

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2020 and 2019**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Topco Scientific Co., Ltd. and its subsidiaries as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2020 and 2019, 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 Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 generally accepted auditing standards 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 \$1,430,128 thousand and \$1,789,372 thousand, constituting 7.32% and 9.99% of consolidated total assets as of March 31, 2020 and 2019, respectively, total liabilities amounting to \$533,872 thousand and \$1,386,912 thousand, constituting 4.87% and 15.65% of consolidated total liabilities as of March 31, 2020 and 2019, respectively, and total comprehensive income(loss) amounting to \$44,922 thousand and \$64,116 thousand, constituting 21.08% and 13.7% of consolidated total comprehensive income (loss) for the three months ended March 31, 2020 and 2019, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of Topco Scientific Co., Ltd. and its subsidiaries in its investee companies of \$1,614,680 thousand and \$1,302,344 thousand as of March 31, 2020 and 2019, respectively, and its equity in net earnings on these investee companies of \$85,275 thousand and \$85,958 thousand for the three months ended March 31, 2020 and 2019, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Topco Scientific Co., Ltd. and its subsidiaries as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yiu-Kwan Au and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
April 24, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2020 and 2019

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2020, December 31, 2019, and March 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2020		December 31, 2019		March 31, 2019		March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets												
Current assets:												
1100 Cash and cash equivalents (note 6(a))	\$ 2,959,977	15	3,133,630	16	2,382,690	13	698,544	4	1,038,339	5	618,307	3
1110 Current financial assets at fair value through profit or loss (note 6(b))	220,127	1	197,100	1	220,498	1	879,098	5	741,801	4	1,039,507	6
1140 Current contract assets (note 6(u))	772,413	4	581,421	3	517,550	3	3,869,120	20	4,062,497	21	3,317,237	19
1170 Notes and accounts receivable, net (note 6(d))	5,536,182	28	5,074,125	26	4,671,847	26	1,760,979	9	1,655,642	9	1,721,091	10
1180 Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	101,430	1	118,273	1	91,260	1	444,014	2	607,791	3	380,716	2
1476 Other current financial assets (notes 6(e) and 8)	116,535	1	117,748	-	119,886	1	1,181,047	6	-	-	-	-
1300 Inventories, net (note 6(f))	2,861,460	15	3,302,721	17	2,856,030	16	184,058	1	194,127	1	137,581	1
1479 Other current assets, others	409,815	2	406,622	2	772,976	4	90,205	-	86,252	-	54,058	-
	12,977,939	67	12,931,640	66	11,632,737	65	62,229	-	62,412	-	55,545	-
							65,489	-	57,737	-	26,687	-
Non-current assets:							391,213	2	229,566	1	286,041	2
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	103,176	-	111,097	-	101,738	1	9,625,996	49	8,736,164	44	7,636,770	43
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	608,626	3	829,550	4	634,084	4	492,531	3	509,382	3	441,496	2
1550 Investments accounted for using equity method (note 6(g))	1,614,680	8	1,529,405	8	1,302,344	7	298,298	1	293,681	2	295,828	2
1600 Property, plant and equipment (note 6(h))	3,507,477	18	3,521,162	18	3,620,166	20	364,352	2	364,467	2	286,134	2
1755 Right-of-use assets (note 6(i))	386,218	2	376,108	2	355,888	2	191,226	1	204,696	1	195,693	1
1760 Investment property, net (note 6(j))	119,491	1	126,075	1	63,175	-	1,346,407	7	1,372,226	8	1,223,151	7
1840 Deferred tax assets	121,555	1	115,783	1	99,132	-	10,972,403	56	10,108,390	52	8,859,921	50
1900 Other non-current assets (notes 6(k) and 8)	96,403	-	98,684	-	105,218	1	1,816,996	9	1,816,996	9	1,816,996	10
	6,557,626	33	6,707,864	34	6,281,745	35	2,340,676	12	2,340,676	12	2,340,679	13
							4,192,075	22	4,917,348	25	4,550,716	25
							195,589	1	437,194	2	323,547	2
							8,545,336	44	9,512,214	48	9,031,938	50
							17,826	-	18,900	-	22,623	-
							8,563,162	44	9,531,114	48	9,054,561	50
Total assets	\$ 19,535,565	100	19,639,504	100	17,914,482	100	\$ 19,535,565	100	19,639,504	100	17,914,482	100
Liabilities and Equity												
Current liabilities:												
2100 Short-term borrowings (note 6(l))												
2130 Current contract liabilities (note 6(u))												
2170 Notes and accounts payable												
2180 Notes and accounts payable to related parties (note 7)												
2200 Other current financial liabilities												
2216 Dividends payable												
2250 Current provisions (note 6(o))												
2280 Current lease liabilities (note 6(n))												
2320 Long-term borrowings, current portion (note 6(m))												
2365 Current refund liabilities												
2399 Other current liabilities												
Non-Current liabilities:												
2540 Long-term borrowings (note 6(m))												
2580 Non-current lease liabilities (note 6(n))												
2670 Deferred tax liabilities and other non-current liabilities												
2640 Non-current net defined benefit liability												
Total liabilities												
Equity attributable to owners of parent:												
3100 Ordinary shares (note 6(s))												
3200 Capital surplus (note 6(s))												
3300 Retained earnings (note 6(s))												
3400 Other equity (note 6(s))												
3610 Non-controlling interests												
Total equity												
Total liabilities and equity												
	\$ 19,535,565	100	19,639,504	100	17,914,482	100	\$ 19,535,565	100	19,639,504	100	17,914,482	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2020 and 2019

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

		For the three months ended March 31			
		2020		2019	
		Amount	%	Amount	%
Operating Revenues: (notes 6(u) and 7)					
4110	Net sales revenue	\$ 7,714,170	88	5,987,159	84
4520	Construction revenue	833,049	9	900,613	13
4800	Other operating revenue	<u>242,633</u>	<u>3</u>	<u>211,814</u>	<u>3</u>
	Operating revenue, net	8,789,852	100	7,099,586	100
Operating costs: (notes 6(f), 7 and 12(a))					
5110	Cost of sales	6,920,696	79	5,365,299	76
5500	Construction cost	757,613	8	795,668	11
5800	Other operating costs	<u>67,147</u>	<u>1</u>	<u>58,684</u>	<u>1</u>
		<u>7,745,456</u>	<u>88</u>	<u>6,219,651</u>	<u>88</u>
5910	Less: Unrealized profit (loss) from sales	<u>(73)</u>	<u>-</u>	<u>(73)</u>	<u>-</u>
	Gross profit	1,044,469	12	880,008	12
Operating expenses: (notes 6(v), 7 and 12(a))					
6100	Selling expenses	275,891	3	249,578	3
6200	Administrative expenses	249,419	3	218,980	3
6300	Research and development expenses	<u>18,608</u>	<u>-</u>	<u>12,627</u>	<u>-</u>
	Total operating expenses	543,918	6	481,185	6
	Net operating income	500,551	6	398,823	6
Non-operating income and expenses:					
7010	Other income (notes 6(p) and 6(w))	25,168	-	13,075	-
7020	Other gains and losses, net (note 6(x))	4,536	-	6,502	-
7050	Finance costs	<u>(8,109)</u>	<u>-</u>	<u>(8,019)</u>	<u>-</u>
7060	Share of gain of associates and joint ventures accounted for using equity method (note 6(g))	<u>85,275</u>	<u>1</u>	<u>85,958</u>	<u>1</u>
		<u>106,870</u>	<u>1</u>	<u>97,516</u>	<u>1</u>
	Profit (loss) from continuing operations before tax	607,421	7	496,339	7
7950	Less: Income tax expenses (note 6(r))	<u>152,721</u>	<u>2</u>	<u>112,749</u>	<u>2</u>
	Profit (loss)	454,700	5	383,590	5
8300	Other comprehensive income:				
8310	Components of other comprehensive income 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	(218,740)	(3)	52,609	1
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(218,740)</u>	<u>(3)</u>	<u>52,609</u>	<u>1</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(28,589)	-	39,732	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	8	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(5,724)</u>	<u>-</u>	<u>7,946</u>	<u>-</u>
		<u>(22,865)</u>	<u>-</u>	<u>31,794</u>	<u>1</u>
		<u>(241,605)</u>	<u>(3)</u>	<u>84,403</u>	<u>2</u>
8300	Other comprehensive income	\$ 213,095	2	467,993	7
	Comprehensive income	\$ 213,095	2	467,993	7
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 455,774	5	386,566	5
8620	Profit, attributable to non-controlling interests	<u>(1,074)</u>	<u>-</u>	<u>(2,976)</u>	<u>-</u>
		<u>\$ 454,700</u>	<u>5</u>	<u>\$ 383,590</u>	<u>5</u>
	Comprehensive income attributable to:				
	Comprehensive income, attributable to owners of parent	\$ 214,169	2	470,969	7
	Comprehensive income, attributable to non-controlling interests	<u>(1,074)</u>	<u>-</u>	<u>(2,976)</u>	<u>-</u>
		<u>\$ 213,095</u>	<u>2</u>	<u>\$ 467,993</u>	<u>7</u>
	Earnings per share: (note 6(t))				
9750	Basic net income per share	<u>\$ 2.51</u>		<u>2.13</u>	
9850	Diluted net income per share	<u>\$ 2.49</u>		<u>2.11</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 607,421	496,339
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	71,616	62,393
Amortization expense	3,247	2,834
Expected credit loss (gain)	21,064	2,107
Net loss (gain) on financial assets at fair value through profit or loss	7,662	(2,657)
Interest expense	8,109	8,019
Interest income	(7,072)	(4,547)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(85,275)	(85,958)
Loss on disposal of property, plant and equipment	218	3
Others	(144)	(73)
Total adjustments to reconcile profit (loss)	19,425	(17,879)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable	(465,947)	179,534
Decrease (increase) in inventories	441,261	(198,979)
Increase in financial assets at fair value through profit or loss	(22,768)	(291)
Increase in other current assets	(3,193)	(281,919)
Decrease in other current financial assets	11,962	20,660
Increase in contract assets	(190,992)	(23,197)
Total changes in operating assets	(229,677)	(304,192)
Changes in operating liabilities:		
Decrease in notes and accounts payable	(88,040)	(194,741)
Increase in contract liabilities	137,297	335,099
Decrease in other current financial liabilities	(160,576)	(127,318)
Decrease in current provisions	(10,069)	(527)
Increase (decrease) in current refund liabilities	7,752	(680)
Increase in other current liabilities	33,545	6,936
Increase (decrease) in other operating liabilities	(13,470)	899
Total changes in operating liabilities	(93,561)	19,668
Total changes in operating assets and liabilities	(323,238)	(284,524)
Total adjustments	(303,813)	(302,403)
Cash inflow generated from operations	303,608	193,936
Interest received	6,011	4,739
Dividends received	-	89,600
Interest paid	(8,486)	(8,446)
Income taxes paid	(24,667)	(21,616)
Net cash flows from operating activities	276,466	258,213
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,184	-
Proceeds from disposal of property, plant and equipment	529	491
Acquisition of property, plant and equipment	(39,990)	(144,277)
Decrease (increase) in refundable deposits	(1,097)	179
Acquisition of intangible assets	(150)	(252)
Decrease (increase) in restricted assets	(9,407)	11,175
Net cash flows from (used in) investing activities	(47,931)	(132,684)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(339,795)	(262,761)
Proceeds from long-term borrowings	-	34,126
Repayments of long-term borrowings	(15,762)	(12,749)
Increase (decrease) in guarantee deposits received	(42)	1,352
Payment of lease liabilities	(25,489)	(18,517)
Net cash flows from (used in) financing activities	(381,088)	(258,549)
Effect of exchange rate changes on cash and cash equivalents	(21,100)	34,832
Net increase (decrease) in cash and cash equivalents	(173,653)	(98,188)
Cash and cash equivalents at the beginning of period	3,133,630	2,480,878
Cash and cash equivalents at the end of period	\$ 2,959,977	2,382,690

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TOPCO SCIENTIFIC CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2020 and 2019

(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 the trading of electronics products, high technology products and related materials and components, pollution prevention equipment, the design and installation of water purification and recycling systems, solar energy materials and providing solar energy system integration services, the operation of electricity solar power stations, wholesale of fishery products and cooperate with foreign fishing companies, as well as the operation of tourism factory and restaurant, and retail sales of food products. Please refer to note 14 for related information.

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

The consolidated financial statements were approved for issue by the board of directors on April 24, 2020.

(3) New standards, amendments and interpretations adopted

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

(Continued)

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

(Continued)

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Taiwan E&M System Inc. (Taiwan E&M)	Sales of electronic material	100%	100%	100%	
"	Topco Group Ltd. (Topco Group)	Investment	100%	100%	100%	
"	Topco International Investment Co., Ltd. (Topco International Investment)	Investment	100%	100%	100%	
"	Topco Investment Co., Ltd. (Topco Investment)	Investment	100%	100%	100%	
"	ECO Technical Services Co., Ltd. (Chien Yueh)	Water purification and construction of dust-proof room	100%	100%	100%	
"	Anyong Biotechnology, Inc. (Anyong Biotechnology)	Aquaculture and strategic partnership with fish processing	99%	99%	99%	The Company and Topco International Investment held its 100% share jointly.
"	Anyong FreshMart, Inc. (Anyong Fresh Mart.)	Wholesale and retail sales of fishery products and supermarket operation	100%	100%	100%	
"	Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	Sales of health food products	91%	91%	91%	The Company and Topco International Investment held its 100% share jointly.
"	Kuan Yueh Technology Engineering Co., Ltd. (Kuan Yueh Technology)	Development of renewable energy project Configure pipeline construction and device installation	21%	21%	21%	The Company and Topco International Investment held its 100% share jointly.
"	Xiang Yueh Co., Ltd. (Xiang Yueh)	Sports training	100%	100%	100%	
"	Jia Yi Energy Co., Ltd. (Jia Yi Energy)	Manufacture of machinery and electronic spare parts	84%	76%	76%	The Company and Topco International Investment jointly held its entire shares. The Company participated in its cash capital increase in the first quarter of 2020, and acquired its entire shares, resulting in the Company's percentage of ownership to increase to 84%.

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Yilan Anyong Lohas, Co., Ltd. (Anyong Lohas)	Restaurant and retail sales of food products	100%	100%	100%	
"	General Precise Technology Co., Ltd. (General Precise)	Process and sales of quartz products	100%	100%	-%	The Company acquired 100% share of General Precise in the third quarter of 2019.
Topco Group	Asia Topco Investment Ltd.(Asia Topco)	Investment	100%	100%	100%	
"	Topsience (s) Pte Ltd. (Topsience (s))	Sales of parts of semiconductor and optoelectronic industries	100%	100%	100%	(Note)
"	Hong Kong Topco Trading Limited (Topco Trading)	Wholesale of semiconductor material and electronic material	100%	100%	100%	(Note)
Asia Topco	Topco Scientific (Shanghai) Co., Ltd. (Topco shanghai)	Wholesale of semiconductor material and electronic material	100%	100%	100%	
"	Suzhou Topco Construction Ltd. (Topco Suzhou)	Water purification and cleanroom construction	100%	100%	100%	
"	Topco Chemical (Z.F.T.Z.) Co., LTD. (Topco Chemical)	Wholesale and sales of chemical products	100%	100%	100%	(Note)
Topco Shanghai	Shanghai Chongyao Trading Co., Ltd. (Shanghai Chongyao)	Wholesale of semiconductor material and electronic material	98%	98%	98%	Topco Shanghai and Topco Suzhou held its 100% share jointly. (Note)
Topco Suzhou	Shanghai Chongyao	Wholesale of semiconductor material and electronic material	2%	2%	2%	(Note)
"	Topco Engineering (Suzhou) LTD. (Topco Engineering)	Water purification and cleanroom construction	100%	-%	-%	Established in the first quarter of 2020. (Note)
Topsience (s)	Topsience Vietnam Co., Ltd. (Topsience Vietnam)	Sales of parts of semiconductor and optoelectronic industries	100%	100%	-%	Established in the third quarter of 2019. (Note)
"	Anyong (s) Pte. LTD. (Anyong (s))	Wholesale and retail sales of fishery products	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
			March 31, 2020	December 31, 2019	March 31, 2019	
Topco International Investment	Cityspace International Co., Ltd.(Cityspace)	Wholesale and sales of cosmetic	67%	67%	67%	
"	Topco Scientific (Japan) Co., Ltd. (Topco Japan)	Sales of facilities of semiconductor and clean room	100%	100%	100%	
"	Kuan Yueh Technology	Development of renewable energy projects	79%	79%	79%	
		Configure pipeline construction and device installation				
"	Jia Yi Energy	Manufacture of machinery and electronic spare parts	16%	24%	24%	
"	Kanbo Biomedical	Sales of health food products	9%	9%	9%	
"	DIO Energy GmbH	Development of renewable energy project	100%	100%	100%	
"	Anyong Biotechnology	Aquaculture and strategic partnership with fish processing	1%	1%	1%	
"	Topchem Materials Corp. (Topchem Materials)	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	100%	100%	100%	
"	Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)	Development of renewable energy projects	-%	100%	100%	Topco International Investment sold all of Jing Yueh Energy's shares to Jia Yi Energy in the first quarter of 2020.
Topco Investment	Multi Rich Technology Co., Ltd.(Multi Rich Technology)	Wholesale of fishery products	98%	98%	98%	
"	Ding Yue Solar Co., Ltd. (Ding Yue Solar)	Development of renewable energy projects	100%	100%	100%	Ding Yue Foods Co., Ltd. was renamed as Ding Yue Solar Co., Ltd. in August 2019.
"	Advanced Fishery Co., Ltd. (Advanced Fishery)	Aquaculture and wholesale of fishery products	100%	100%	98%	Topco Investment acquired 100% share of Advanced Fishery in the fourth quarter of 2019.
"	Min Jen Restaurant Business Co., Ltd. (Min Jen Restaurant)	Restaurant	69%	69%	69%	

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
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	"	100%	-%	-%	Jia Yi Energy acquired 100% shares of Jing Yueh Energy in the first quarter of 2020.
Taiwan E&M	General Precise	Process and sales of quartz products	-%	-%	100%	Taiwan E&M sold all of General Precise's share to the Company in the third quarter of 2019.

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

(c) **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 by 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.

(d) **Employee benefits**

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2019.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 10,006	9,987	6,579
Checking accounts and demand deposits	1,851,079	1,854,167	1,287,050
Time deposits	<u>1,098,892</u>	<u>1,269,476</u>	<u>1,089,061</u>
	<u>\$ 2,959,977</u>	<u>3,133,630</u>	<u>2,382,690</u>

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

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

	March 31, 2020	December 31, 2019	March 31, 2019
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificate-Funds	\$ 220,127	197,100	220,498
Unlisted common shares	68,040	72,441	78,184
Convertible bonds	7,796	7,843	7,775
Foreign unlisted funds	<u>27,340</u>	<u>30,813</u>	<u>15,779</u>
	<u>\$ 323,303</u>	<u>308,197</u>	<u>322,236</u>
Current	\$ 220,127	197,100	220,498
Non-current	<u>103,176</u>	<u>111,097</u>	<u>101,738</u>
	<u>\$ 323,303</u>	<u>308,197</u>	<u>322,236</u>

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

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

	March 31, 2020	December 31, 2019	March 31, 2019
Equity investments at fair value through other comprehensive income			
Domestic listed stock	\$ -	-	3,081
Domestic unlisted stock	608,626	829,550	629,308
Foreign unlisted stock	-	-	1,695
Total	<u><u>\$ 608,626</u></u>	<u><u>829,550</u></u>	<u><u>634,084</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.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of March 31, 2020 and 2019.

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

As of March 31, 2020, December 31 and March 31, 2019, the Group did not provide financial assets as collateral for its loans.

(d) Notes and accounts receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable from operating activities	\$ 23,725	31,265	31,283
Accounts receivable from measured as amortized cost	5,659,441	5,185,989	4,758,245
Less: Loss allowance	45,554	24,856	26,421
	<u><u>\$ 5,637,612</u></u>	<u><u>5,192,398</u></u>	<u><u>4,763,107</u></u>
Notes and accounts receivable, net	<u><u>\$ 5,536,182</u></u>	<u><u>5,074,125</u></u>	<u><u>4,671,847</u></u>
Notes and accounts receivable due from related parties, net	<u><u>\$ 101,430</u></u>	<u><u>118,273</u></u>	<u><u>91,260</u></u>

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

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

The loss allowance provisions were determined as follows:

March 31, 2020			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 5,053,662	0.09%	4,421
Overdue 0-30 days	285,432	1.00%	2,850
Overdue 31-60 days	41,899	3.00%	1,257
Overdue 61-90 days	47,962	5.00%	2,398
Overdue over 91 days	244,011	10.01%	24,428
Customers with poor credit	10,200	100.00%	10,200
	<u>\$ 5,683,166</u>		<u>45,554</u>
December 31, 2019			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,603,428	0.09%	4,108
Overdue 0-30 days	502,385	1.00%	5,024
Overdue 31-60 days	54,298	3.00%	1,629
Overdue 61-90 days	16,521	5.00%	826
Overdue over 91 days	30,422	10.09%	3,069
Customers with poor credit	10,200	100.00%	10,200
	<u>\$ 5,217,254</u>		<u>24,856</u>
March 31, 2019			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,336,858	0.17%	7,216
Overdue 0-30 days	244,674	0.90%	2,203
Overdue 31-60 days	131,908	2.63%	3,475
Overdue 61-90 days	37,568	4.38%	1,644
Overdue over 91 days	27,458	2.99%	821
Customers with poor credit	11,062	100%	11,062
	<u>\$ 4,789,528</u>		<u>26,421</u>

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

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

	For the three months ended March 31,	
	2020	2019
Balance at January 1	\$ 24,856	24,314
Impairment losses recognized (reversed)	21,064	2,107
Amounts written off	(35)	-
Foreign exchange gains (losses)	(331)	-
Balance at March 31	\$ 45,554	26,421

(e) Other receivables

	March 31, 2020	December 31, 2019	March 31, 2019
Other receivables	\$ 50,262	64,918	43,250
Less: Loss allowance	-	3,755	3,755
	\$ 50,262	61,163	39,495

(f) Inventories

	March 31, 2020	December 31, 2019	March 31, 2019
Merchandise inventories	\$ 2,772,224	3,237,733	2,783,359
Work in progress	3,390	2,492	1,303
Raw materials	29,753	26,303	33,547
Goods in transit	56,093	36,193	37,821
	\$ 2,861,460	3,302,721	2,856,030

The details of the cost of sales were as follows:

	For the three months ended March 31,	
	2020	2019
Cost of sales	\$ 6,924,413	5,358,529
Provision (reversal) for inventory valuation loss and obsolescence	(3,782)	6,716
Loss on indemnity of inventory and others	65	54
	\$ 6,920,696	5,365,299

As of March 31, 2020, December 31 and March 31, 2019, the Group did not provide inventories as collateral for its loans.

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

(g) Investments accounted for using equity method

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

	March 31, 2020	December 31, 2019	March 31, 2019
The carrying amount of individually insignificant associates' equity	\$ <u>1,614,680</u>	<u>1,529,405</u>	<u>1,302,344</u>
	For the three months ended March 31,		
	2020	2019	
Attributable to the Group			
Profit from continuing operations		\$ 85,275	85,958
Other comprehensive income		-	8
Total comprehensive income		<u>\$ 85,275</u>	<u>85,966</u>

(ii) As of March 31, 2020, December 31 and March 31, 2019, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2020 and 2019 were as follows:

	Land	Buildings and building improvement	Machinery and others	Total
Cost:				
Balance at January 1, 2020	\$ 911,046	1,608,376	1,737,980	4,257,402
Additions	-	2,602	34,564	37,166
Disposals	-	(459)	(7,061)	(7,520)
Reclassifications	-	4,478	(4,478)	-
Effect of movements in exchange rates	-	(4,121)	(327)	(4,448)
Balance at March 31, 2020	<u>\$ 911,046</u>	<u>1,610,876</u>	<u>1,760,678</u>	<u>4,282,600</u>
Balance at January 1, 2019	\$ 909,028	1,625,881	1,610,380	4,145,289
Additions	-	67,885	67,031	134,916
Disposals	-	(11,319)	(11,302)	(22,621)
Reclassifications	-	-	(1,315)	(1,315)
Effect of movements in exchange rates	-	5,564	596	6,160
Balance at March 31, 2019	<u>\$ 909,028</u>	<u>1,688,011</u>	<u>1,665,390</u>	<u>4,262,429</u>

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

	Land	Buildings and building improvement	Machinery and others	Total
Depreciation and impairments loss:				
Balance at January 1, 2020	\$ -	265,222	471,018	736,240
Depreciation	-	11,760	35,181	46,941
Disposals	-	(459)	(6,314)	(6,773)
Effect of movements in exchange rates	-	(1,050)	(235)	(1,285)
Balance at March 31, 2020	<u>\$ -</u>	<u>275,473</u>	<u>499,650</u>	<u>775,123</u>
Balance at January 1, 2019	\$ -	239,424	378,934	618,358
Depreciation	-	12,429	31,586	44,015
Disposals	-	(11,319)	(10,808)	(22,127)
Effect of movements in exchange rates	-	1,641	376	2,017
Balance at March 31, 2019	<u>\$ -</u>	<u>242,175</u>	<u>400,088</u>	<u>642,263</u>
Carrying amounts:				
Balance at January 1, 2020	<u>\$ 911,046</u>	<u>1,343,154</u>	<u>1,266,962</u>	<u>3,521,162</u>
Balance at March 31, 2020	<u>\$ 911,046</u>	<u>1,335,403</u>	<u>1,261,028</u>	<u>3,507,477</u>
Balance at January 1, 2019	<u>\$ 909,028</u>	<u>1,386,457</u>	<u>1,231,446</u>	<u>3,526,931</u>
Balance at March 31, 2019	<u>\$ 909,028</u>	<u>1,445,836</u>	<u>1,265,302</u>	<u>3,620,166</u>

As of March 31, 2020, December 31 and March 31, 2019, the Group did not provide any property, plant and equipment as collateral for its loans.

(i) Right-of-use assets

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

	Land	Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2020	\$ 3,333	385,009	57,141	445,483
Additions	1,582	30,645	6,456	38,683
Disposals	-	(7,519)	(2,129)	(9,648)
Effect of movements in exchange rates	-	(267)	-	(267)
Balance at March 31, 2020	<u>\$ 4,915</u>	<u>407,868</u>	<u>61,468</u>	<u>474,251</u>
Balance at January 1, 2019	\$ 1,688	323,043	45,478	370,209
Additions	534	495	2,543	3,572
Disposals	-	-	(116)	(116)
Effect of movements in exchange rates	-	139	-	139
Balance at March 31, 2019	<u>\$ 2,222</u>	<u>323,677</u>	<u>47,905</u>	<u>373,804</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2020	\$ 413	49,551	19,411	69,375
Depreciation	268	18,189	5,560	24,017
Disposals	-	(3,135)	(2,129)	(5,264)
Effect of movements in exchange rates	-	(95)	-	(95)
Balance at March 31, 2020	<u>\$ 681</u>	<u>64,510</u>	<u>22,842</u>	<u>88,033</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation	62	12,506	5,461	18,029
Disposals	-	-	(116)	(116)
Effect of movements in exchange rates	-	3	-	3
Balance at March 31, 2019	<u>\$ 62</u>	<u>12,509</u>	<u>5,345</u>	<u>17,916</u>
Carrying amount:				
Balance at January 1, 2020	<u>\$ 2,920</u>	<u>335,458</u>	<u>37,730</u>	<u>376,108</u>
Balance at March 31, 2020	<u>\$ 4,234</u>	<u>343,358</u>	<u>38,626</u>	<u>386,218</u>
Balance at January 1, 2019	<u>\$ 1,688</u>	<u>323,043</u>	<u>45,478</u>	<u>370,209</u>
Balance at March 31, 2019	<u>\$ 2,160</u>	<u>311,168</u>	<u>42,560</u>	<u>355,888</u>

(j) **Investment property**

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

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

	<u>Buildings</u>
Carrying amount:	
Balance at January 1, 2020	<u>\$ 126,075</u>
Balance at March 31, 2020	<u>\$ 119,491</u>
Balance at January 1, 2019	<u>\$ 62,769</u>
Balance at March 31, 2019	<u>\$ 63,175</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2020 and 2019. Information on depreciation for the period is discussed in note 12(a). Please refer to note 6(l) of the 2019 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from those disclosed in the note 6(l) of the annual consolidated financial statements for the year ended December 31, 2019.

As of March 31, 2020 and December 31, 2019, investment properties of the Group had been pledged as collateral for long-term borrowings, please refer to note 8. As of March 31, 2019, the Group did not provide any investment properties as collaterals for its loans.

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

(k) Other non-current assets

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

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted assets	\$ 16,528	16,809	16,545
Refundable deposits	20,316	19,219	23,471
Computer software cost and others	59,559	62,656	65,202
	<u><u>\$ 96,403</u></u>	<u><u>98,684</u></u>	<u><u>105,218</u></u>

(l) Short-term borrowings

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

	March 31, 2020	December 31, 2019	March 31, 2019
Unsecured bank loans	\$ 695,075	1,038,339	618,307
Loans for purchase of materials	3,469	-	-
	<u><u>\$ 698,544</u></u>	<u><u>1,038,339</u></u>	<u><u>618,307</u></u>
Unused short-term credit lines	<u><u>\$ 5,646,975</u></u>	<u><u>5,293,495</u></u>	<u><u>6,605,416</u></u>
Range of interest rates	<u><u>0.61%~3.90%</u></u>	<u><u>0.72%~4.35%</u></u>	<u><u>0.745%~4.98%</u></u>

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

(m) Long-term borrowings

- (i) For the three months ended March 31, 2020 and 2019, The Group proceeded from long-term borrowings amounting to \$ 0 and \$34,126, respectively. The long-term borrowings are due on August 2032.

For the three months ended March 31, 2020 and 2019, the repayment amounted to \$15,762 and \$12,749, respectively.

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

(n) Lease liabilities

The lease liabilities of the Group were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Current	\$ 90,205	86,252	54,058
Non-current financial assets	<u><u>\$ 298,298</u></u>	<u><u>293,681</u></u>	<u><u>295,828</u></u>

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

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2020	2019
Interest on lease liabilities	\$ <u>1,516</u>	<u>1,393</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>1,813</u>	<u>2,004</u>
Expenses relating to short-term leases	\$ <u>6,281</u>	<u>12,693</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>2,153</u>	<u>4,690</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31,	
	2020	2019
Total cash outflow for leases	\$ <u>37,252</u>	<u>39,297</u>

(i) Real estate leases

As of March 31, 2020, December 31 and March 31, 2019, the Group leases land and buildings for its office space, erecting solar power generation equipment and retail stores. The leases of office space typically run for a period of 1 to 20 years, of erecting solar power generation equipment for 20 years, and of retail stores for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

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

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

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

(o) Provisions

	March 31, 2020	December 31, 2019	March 31, 2019
Warranties	\$ 184,058	194,127	95,091
Onerous contracts	-	-	42,490
Total	<u>\$ 184,058</u>	<u>194,127</u>	<u>137,581</u>

There were no significant changes in provisions for the three months ended March 31, 2020 and 2019. Please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

Provisions related to construction revenue and sales of products, and 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.

(p) Operating leases

There were no significant changes in operating lease for the three months ended March 31, 2020 and 2019. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

(q) 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-time 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, 2019 and 2018.

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

	For the three months ended March 31,	
	2020	2019
Selling expenses	\$ -	54
Administrative expenses	776	1,445
	<u>\$ 776</u>	<u>1,499</u>

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

(ii) Defined contribution plans

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

	For the three months ended March 31,	
	2020	2019
Operating cost and expenses	\$ <u>10,295</u>	<u>10,037</u>

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

	For the three months ended March 31,	
	2020	2019
Operating cost and expenses	\$ <u>2,491</u>	<u>3,098</u>

(r) Income taxes

(i) Income tax expenses

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

	For the three months ended March 31,	
	2020	2019
Current tax expense	\$ <u>152,721</u>	<u>112,749</u>

- 2) The amount of income tax recognized in other comprehensive income was as follows:

	For the three months ended March 31,	
	2020	2019
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	(5,724)	7,946
	\$ <u>(5,724)</u>	<u>7,946</u>

- (ii) The ROC tax authorities have examined the income tax returns of the Company, as well as Jing Chen Energy, Jing Yueh Energy, Multi Rich Technology, Anyong Fresh Mart, Kanbo Biomedical, Topco Investment, Topchem Materials, Ding Yue Solar, Advanced Fishery, Xiang Yueh, Cityspace, Min Jen Restaurant, Chien Yueh, Jing Yang Energy, Jia Yi Energy, Kuan Yueh Technology, Anyong Biotechnology, Topco International Investment, Anyong Lohas and Taiwan E&M through 2018; and also General Precise through 2017.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(s) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2020 and 2019. For the related information, please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2019.

(i) Common stock

As of March 31, 2020, December 31 and March 31, 2019, the number of authorized ordinary shares were 200,000 thousand shares, 200,000 thousand shares and 190,000 thousand shares, respectively, with par value of New Taiwan dollars \$10 per share. The total value of authorized ordinary shares was amounted to \$2,000,000, \$2,000,000 and \$1,900,000, respectively (both including \$100,000 for the issuance of employee stock options). As of that date, 181,700 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Share capital	\$ 2,339,175	2,339,175	2,339,175
Stock option-fair value differences of associates and joint ventures accounted under equity method	1,185	1,185	1,185
Others	316	316	319
	<u><u>\$ 2,340,676</u></u>	<u><u>2,340,676</u></u>	<u><u>2,340,679</u></u>

(iii) Retained earnings

According to the Company's articles of incorporation, amended on June 10, 2019, 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 previous Company's articles of incorporation, 10% of the 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.

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

1) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2019 had been approved in the meeting of the board of directors on March 27, 2020. The appropriations of earnings for 2018 had been approved in the shareholders' meeting on June 10, 2019. These earnings were appropriated as follows:

	2019		2018	
	Amount per share NT (dollars)	Total amount	Amount per share NT (dollars)	Total amount
Dividends distributed to common shareholders:				
Cash dividends	\$ 6.5	<u>1,181,047</u>	5.3	<u>963,008</u>

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

2) 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, 2020	\$ (103,736)	540,930	437,194
Exchange differences on foreign operations:			
The Group	(22,865)	-	(22,865)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(218,740)	(218,740)
Balance at March 31, 2020	<u>\$ (126,601)</u>	<u>322,190</u>	<u>195,589</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	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, 2019	\$ (45,044)	284,188	239,144
Exchange differences on foreign operations:			
The Group	31,786	-	31,786
Associates	8	-	8
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	52,609	52,609
Balance at March 31, 2019	<u><u>\$ (13,250)</u></u>	<u><u>336,797</u></u>	<u><u>323,547</u></u>

(t) Earnings per share

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

	For the three months ended March 31,	
	2020	2019
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 455,774</u></u>	<u><u>386,566</u></u>
Weighted-average number of outstanding ordinary shares (thousands)	<u><u>181,700</u></u>	<u><u>181,700</u></u>
Basic earnings per share (dollars)	<u><u>\$ 2.51</u></u>	<u><u>2.13</u></u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 455,774</u></u>	<u><u>386,566</u></u>
Weighted-average number of outstanding ordinary shares (thousands)	181,700	181,700
Effect of dilutive potential ordinary shares (thousands)		
Effect if employee share bonuses	<u>1,295</u>	<u>1,141</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u><u>182,995</u></u>	<u><u>182,841</u></u>
Diluted earnings per share (dollars)	<u><u>\$ 2.49</u></u>	<u><u>2.11</u></u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(u) Revenue from contracts with customers

(i) Details of revenue

For the three months ended March 31, 2020				
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 4,364,144	331,253	124,599	4,819,996
China	3,134,797	578,004	-	3,712,801
Others	<u>256,418</u>	<u>-</u>	<u>637</u>	<u>257,055</u>
	<u>\$ 7,755,359</u>	<u>909,257</u>	<u>125,236</u>	<u>8,789,852</u>
Major products:				
Semiconductor and optoelectronic industries	\$ 7,755,359	-	-	7,755,359
Water purification and construction of dust-proof room	-	909,257	-	909,257
Others	<u>-</u>	<u>-</u>	<u>125,236</u>	<u>125,236</u>
	<u>\$ 7,755,359</u>	<u>909,257</u>	<u>125,236</u>	<u>8,789,852</u>
Timing of revenue recognition				
Products transferred at a point in time	\$ 7,535,106	57,458	121,606	7,714,170
Services transferred over time	220,253	20,151	2,229	242,633
Constructions transferred over time	<u>-</u>	<u>831,648</u>	<u>1,401</u>	<u>833,049</u>
	<u>\$ 7,755,359</u>	<u>909,257</u>	<u>125,236</u>	<u>8,789,852</u>
For the three months ended March 31, 2019				
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 3,630,552	198,889	107,120	3,936,561
China	2,199,157	807,446	22	3,006,625
Others	<u>153,345</u>	<u>-</u>	<u>3,055</u>	<u>156,400</u>
	<u>\$ 5,983,054</u>	<u>1,006,335</u>	<u>110,197</u>	<u>7,099,586</u>
Major products:				
Semiconductor and optoelectronic industries	\$ 5,983,054	-	-	5,983,054
Water purification and construction of dust-proof room	-	1,006,335	-	1,006,335
Others	<u>-</u>	<u>-</u>	<u>110,197</u>	<u>110,197</u>
	<u>\$ 5,983,054</u>	<u>1,006,335</u>	<u>110,197</u>	<u>7,099,586</u>

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

	For the three months ended March 31, 2019			
	Semiconductor and electronics divisions	Environmental engineering group	Other divisions	Total
Timing of revenue recognition				
Products transferred at a point in time	\$ 5,793,852	88,221	105,086	5,987,159
Services transferred over time	189,202	17,501	5,111	211,814
Constructions transferred over time	-	900,613	-	900,613
	<u>\$ 5,983,054</u>	<u>1,006,335</u>	<u>110,197</u>	<u>7,099,586</u>

(ii) Contract balance

	March 31, 2020	December 31, 2019	March 31, 2019
Notes and accounts receivable (including related parties)	\$ 5,683,166	5,217,254	4,789,528
Less: allowance for impairment	45,554	24,856	26,421
Total	<u>\$ 5,637,612</u>	<u>5,192,398</u>	<u>4,763,107</u>
Contract assets — construction	<u>\$ 772,413</u>	<u>581,421</u>	<u>517,550</u>
Contract liabilities — construction	\$ 588,342	534,797	598,280
Contract liabilities — unearned revenue	290,756	207,004	441,227
Total	<u>\$ 879,098</u>	<u>741,801</u>	<u>1,039,507</u>

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

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes during the period.

(v) Remuneration to employees, directors and supervisors

The Company's articles of incorporation require that 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' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

For the three months ended March 31, 2020 and 2019, the Company estimated its employees', directors' and supervisors' remuneration amounting to \$31,633 and \$26,773, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during the three months ended March 31, 2020 and 2019. If there are any subsequent adjustments to the actual remuneration amounts after the

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's ordinary shares on the day before the approval by the Board of Directors. Related information would be available at the Market Observation Post System website.

For the year ended December 31, 2019 and 2018, the remunerations to employees amounted to 93,268 and 77,083, respectively, and the remunerations to directors and supervisors amounted to 23,859 and 19,719, respectively. There is 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.

(w) Other income

The details of other income were as follows:

	For the three months ended March 31,	
	2020	2019
Interest income	\$ 7,072	4,547
Government grants	15,981	5,846
Other	2,115	2,682
	\$ 25,168	13,075

(x) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2020	2019
Foreign currency exchange gains (losses), net	\$ 12,281	3,569
Gain (losses) on financial assets at fair value through profit or loss, net	(7,662)	2,948
Gains (losses) on disposal of property, plant and equipment	(218)	(3)
Other	135	(12)
	\$ 4,536	6,502

(y) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(aa) of the consolidated financial statements for the year ended December 31, 2019.

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

(i) Credit risk

1) Credit risk – exposure to credit risk

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

2) Concentration to credit risk

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

3) Receivables and debt securities

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

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. The loss allowance provision were determined as follows:

	For the three months ended March 31,	
	2020	2019
Balance at January 1	\$ 3,755	3,755
Amounts written off	(3,755)	-
Balance at March 31	<u>\$ -</u>	<u>3,755</u>

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
March 31, 2020					
Non-derivative financial liabilities					
Short-term and long-term borrowings	\$ 1,253,304	(1,253,304)	(760,773)	(60,249)	(432,282)
Notes and accounts payable (including related parties)	5,630,099	(5,630,099)	(5,630,099)	-	-
Accrued expenses and other payables	113,088	(113,088)	(113,088)	-	-

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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>
Lease liabilities (including current and non-current)	388,503	(417,479)	(95,481)	(69,360)	(252,638)
Dividends payable	<u>1,181,047</u>	<u>(1,181,047)</u>	<u>(1,181,047)</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,566,041</u>	<u>(8,595,017)</u>	<u>(7,780,488)</u>	<u>(129,609)</u>	<u>(684,920)</u>
December 31, 2019					
Non-derivative financial liabilities					
Short-term and long-term borrowings	\$ 1,610,133	(1,610,133)	(1,100,751)	(60,829)	(448,553)
Notes and accounts payable (including related parties)	5,718,139	(5,718,139)	(5,718,139)	-	-
Accrued expenses and other payables	181,648	(181,648)	(181,648)	-	-
Lease liabilities (including current and non-current)	<u>379,933</u>	<u>(408,312)</u>	<u>(91,414)</u>	<u>(68,282)</u>	<u>(248,616)</u>
	<u>\$ 7,889,853</u>	<u>(7,918,232)</u>	<u>(7,091,952)</u>	<u>(129,111)</u>	<u>(697,169)</u>
March 31, 2019					
Non-derivative financial liabilities					
Short-term and long-term borrowings	\$ 1,115,348	(1,115,348)	(673,852)	(125,545)	(315,951)
Notes and accounts payable (including related parties)	5,038,328	(5,038,328)	(5,038,328)	-	-
Accrued expenses and other payables	148,473	(148,473)	(148,473)	-	-
Lease liabilities (including current and non-current)	<u>349,886</u>	<u>(379,285)</u>	<u>(58,792)</u>	<u>(41,857)</u>	<u>(278,636)</u>
	<u>\$ 6,652,035</u>	<u>(6,681,434)</u>	<u>(5,919,445)</u>	<u>(167,402)</u>	<u>(594,587)</u>

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

(in thousands)

	March 31, 2020			December 31, 2019			March 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
USD	\$	82,562 USD/TWD= 30.225	2,495,436	93,822 USD/TWD= 29.98	2,812,784	48,989 USD/TWD= 30.82	1,509,841		
USD		62,677 USD/CNY= 7.1034	1,894,410	52,199 USD/CNY= 6.964	1,564,927	44,403 USD/CNY= 6.7293	1,368,509		
JPY		3,564,238 JPY/TWD= 0.2788	993,710	3,446,150 JPY/TWD= 0.276	951,137	3,402,678 JPY/TWD= 0.2783	946,965		
JPY		564,932 JPY/CNY= 0.0655	157,498	566,061 JPY/CNY= 0.0641	156,205	309,789 JPY/CNY= 0.0608	86,265		
Financial liabilities									
USD	\$	61,061 USD/TWD= 30.225	1,845,569	62,544 USD/TWD= 29.98	1,875,069	41,573 USD/TWD= 30.82	1,281,280		
USD		59,881 USD/CNY= 7.1034	1,809,901	53,691 USD/CNY= 6.964	1,609,657	54,009 USD/CNY= 6.7293	1,664,568		
JPY		2,867,769 JPY/TWD= 0.2788	799,534	3,300,450 JPY/TWD= 0.276	910,924	2,960,859 JPY/TWD= 0.2783	824,007		
JPY		256,540 JPY/CNY= 0.0655	71,498	303,908 JPY/CNY= 0.0641	83,864	206,864 JPY/CNY= 0.0608	57,604		

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, loans and borrowings, and account and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of each major foreign currency against Group entities' functional currency as of March 31, 2020 and 2019 would have influenced the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	March 31, 2020	March 31, 2019
USD (against the TWD)		
Appreciation 5%	\$ 32,493	11,428
Depreciation 5%	(32,493)	(11,428)
JPY (against the TWD)		
Appreciation 5%	9,709	6,148
Depreciation 5%	(9,709)	(6,148)

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	<u>March 31, 2020</u>	<u>March 31, 2019</u>
USD (against the CNY)		
Appreciation 5%	4,225	(14,803)
Depreciation 5%	(4,225)	14,803
JPY (against the CNY)		
Appreciation 5%	4,300	1,433
Depreciation 5%	(4,300)	(1,433)

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 gain (loss) (including realized and unrealized portions) were as follows:

	<u>For the three months ended March 31, 2020</u>	<u>2019</u>
Foreign exchange gains (losses) (including realized and unrealized portions)	<u>\$ 12,281</u>	<u>3,569</u>

(iv) Fair value of financial instruments

1) Fair value hierarchy

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

	<u>March 31, 2020</u>				
		<u>Fair value</u>			
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	\$ 220,127	220,127	-	-	220,127
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted common shares	68,040	-	-	68,040	68,040

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	March 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Non derivative financial assets mandatorily measured at fair value through profit or loss-convertible bonds	7,796	7,796	-	-	7,796
Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>27,340</u>	-	-	27,340	27,340
Subtotal	<u>323,303</u>				
Financial assets at fair value through other comprehensive income	<u>608,626</u>	-	-	608,626	608,626
Financial assets measured at amortized cost					
Cash and cash equivalents	2,959,977	-	-	-	-
Notes and accounts receivable (including related parties)	5,637,612	-	-	-	-
Other current financial assets	116,535	-	-	-	-
Other non-current assets (refundable deposits and pledged asset-time deposits)	<u>36,844</u>	-	-	-	-
Subtotal	<u>8,750,968</u>				
Total	<u><u>\$ 9,682,897</u></u>				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 1,253,304	-	-	-	-
Notes and accounts payable (including related parties)	5,630,099	-	-	-	-
Accrued expenses and other payables	113,088	-	-	-	-
Lease liabilities (including current and non-current)	388,503	-	-	-	-
Dividends payable	<u>1,181,047</u>	-	-	-	-
Total	<u><u>\$ 8,566,041</u></u>				

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	December 31, 2019				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate Funds	\$ 197,100	197,100	-	-	197,100
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted common shares	72,441	-	-	72,441	72,441
Non derivative financial assets mandatorily measured at fair value through profit or loss-convertible bonds	7,843	7,843	-	-	7,843
Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>30,813</u>	-	-	30,813	30,813
Subtotal	<u>308,197</u>				
Financial assets at fair value through other comprehensive income	<u>829,550</u>	-	-	829,550	829,550
Financial assets measured at amortized cost					
Cash and cash equivalents	3,133,630	-	-	-	-
Notes and accounts receivable (including related parties)	5,192,398	-	-	-	-
Other current financial assets	117,748	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>36,028</u>	-	-	-	-
Subtotal	<u>8,479,804</u>				
Total	<u><u>\$ 9,617,551</u></u>				

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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December 31, 2019					
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 1,610,133	-	-	-	-
Notes and accounts payable (including related parties)	5,718,139	-	-	-	-
Accrued expenses and other payables	181,648	-	-	-	-
Lease liabilities (including current and non-current)	<u>379,933</u>	-	-	-	-
Total	<u><u>\$ 7,889,853</u></u>				
March 31, 2019					
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
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	\$ 220,498	220,498	-	-	220,498
Non derivative financial assets mandatorily measured at fair value through profit or loss-unlisted common shares	78,184	-	-	78,184	78,184
Non derivative financial assets mandatorily measured at fair value through profit or loss-convertible bonds	7,775	7,775	-	-	7,775
Non derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>15,779</u>	-	-	15,779	15,779
Subtotal	<u><u>322,236</u></u>				
Financial assets at fair value through other comprehensive income	<u>634,084</u>	3,081	-	631,003	634,084

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

March 31, 2019					
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	2,382,690	-	-	-	-
Notes and accounts receivable (including related parties)	4,763,107	-	-	-	-
Other current financial assets	119,886	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	40,016	-	-	-	-
Subtotal	7,305,699				
Total	\$ 8,262,019				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 1,115,348	-	-	-	-
Notes and accounts payable (including related parties)	5,038,328	-	-	-	-
Accrued expenses and other payables	148,473	-	-	-	-
Lease liabilities (including current and non-current)	349,886	-	-	-	-
Total	\$ 6,652,035				

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

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

a) Financial liabilities measured at amortized cost

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.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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4) Transfer from one level to another

There was no transfers from one level to another in the three months ended March 31, 2020 and 2019.

5) Reconciliation of Level 3 fair value

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	
	Equity investment without quoted price	Debt investment without quoted price	Equity investment without quoted price	Total
Balance at January 1, 2020	\$ 17,956	85,298	829,550	932,804
Total gains and losses recognized:				
In profit (loss)	277	(8,151)	-	(7,874)
In other comprehensive income	-	-	(218,740)	(218,740)
Proceeds of capital reduction of investment	-	-	(2,184)	(2,184)
Balance at March 31, 2020	<u>\$ 18,233</u>	<u>77,147</u>	<u>608,626</u>	<u>704,006</u>
Balance at January 1, 2019	\$ 16,850	74,281	578,103	669,234
Total gains and losses recognized:				
In profit (loss)	1,723	1,109	-	2,832
In other comprehensive income	-	-	52,900	52,900
Balance at March 31, 2019	<u>\$ 18,573</u>	<u>75,390</u>	<u>631,003</u>	<u>724,966</u>

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

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

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

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

The quantified information of significant unobservable inputs were as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter relationships between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income—equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (4.45~45.35, 7.07~61.72 and 6.07~44.3 respectively on March 31, 2020, December 31, and March 31, 2019)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% all on March 31, 2020, December 31, and March 31, 2019)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.
	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss—equity investment without quoted price	Comparable market approach	Price Book ratio multiples.(8.56, 8.43 and 8.18~17 respectively on March 31, 2020, December 31, and March 31, 2019)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% both on March 31, 2020, December 31, and March 31, 2019)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss—debt investment without quoted price	Net asset value method	Net asset value	Inapplicable

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

7) 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:

		Move up or	Impacts of fair value change on net income or loss		Impacts of fair value change on other comprehensive income	
	Input	down	Favorable change	Unfavorable change	Favorable change	Unfavorable change
March 31, 2020						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	30,441	30,441
	Lack of marketability discount	5%	\$ -	-	37,986	37,986
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ 916	916	-	-
	Lack of marketability discount	5%	\$ 1,150	1,129	-	-
December 31, 2019						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	41,522	41,522
	Lack of marketability discount	5%	\$ -	-	51,862	51,862
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ 895	895	-	-
	Lack of marketability discount	5%	\$ 1,129	1,129	-	-
March 31, 2019						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	\$ -	-	31,457	31,457
	Lack of marketability discount	5%	\$ -	-	39,257	39,257
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ 916	916	-	-
	Lack of marketability discount	5%	\$ 1,139	1,139	-	-

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

(z) 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, 2019.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(aa) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2019. Please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2019 for further details.

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

The Group's investing and financial activities, which did not affect its current cash flow in the three months ended March 31, 2020 and 2019, included the acquisition of right-of-use assets through lease. Please refer to note 6(i) for details.

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes			March 31, 2020
			Additions of leases	Cancellation of leases	Foreign exchange movement	
Short term borrowings	\$ 1,038,339	(339,795)	-	-	-	698,544
Long term borrowings	571,794	(15,762)	-	-	(1,272)	554,760
Lease liabilities	379,933	(25,489)	38,683	(4,455)	(169)	388,503
Guarantee deposits received	2,224	(42)	-	-	-	2,182
Total liabilities from financing activities	<u>\$ 1,992,290</u>	<u>(381,088)</u>	<u>38,683</u>	<u>(4,455)</u>	<u>(1,441)</u>	<u>1,643,989</u>

	January 1, 2019	Cash flows	Non-cash changes			March 31, 2019
			Additions of leases		Foreign exchange movement	
Short term borrowings	\$ 881,068	(262,761)	-	-	-	618,307
Long term borrowings	475,664	21,377	-	-	-	497,041
Lease liabilities	364,697	(18,517)	3,572		134	349,886
Guarantee deposits received	4,836	1,352	-	-	-	6,188
Total liabilities from financing activities	<u>\$ 1,726,265</u>	<u>(258,549)</u>	<u>3,572</u>		<u>134</u>	<u>1,471,422</u>

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Topco Quartz Products Co., Ltd. (Topco Quartz)	An associate
Fortune Energy Corporation (Fortune)	An associate
Shin-Etsu Handotai Taiwan Co., Ltd. (Shin-Etsu Handotai Taiwan)	The Company is the institutional director of the related party
Shin-Etsu Opto Electronic Co., Ltd. (Shin-Etsu Opto Electronic)	The Company is the institutional director of the related party

(b) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended March 31,	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 46,179	42,858
Post-employment benefits	776	1,213
	<u><u>\$ 46,955</u></u>	<u><u>44,071</u></u>

(c) Significant transactions with related party

(i) Sales

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

	For the three months ended March 31,	
	<u>2020</u>	<u>2019</u>
Associates	\$ 33,883	33,431
Other related parties	9,119	10,914
	<u><u>\$ 43,002</u></u>	<u><u>44,345</u></u>

(Continued)

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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- 2) The amounts of significant construction revenue and rendering of services by the Group to related parties were as follows:

	For the three months ended March 31,	
	2020	2019
Associates:		
Topco Quartz	\$ 51,102	42,818
Other related parties:		
Shin-Etsu Handotai Taiwan	57,917	54,492
Other related parties	<u>155</u>	<u>88</u>
	<u>\$ 109,174</u>	<u>97,398</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 related parties is based on the contracts signed between both parties, and there is no significant difference between the related parties and the third-parties. Accounts receivable from related parties were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management.

(ii) Purchases

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

	For the three months ended March 31,	
	2020	2019
Associates	\$ 133,997	186,297
Other related parties:		
Shin-Etsu Handotai Taiwan	1,599,911	1,379,345
Other related parties	<u>2,705</u>	<u>4,543</u>
	<u>\$ 1,736,613</u>	<u>1,570,185</u>

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

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

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	Associates:			
Accounts receivable	Topco Quartz	\$ 58,154	65,274	47,161
	Other related parties:			
Accounts receivable	Shin-Etsu Handotai Taiwan	43,114	52,883	44,006
Accounts receivable	Other related parties	162	116	93
		<u>\$ 101,430</u>	<u>118,273</u>	<u>91,260</u>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Accounts</u>	<u>Relationship</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	Associates :			
Accounts payable	Topco Quartz	\$ 139,072	162,640	194,499
	Other related parties:			
Accounts payable	Shin-Etsu Handotai Taiwan	1,617,207	1,487,151	1,518,447
Accounts payable	Other related parties	4,700	5,851	8,145
		<u>\$ 1,760,979</u>	<u>1,655,642</u>	<u>1,721,091</u>

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other current financial assets – time deposits	Guarantees for construction contracts, coupons and credit card readers	\$ 66,273	56,585	80,390
Other non-current assets – time deposits	Pledge lodged in court for the application for revocation of provisional attachment, security deposit for litigation, and guarantees for long term borrowings	16,528	16,809	16,545
Investment properties	Guarantees for long term borrowings	61,839	65,230	-
		<u>\$ 144,640</u>	<u>138,624</u>	<u>96,935</u>

(9) Commitments and contingencies:

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Commitments for construction contracts	\$ <u>1,269,771</u>	<u>1,007,307</u>	<u>902,485</u>
Bank guarantees to construction contracts	\$ <u>697,495</u>	<u>738,516</u>	<u>291,689</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Unused and outstanding letters of credit	\$ <u>1,646,537</u>	<u>1,148,985</u>	<u>809,646</u>

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(12) Other:

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

By function	For the three months ended March 31,					
	2020			2019		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	47,341	302,886	350,227	49,984	275,465	325,449
Labor and health insurance	3,932	19,088	23,020	5,195	17,401	22,596
Pension	1,548	12,014	13,562	1,720	12,914	14,634
Others	1,632	15,958	17,590	1,610	15,555	17,165
Depreciation	22,878	48,738	71,616	18,204	44,189	62,393
Amortization	-	3,247	3,247	-	2,834	2,834

Notes: For the three months ended March 31, 2020 and 2019, the depreciation arising from investment properties amounting to \$658 and \$349, respectively.

- (b) Seasonality of operations

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

(13) Other disclosures:

- (a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2020:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

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	Anyong Fresh Mart.	(Note 2)	(Note 3)	12,000	12,000	1,705	-	0.14 %	(Note 3)	Y	-	-
"	"	Topchem Materials	(Note 2)	(Note 3)	50,000	50,000	-	-	0.59 %	(Note 3)	Y	-	-
"	"	Jing Chen Energy	(Note 2)	(Note 3)	83,052	83,052	77,868	-	0.97 %	(Note 3)	Y	-	-
"	"	Jing Yang Energy	(Note 2)	(Note 3)	85,000	85,000	82,000	-	0.99 %	(Note 3)	Y	-	-
"	"	Topscience(s)	(Note 2)	(Note 3)	269,680	269,680	227,307	-	3.16 %	(Note 3)	Y	-	-

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

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										
"	The Company	JiaYi Energy	(Note 2)	(Note 3)	182,177	182,177	70,552	-	2.13 %	(Note 3)	Y	-	-
"	"	Chien Yueh	(Note 2)	(Note 3)	1,586,856	1,586,856	1,112,653	-	18.57 %	(Note 3)	Y	-	-
"	"	Jing Yueh Energy	(Note 2)	(Note 3)	172,107	172,107	167,618	-	2.01 %	(Note 3)	Y	-	-
"	"	Kuan Yueh Technology	(Note 2)	(Note 3)	407,517	407,517	226,328	-	4.77 %	(Note 3)	Y	-	-
"	"	Topco Chemical	(Note 2)	(Note 3)	64,860	63,825	2,311	-	0.75 %	(Note 3)	Y	-	Y
"	"	Topco Shanghai	(Note 2)	(Note 3)	736,115	445,038	193,864	-	5.21 %	(Note 3)	Y	-	Y
"	"	Topco Suzhou	(Note 2)	(Note 3)	1,329,512	990,807	558,092	-	11.59 %	(Note 3)	Y	-	Y
"	"	Shanghai Chongyao	(Note 2)	(Note 3)	1,225,368	1,206,847	966,596	-	14.12 %	(Note 3)	Y	-	Y

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

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

Note 3 : According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the total amount of endorsements/guarantees for others shall not exceed \$13,672,538, which is 160% of the net value of the Company's latest financial reports, and the amount of endorsements/guarantees for a single enterprise shall not exceed \$8,545,336, which is the net value of the Company's latest financial reports.

Note 4 : The maximum amount of sharing guarantees and endorsements is CNY\$170,000, the maximum amount for guarantees and endorsements are for Topco Suzhou CNY\$95,000, Shanghai Chongyao CNY\$60,000, and Topco Chemical CNY\$15,000, respectively.

Note 5 : The balance of guarantees and endorsements as of reporting date which duplicate calculation because the board meeting convening in advance and extending contracts are for Topco Shanghai \$500,000 and Topscience(s)\$50,000, respectively.

(iii) Securities held as of March 31, 2020 (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	586	7,385	-	7,385	
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 the institutional directors of the related party	"	2,000	32,960	10	32,960	
"	Shin-Etsu Handotai Taiwan	"	"	12,000	544,200	8	544,200	
"	Everglory Resource Technology Co., Ltd.	None	"	2,000	12,580	8.18	12,580	
"	Tenx Technology, Inc.	"	"	510	6,242	2.56	6,242	
"	PromOS Technologies Inc.	"	"	71	315	0.16	315	
"	Top Taiwan V Venture Capital Co., Ltd.	"	Non-current financial assets at fair value through profit or loss	569	882	4.07	882	
"	Grand Fortune	"	"	3,000	31,200	4.12	31,200	
The Company	Other: LEAP FUND L.P.	"	Non-current financial assets at fair value through profit or loss	-	27,340	12.22	27,340	
	Fund:							

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Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Topco International Investment	Taishin 1699 Money Market Fund	None	Current financial assets at fair value through profit or loss	2,205	30,000	-	30,000	
Topco International Investment	Stock: Win Win Precision Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	734	7,946	1.61	7,946	
"	Mylight Technology Co., Ltd. (Mylight)	"	"	250	-	0.76	-	
"	Archers Inc.	"	"	625	-	1.93	-	
"	Ultramed Technology Co., Ltd.	"	"	100	1,395	5.26	1,395	
"	3XL Energy Solutions Holding Co., Ltd.	"	"	250	-	13.16	-	
"	Sunergy development corporation	"	"	285	-	19.00	-	
"	Mycropore Corporation Ltd.	"	"	400	2,988	2.39	2,988	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	
"	TAIYING RESOURCE INDUSTRIAL CORP.	"	"	2,130	18,233	17.04	18,233	
Topco International Investment	Other: E&R Engineering Corporation convertible bonds	None	Non-current financial assets at fair value through profit or loss	73	7,796	-	7,796	
Topco Investment	Fund: Jih Sun Money Market	None	Current financial assets at fair value through profit or loss	146	2,181	-	2,181	
Topco Investment	Stock: Mylight	None	Non-current financial assets at fair value through other comprehensive income	250	-	0.76	-	
"	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	2,500	17,725	5.75	17,725	
Taiwan E&M	Fund: Taishin Ta-Chong Money Market	None	Current financial assets at fair value through profit or loss	3,679	52,529	-	52,529	
"	Mega Diamond Money Market Fund	"	"	4,176	52,658	-	52,658	
"	Franklin U.S. Government Money Fund	"	"	4,187	43,522	-	43,522	
"	FSITC Taiwan Money Market	"	"	1,317	20,267	-	20,267	
Anyong Fresh Mart.	Fund: Jih Sun Money Market	None	Current financial assets at fair value through profit or loss	338	5,038	-	5,038	
"	Victor Money Market Fund	"	"	431	5,011	-	5,011	
Ding Yue Solar	Fund: FSITC Money Market	None	Current financial assets at fair value through profit or loss	9	1,536	-	1,536	

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

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

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Topco Quartz	The Company's investment accounted for using equity method	Purchase	103,045	2 %	Net 60 days from the end of the month of delivery	-	-	(108,508)	(4)%	
Topco Shanghai	Shin-Etsu Handotai Taiwan	The company is the institutional directors of the related party	Purchase	1,587,827	84 %	Net 90 days from the end of the month of delivery	-	-	(1,605,797)	(86)%	

- (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:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions				Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms		
0	The Company	Topco Shanghai	1	Sales Revenue	5,903	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.		0.07 %
"	"	"	1	Accounts Receivable	4,320	"		0.02 %
"	"	Topco Trading	1	Sales Revenue	3,306	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.		0.04 %
"	"	"	1	Accounts Receivable	1,982	"		0.01 %
"	"	Topco Suzhou	1	Other Receivable	8,004	Based on the agreement between both parties		0.04 %
"	"	"	1	Other non-operating Revenue	1,608	"		0.02 %
1	Jia Yi Energy	Kuan Yueh Technology	3	Amount due to customers for contract work	15,905	Based on the agreement between both parties		0.08 %
"	"	"	3	Accounts Receivable	38,194	"		0.20 %
"	"	"	3	Operating Revenue	29,731	"		0.34 %
"	"	Jing Chen Energy	3	Accounts Receivable	3,203	"		0.02 %

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

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
2	Anyong Biotechnology	Anyong Fresh Mart.	3	Sales Revenue	7,923	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.	0.09 %
"	"	"	3	Accounts Receivable	3,737	"	0.02 %
3	Anyong Fresh Mart.	The Company	2	Sales Revenue	2,154	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.	0.02 %
4	Anyong Lohas	Anyong Fresh Mart.	3	Sales Revenue	2,086	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.	0.02 %
5	Topchem Materials	The Company	2	Sales Revenue	5,346	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.06 %
"	"	"	2	Accounts Receivable	2,089	"	0.01 %
6	Taiwan E&M	Topco Shanghai	3	Sales Revenue	1,571	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.	0.02 %
7	Topco Japan	Topscience(s)	3	Sales Revenue	3,108	There is no significant difference of price between general customers. Based on the agreement between both parties	0.04 %
"	"	"	3	Unearned Revenue	3,171	"	0.02 %
8	Chien Yueh	Topco Suzhou	3	Sales Revenue	1,644	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.	0.02 %

Note 1: The numbers filled in as follows:

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

Note 2: Relationship with the transactions labeled as follows:

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars and foreign currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2020			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Topco Quartz	Hsinchu County	Manufacture and repair of quartz equipment, quartz tube e.g.	99,232	99,232	13	40%	1,267,524	190,466	77,473	
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	506,554	12,972	12,972	Note 2
	Fortune	Taipei City	Clean up of waste and environmental management service	187,000	187,000	18,700	25%	346,183	31,123	7,780	
	Topco Group	Samoa	Investment activities	493,981	493,981	15,518	100%	2,335,888	143,903	143,903	Note 2
	Topco International Investment	Taipei City	Investment activities	340,000	340,000	37,000	100%	294,283	7,991	7,934	"
	Topco Investment	Taipei City	Investment activities	210,000	210,000	21,000	100%	54,975	(5,309)	(5,309)	"
	Chien Yueh	Taipei City	Water purification and construction of dust-proof room	200,000	200,000	22,293	100%	265,039	9,453	9,528	"
	Winaico	Germany	Oversea Holding Company	184,929	184,929	5,000	28%	-	-	-	
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	440,000	440,000	19,882	99%	110,598	(11,671)	(11,602)	Note 2
	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	464,350	464,350	21,800	100%	59,619	(16,022)	(16,022)	Note 2
	Kanbo Biomedical	Taipei City	Sales of health food products	50,000	50,000	909	91%	1,290	(14)	(13)	"
	Kuan Yueh Technology	Taipei City	Development of renewable energy project / Configure pipeline construction and device installation	19,000	19,000	2,328	21%	25,614	979	203	"
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	215,000	130,000	22,819	84%	162,496	4,497	(261)	"
	Xiang Yueh	Taipei City	Sports Training	30,000	30,000	600	100%	3,621	(7)	(7)	"
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	317,000	317,000	21,700	100%	82,203	(15,209)	(15,210)	"
	General Precise	Hsinchu County	Process and sales of quartz products	14,301	14,301	1,000	100%	22,859	3,418	3,418	"
								5,538,746		214,787	
	Topco Group	Asia Topco	Mauritius	395,524 (USD13,086)	395,524 (USD13,086)	13,086	100%	1,631,148	122,351	Investment gains (losses) recognized by Topco Group	Note 2
		Topsience(s)	Singapore	10,615 (SGD500)	10,615 (SGD500)	500	100%	270,619	9,817	"	"
		Topco Trading	Hong Kong	45,338 (USD1,500)	45,338 (USD1,500)	1,500	100%	342,740	11,435	"	"
Topsience(s)	Topsience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	7,556 (USD250)	7,556 (USD250)	-	100%	4,123	(1,002)	Investment gains (losses) recognized by Topsience(s)	Note 2
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	-	-	-	100%	-	-	"	"

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2020			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
Topco International Investment	Cityspace	Taipei City	Wholesale sales of cosmetics	12,000	12,000	1,267	67%	16,903	(162)	Investment gains (losses) recognized by Topco International Investment	Note 2
	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	15,094	15,094	5	100%	2,603	98	"	"
	Kuan Yueh Technology	Taipei City	Development of renewable energy projects / Configure pipeline construction and device installation	87,000	87,000	8,885	79%	97,769	979	"	"
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	24,000	24,000	4,406	16%	45,593	4,497	"	"
	Kambo Biomedical	Taipei City	Sales of health food products	5,000	5,000	91	9%	129	(14)	"	"
	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	4,197	4,197	142	36%	-	-	"	"
	DIO	Germany	Development of renewable energy project	23,849	23,849	592	100%	(125)	-	"	Note 2
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	5,000	5,000	118	0.59%	656	(11,671)	"	"
	Topchem Materials	Taipei City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	31,000	31,000	3,929	100%	66,647	4,884	"	"
	Jing Yueh Energy	Taipei City	Development of renewable energy project	-	63,000	-	-%	-	1,116	Investment gains (losses) recognized by Topco International Investment from January to March.	Note 2
	Fortune	Taipei City	Clean up of waste and environmental management service	871	871	50	0.07%	973	31,123	Investment gains (losses) recognized by Topco International Investment	
Topco Investment	Multi Rich Technology	Taipei City	Wholesale of fishery products	20,500	20,500	2,050	98%	3,364	(124)	Investment gains (losses) recognized by Topco Investment	Note 2
	Ding Yue Solar	Taipei City	Development of renewable energy project	9,000	9,000	900	100%	4,156	(15)	"	"
	Advanced Fishery	Taipei City	Aquaculture and wholesale of fishery products	29,299	29,299	1,200	100%	4,503	4	"	"
Jia Yi energy	Min Jen Restaurant	Taipei City	Restaurant	110,000	110,000	11,000	69%	20,446	(3,256)	"	Note 2
	Jing Chen Energy	Taipei City	Development of renewable energy project	66,050	66,050	7,086	100%	57,481	615	Investment gains (losses) recognized by Jia Yi energy	Note 2
	Jing Yang Energy	Taipei City	"	70,497	70,497	6,300	100%	72,757	825	"	"
	Jing Yueh Energy	Taipei City	"	82,161	-	7,513	100%	82,735	1,116	Investment gains (losses) recognized by Topco International Investment from January to March	Note 2

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

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

(c) 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	Accumulated outflow of investment from Taiwan as of January 1, 2020 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2020 (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	265,678 (USD8,790) (Note 4)	Note 1	205,530 (USD6,800)	-	-	205,530 (USD6,800)	89,237 (USD2,964)	100 %	89,237 (USD2,964)	1,158,027 (USD38,314)	-
Shanghai Chongyao		55,315 (RMB13,000)	Note 5	Note 5	-	-	-	2,343 (RMB544)	100 %	2,343 (RMB544)	212,115 (RMB49,851)	-
Topco Suzhou	Water purification and construction of dust-proof room	81,608 (USD2,700)	Note 1	81,608 (USD2,700)	-	-	81,608 (USD2,700)	17,639 (USD586)	100 %	17,639 (USD586)	402,618 (USD13,321)	-
Topco Chemical	wholesale and sales of chemical products	13,390 (USD443)	Note 1	13,390 (USD443)	-	-	13,390 (USD443)	15,451 (USD513)	100 %	15,451 (USD513)	63,214 (USD2,091)	-
Topco Engineering	Water purification and construction of dust-proof room	4,255 (RMB1,000)	Note 6	Note 6	-	-	-	(116) (RMB27)	100 %	(116) (RMB27)	4,141 (RMB973)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
392,713 (USD12,993) (Note 7)	498,199 (USD16,483)	(Note 8)

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

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

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rate of USD30.225 and CNY4.255, respectively, as of March 31, 2020.

Note 4 : Including the capital increase transferred from retained earnings amounting to USD1,990 thousands.

Note 5 : Shanghai Chongyao is jointly invested by Topco Shanghai and is Topco Suzhou, both of which are the sub-subsidiary of the Company.

Note 6 : Topco Engineering is invested by Topco Suzhou, which is the sub-subsidiary of the Company.

Note 7 : Including the written-off investment funds of USD3,050 thousands.

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.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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- (d) Major shareholders holding more than 5% of ownership for the three months ended March 31, 2020:
None

(14) Segment information:

The Group's operating segment information and reconciliation were as follows:

For the three months ended March 31, 2020					
	Semiconductor and electronics division	Environmental engineering group	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 7,755,359	909,257	125,236	-	8,789,852
Intersegment revenues	-	-	-	-	-
Total revenue	<u>\$ 7,755,359</u>	<u>909,257</u>	<u>125,236</u>	<u>-</u>	<u>8,789,852</u>
Reportable segment profit or loss	<u>\$ 534,139</u>	<u>36,605</u>	<u>36,677</u>	<u>-</u>	<u>607,421</u>
For the three months ended March 31, 2019					
	Semiconductor and electronics division	Environmental engineering group	Other divisions	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$ 5,988,165	1,006,335	105,086	-	7,099,586
Intersegment revenues	-	-	-	-	-
Total revenue	<u>\$ 5,988,165</u>	<u>1,006,335</u>	<u>105,086</u>	<u>-</u>	<u>7,099,586</u>
Reportable segment profit or loss	<u>\$ 389,102</u>	<u>63,741</u>	<u>43,496</u>	<u>-</u>	<u>496,339</u>