737,901</u>	<u>3,299,095</u>	<u>1,002,180</u>	<u>(491,480)</u>	<u>24,547,696</u>
Reportable segment profit or loss	<u>\$ 1,379,429</u>	<u>117,277</u>	<u>410,555</u>	<u>-</u>	<u>1,907,261</u>

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Topco Chemical	(Note 2)	(Note 4)	134,610	133,350	5,028	—	0.86%	(Note 5)	Y	N	Y
"	"	Topco Shanghai	(Note 2)	(Note 4)	291,764	177,395	177,395	—	1.15%	(Note 5)	Y	N	Y
"	"	Unitech New Energy Engineering	(Note 2)	(Note 4)	400,057	400,057	113,606	—	2.59%	(Note 5)	Y	N	N
"	"	Shanghai Chong Yao	(Note 2)	(Note 4)	44,870	44,450	-	—	0.29%	(Note 5)	Y	N	Y
"	"	Chien Yueh	(Note 2)	(Note 4)	2,095,000	1,595,000	209,014	—	10.33%	(Note 5)	Y	N	N
"	"	JiaYi Energy	(Note 2)	(Note 4)	180,000	180,000	-	—	1.17%	(Note 5)	Y	N	N
"	"	Jing Chen Energy	(Note 2)	(Note 4)	113,620	75,296	32,074	—	0.49%	(Note 5)	Y	N	N
"	"	Jing Yang Energy	(Note 2)	(Note 4)	178,600	178,600	137,740	—	1.16%	(Note 5)	Y	N	N
"	"	Jing Yueh Energy	(Note 2)	(Note 4)	250,894	250,894	168,339	—	1.63%	(Note 5)	Y	N	N
"	"	Kuan Yueh Technology	(Note 2)	(Note 4)	1,155,906	855,906	566,644	—	5.54%	(Note 5)	Y	N	N
"	"	Topscience(s)	(Note 2)	(Note 4)	1,019,270	1,016,035	204,378	—	6.58%	(Note 5)	Y	N	N
"	"	Topchem Materials	(Note 2)	(Note 4)	100,000	100,000	36,211	—	0.65%	(Note 5)	Y	N	N
"	"	Topco Engineering	(Note 2)	(Note 4)	134,610	133,350	-	—	0.86%	(Note 5)	Y	N	Y
"	"	Topscience Vietnam Co., Ltd.	(Note 2)	(Note 4)	113,908	113,575	27,610	—	0.74%	(Note 5)	Y	N	N
"	"	Topchip	(Note 2)	(Note 4)	495,961	414,025	414,025	—	2.68%	(Note 5)	Y	N	N
"	"	Shunkawa	(Note 2)	(Note 4)	63,600	60,510	-	—	0.39%	(Note 5)	Y	N	N
"	"	Topco Scientific USA	(Note 2)	(Note 4)	65,090	64,900	-	—	0.42%	(Note 5)	Y	N	N
"	"	Thermaltake green power	(Note 2)	(Note 4)	29,900	29,900	5,000	—	0.19%	(Note 5)	Y	N	N
1	Topco Suzhou	Suzhou Sujing Environmental Engineering Co., Ltd.	(Note 3)	(Note 4)	26,747	26,496	26,496	—	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	—	1.94%	(Note 7)	N	N	N
"	"	New Asia Construction & Development Corp.	(Note 3)	(Note 7)	7,544,000	7,544,000	7,544,000	—	48.87%	(Note 7)	N	N	N
3	Topchem Materials	The Company	(Note 10)	(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 \$15,437,575, 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 \$24,700,120, 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 \$22,890,075, which is 25 times of the net value of the Company's latest financial reports.

Note 7: According to the Chien Yueh' "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for a single enterprise shall not exceed \$11,811,810 and \$19,686,350, which is 30-50 times of the net value of the Chien Yueh's latest financial reports.

Note 8: According to the Topchem Materials's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for a single enterprise shall not exceed \$94,895, 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: The company that directly or indirectly holds more than 50% of the company's voting shares.

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	116	1,502	-	1,502	
The Company	Stock: Eversol Corporation	None	Non-current financial assets at fair value through other comprehensive income	230	-	8.21	-	
"	Shin-Etsu Opto Electronic	The Company is its company director	"	2,000	165,560	10	165,560	
"	Shin-Etsu Handotai Taiwan	"	"	12,000	1,106,040	8	1,106,040	
"	Everglory Resource Technology Co., Ltd.	None	"	2,000	33,000	8.18	33,000	
"	ProMOS Technologies Inc.	"	"	71	1,788	0.16	1,788	
"	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	"	"	4,300	280,790	0.73	280,790	
"	Win Win Precision Technology Co. Ltd	"	Non-current financial assets at fair value through profit or loss	1,595	50,960	2.40	50,960	
"	Barits Biofund, Inc.	"	"	7,209	76,558	3.60	76,558	
"	Shih Her Technologies Inc.	"	"	982	107,529	1.73	107,529	
"	Guangxin Venture Capital Co., Ltd.	"	"	6,667	74,733	6.67	74,733	
"	Belite Bio, Inc.	"	"	45	66,704	0.15	66,704	
"	Fu You Private Equity Fund Limited Partner	"	"	5,000	54,650	5.00	54,650	
"	Lin Bioscience, Inc.	"	"	100	9,072	0.13	9,072	
"	Foxtron Vehicle Technologies Co., Ltd.	"	"	690	33,086	0.06	33,086	
The Company	Other: LEAP FUND L.P.	None	Non-current financial assets at fair value through profit or loss	-	45,481	12.22	45,481	
Topco International Investment	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	1,010	14,175	-	14,175	
"	Hua Nan Phoenix Money Market Fund	"	"	1,206	20,287	-	20,287	
"	Stock: Win Win Precision Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	855	27,332	1.29	27,332	
"	Ultramed Technology Co., Ltd.	"	"	100	3,321	5.26	3,321	
"	Sunergy Development Corporation	"	"	285	-	19	-	
"	Mycropore Corporation Ltd.	"	"	400	3,956	2.29	3,956	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	
"	Win Win Precision Technology Co., Ltd.	"	"	711	22,704	1.07	22,704	
"	3S Silicon Tech., Inc.	"	"	370	13,168	1.00	13,168	
"	ASYS Corporation	"	"	1,200	42,816	5.28	42,816	
Topco Investment	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	302	4,237	-	4,237	
"	Stock: H2U Corporation	"	Non-current financial assets at fair value through other comprehensive income	273	9,435	0.98	9,435	
"	TFBS BIOSCIENCE, INC.	"	"	262	10,572	0.75	10,572	
"	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	1,699	14,681	5.75	14,681	
"	TFBS BIOSCIENCE, INC.	"	"	1,394	56,218	3.99	56,218	
Taiwan E&M	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	4,176	54,232	-	54,232	
"	FSITC Taiwan Money Market	"	"	3,266	51,744	-	51,744	
"	Taishin 1699 Money Market	"	"	3,540	49,692	-	49,692	
"	KGI Victory Money Market Fund	"	"	2,518	30,156	-	30,156	
Top Vacuum	Stock: ProMOS Technologies Inc	None	Non-current financial assets at fair value through other comprehensive income	14	364	-	364	
Ding Yue Solar	Fund: FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,375	-	1,375	

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	
Anyong Biotechnology	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	755	10,598	-	10,598	
Anyong FreshMart	Fund: Jih Sun Money Market Fund	None	Current financial assets at fair value through profit or loss	1,580	24,266	-	24,266	
Topchem Materials	Stock: Maniflod Technology Co.,LTD.	None	Non-current financial assets at fair value through profit or loss	400	12,000	-	12,000	
Anyong Lohas	Fund: Jih Sun Money Market Fund	None	Current financial assets at fair value through profit or loss	848	13,028	-	13,028	
Topchip	Fund: SinoPac TWD Money Market Fund	None	Current financial assets at fair value through profit or loss	1,391	20,029	-	20,029	
"	CTBC Hua Win Money Market Fund	"	"	1,758	20,029	-	20,029	
Unitech New Energy Engineering	Stock: United Microelectronics Corporation Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	10	584	-	584	
"	United Renewable Energy Co., Ltd	"	"	10	142	-	142	

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 Bulidings	2023/1/17	5,350,000	5,331,597	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 Operation purpose	None

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

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	(170,390)	(1.0%)	Net 30 days from the end of the month of delivery	-	-	Accounts receivable 65,234	2.0%	
The Company	Topco Quartz	The Company's investment accounted for using equity method	Sale	(131,185)	(1.0%)	Net 60 days from the end of the month of delivery	-	-	Accounts receivable 46,629	1.0%	
"	"	"	Purchase	402,826	3.0%	Net 60 days from the end of the month of delivery	-	-	Accounts Payable (131,062)	(4.0%)	
Topco Shanghai	Shin Etsu Handotai Taiwan	The parent company of the company is its company director	Purchase	3,461,341	65.0%	Net 90 days from the end of the month of delivery	-	-	Accounts payable (2,222,764)	(80.5%)	

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			
				Accounts name	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	Topco Shanghai	1	Accounts Receivable	38,838	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.	0.11%
"	"	"	1	Sales Revenue	112,123	"	0.44%
"	"	Shunkawa	1	Sales Revenue	81,281	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.	0.32%
1	Jia Yi Energy	Kuan Yueh Technology	3	Operating Revenue	7,349	Based on the agreement between both parties	0.03%
2	Anyong Fresh Mart.	The Company	2	Sales Revenue	7,132	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.03%
3	Taiwan E&M.	The Company	2	Sales Revenue	7,146	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%
"	"	Topsience (s)	3	Sales Revenue	4,854	"	0.02%
4	Topchem Materials	The Company	2	Operating Revenue	14,018	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.05%
5	Anyong Biotechnology	Anyong FreshMart	3	Operating Revenue	8,471	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%
6	Anyong Lohas	Anyong FreshMart	3	Operating Revenue	12,358	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.05%
7	Tai Ying Resource	Chien Yueh	3	Operating Revenue	20,069	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.	0.08%
8	Chien Yueh	The Company	2	Advance Construction Receipts	15,894	Based on the agreement between both parties	0.04%
"	"	"	2	Construction Revenue	25,756	Based on the agreement between both parties	0.10%
9	Topchip	Topco Shanghai	3	Accounts Receivable	10,080	There is no significant difference of price to general customers. The collection period is net 15 days from the end of the month of delivery.	0.03%
"	"	"	3	Sales Revenue	37,514	"	0.15%
10	Topco Suzhou	Topsience Vietnam	3	Accounts Receivable	103,768	Based on the agreement between both parties	0.29%
"	"	"	3	Construction Revenue	67,943	Based on the agreement between both parties	0.26%

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 June 30, 2024 (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 June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	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%	2,094,576	653,287	277,121	
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	514,083	37,670	37,670	Note 3
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	203,319	47,587	11,893	
	Topco Group	Samoa	Investment activities	714,206	714,206	22,432	100%	4,096,159	677,030	683,939	Note 3
	Topsience (s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	411,513	411,513	6,577	100%	627,551	41,962	41,962	Note 3
	Topco International Investment	Taipei City	Investment activities	495,000	495,000	66,962	100%	692,340	48,789	48,789	Note 3
	Topco Investment	Taipei City	Investment activities	315,000	315,000	19,009	100%	116,280	(9,960)	(9,960)	Note 3
	Chien Yueh	Taipei City	Water purification and construction of dust-proof room	475,000	475,000	53,829	100%	357,496	49,619	44,303	Note 3
	Anyong Biotechnology	Kaohsiung City	Aquaculture and strategic partnership with fish processing	540,629	540,629	30,000	100%	48,424	(20,692)	(20,692)	Note 3
	Winfull Bio-tech Co., Ltd.	Tainan City	Manufacture of organic fertilizer	35,000	35,000	3,500	39%	-	-	-	
	Anyong Fresh Mart.	Taipei City	Wholesale and retail sales of fishery products and supermarket operation	699,350	699,350	29,500	100%	100,270	(33,294)	(33,287)	Note 3
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	236,792	236,792	25,924	84%	198,911	4,361	8,099	Note 3
	Xiang Yueh	Taipei City	Waste disposal	91,170	91,170	7,340	100%	11,453	-	-	Note 3, Note 4
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	385,000	355,000	18,500	100%	46,018	(16,104)	(16,104)	Note 3
	Unitech New Energy Engineering	Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	434,560	434,560	776	77.6%	291,268	26,823	6,863	Note 3
	TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	152,011	152,011	10	100%	173,257	28,900	28,900	Note 3
	Xsport Sports	Taipei City	Sports Training	145,508	145,508	15,000	100%	105,019	(12,524)	(12,524)	Note 3
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	77,367	77,367	45	100%	78,165	8,466	8,466	
								9,754,589		1,105,438	
Topco Group	Topco Trading	Hong Kong	Wholesale of semiconductor material	48,675 (USD1,500)	48,675 (USD1,500)	1,500	100%	153,331	15,060	Investment gains (losses) recognized by Topco Group	Note 3
	Asia Topco Holding	Cayman	Investment activities	649,000 (USD20,000)	649,000 (USD20,000)	20,000	100%	3,911,939	660,583	"	Note 3
Asia Topco Holding	Asia Topco	Mauritius	Investment activities	649,000 (USD20,000)	649,000 (USD20,000)	20,000	100%	3,909,171	661,051	"	Note 3
Topsience (s)	Topsience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	106,396 (SGD4,448)	106,396 (SGD4,448)	-	100%	80,695	15,855	Investment gains (losses) recognized by Topsience (s)	Note 3
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	9,568 (SGD400)	6,363 (SGD 266)	400	100%	3,926	(1,959)	"	Note 3
Topco International Investment	Ping Yue Technology	Malaysia	Sales of semiconductor material and equipment	14,926 (SGD624)	14,926 (SGD624)	2,056	100%	7,325	(2,560)	"	Note 3
	Cityspace	Taipei City	Wholesale sales of cosmetics	12,000	12,000	1,267	67%	18,485	3,224	Investment gains (losses) recognized by Topco International Investment	Note 3
Topco	Kuan Yueh Technology	Taipei City	Development of renewable energy projects / Configure pipeline construction and device installation	183,640	149,640	23,743	100%	253,702	7,554	"	Note 3
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	28,208	28,208	5,005	16%	51,122	4,361	"	Note 3
	Kanbo Biomedical	Taipei City	Sales of health food products	6,287	6,287	1,000	100%	1,330	(30)	"	Note 3
	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	4,197	4,197	142	36%	-	-	"	
	Topchem Materials	Taipei City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	37,000	31,000	6,100	100%	94,895	13,548	"	Note 3
	Fortune	Taipei City	Clean up of waste and environmental management service	771	771	40	0.07%	571	47,587	"	
	Tai Ying Resource	Kaohsiung City	Clean up of waste	83,144	83,144	4,880	48.80%	79,608	(5,242)	"	Note 3
	EastWind Tsusho	Taipei City	Manufacturing and trading of electronic parts, etc.	5,000	5,000	500	25%	7,270	8,482	"	
	Topchip	Taipei City	IC Design and Sales Company	50,000	10,000	5,000	100%	54,540	4,488	"	Note 3
	Thermaltake green power	Taipei City	Sales of renewable energy	11,000	1,000	1,100	100%	11,418	483	"	Note 3
	Fong Rong Smart Machinery	Hsinchu City	Machinery manufacturing and repair industry	4,550	4,550	350	24%	4,914	7,893	"	
Topco Investment	Multi Rich Technology	Taichung City	Wholesale of fishery products	-	20,500	-	0%	-	-	Investment gains (losses) recognized by Topco Investment	Note 3, Note 5
	Ding Yue Solar	Taipei City	Development of renewable energy project	9,000	9,000	900	100%	3,702	-	"	Note 3
	Fei Da Intelligent Co., Ltd.	Taipei City	Manpower dispatch	8,875	8,875	725	13%	1,683	(6,389)	"	Note 2
	STARX INC.	Hsinchu City	Precision instrument manufacturing	8,000	8,000	8,626	26%	5,164	(1,453)	"	
	Yun Yueh Technology	Taichung City	Aquaculture and wholesale and sales of fishery products	555	555	60	55%	518	-	"	Note 3
	Great Talent Tech Co., Ltd.	Taipei City	Personnel training	5,000	5,000	500	31%	(30)	(4,713)	"	
Jia Yi energy	Jing Chen Energy	Taipei City	Development of renewable energy project	71,050	71,050	7,586	100%	74,097	3,033	Investment gains (losses) recognized by Jia Yi energy	Note 3
	Jing Yang Energy	Taipei City	"	86,497	86,497	8,795	100%	73,171	4,208	"	Note 3
	Jing Yueh Energy	Taipei City	"	92,160	92,160	9,122	100%	97,510	2,203	"	Note 3

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In Thousands of New Taiwan Dollars and foreign currencies)											
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying Value			
Taiwan E&M	Top Vacuum	Hsinchu City	Vacuum pump equipment maintenance	45,035	45,035	6,000	60%	78,108	16,641	Investment gains (losses) recognized by Taiwan E&M	Note 3
Chien Yueh	Tai Ying Resource	Kaohsiung City	Clean up of waste	6,261	6,261	305	3.1%	5,685	(5,242)	Investment gains (losses) recognized by Chien Yueh	Note 3
	Unitech New Energy Engineering	Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	5,600	5,600	10	1%	3,753	26,823	"	Note 3
	Reset Resource Technologies	Kaohsiung City	Clean up of waste	50,000	-	5,000	25%	49,892	(433)	"	
Topco Japan	Shunkawa	Japan	Import and export of semiconductor raw materials	60,510 (JPY300,000)	20,170 (JPY100,000)	30	100%	68,302 (JPY338,634)	12,386 (JPY59,010)	Investment gains (losses) recognized by Topco Japan	Note 3
Tai Ying Resource	Tai Ying Global Trading	Kaohsiung City	International Trading	15,000	15,000	1,500	100%	12,873	(526)	Investment gains (losses) recognized by Tai Ying Resource	Note 3

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

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

Note 3: The aforementioned transactions had been written-off the preparation of the consolidated financial statements.

Note 4: Xiang Yueh acquired a court approval letter for liquidation in June 2024, and the distribution of the remaining assets was pending.

Note 5: Multi Rich Technology had completed for liquidation procedures in April 2024.

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, 2024 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024 (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	285,236 (USD 8,790) (Note 4)	Note 1	-	-	-	-	373,200 (USD 11,702)	100%	373,200 (USD 11,702)	2,354,118 (USD 72,546)	1,503,357 (USD 47,139)
Shanghai Chong Yao	"	57,785 (RMB 13,000)	Note 5	Note 5	-	-	-	10,565 (RMB 2,395)	100%	10,565 (RMB 2,395)	95,394 (RMB 21,461)	-
Topco Suzhou	Water purification and construction of dust-proof room	343,126 (USD 10,574) (Note 4)	Note 1	-	-	-	-	109,932 (USD 3,447)	100%	109,932 (USD 3,447)	915,609 (USD 28,216)	168,454 (USD 5,282)
Topco Chemical	Wholesale and sales of chemical products	23,234 (USD 716) (Note 4)	Note 1	-	-	-	-	176,650 (USD 5,539)	100%	176,650 (USD 5,539)	544,608 (USD 16,783)	223,435 (USD 7,006)
Topco Engineering	Water purification and construction of dust-proof room	88,900 (RMB 20,000)	Note 6	Note 6	-	-	-	1,698 (RMB 385)	100%	1,698 (RMB 385)	100,630 (RMB 22,639)	-
Shanghai Perfect Microelectronics	IC Design Company	8,890 (RMB 2,000)	Note 9	-	-	-	-	(49) (RMB (11))	49%	(22) (RMB (5))	4,636 (RMB 1,043)	-
Xinchongxin Technology	Used equipment refurbishment services	16,891 (RMB 3,800)	Note 12	-	-	-	-	(3,052) (RMB (692))	35%	(1,067) (RMB (242))	6,702 (RMB 1,508)	-
Wuxi super sunrise material	Semiconductor wafer cassette recycling and cleaning service	133,350 (RMB 30,000)	Note 10	-	-	-	-	20,684 (RMB 4,689)	20%	4,023 (RMB 912)	40,582 (RMB 9,130)	-
Chung-Ling Chemical	Wholesale and sales of chemical products	44,450 (RMB 10,000)	Note 11	-	-	-	-	225 (RMB 51)	70%	159 (RMB 36)	31,208 (RMB 7,021)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
98,973 (USD 3,050) (Note 7)	750,633 (USD 23,132)	(Note 8)

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

Note 2 : The investment gains (losses) of Topco Shanghai, Topco Suzhou and Topco Chemical were recognized based on the financial statements which have been audited by the CPA; and the investment gains (losses) of other Companies were recognized based on the financial statements prepared by the subsidiaries and not audited by the CPA.

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rate of USD 1:32.45 and CNY 1:4.445, respectively, as of June 30, 2024.

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 49% and 51% of the capital contribution, respectively.

Note 10 : Wuxi super sunrise material was established by subsidiaries 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.

Note 12 : Xinchongxin Technology was established by subsidiaries Topco Shanghai, Qingfu Song and Jinping Zhang which held 35%, 55% and 10% of the capital contribution, respectively.

(iii) Significant transactions:

For the six months ended June 30, 2024, 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".