

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

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Topco Scientific Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$2,133,153 thousand and \$1,925,630 thousand, constituting 6.69% and 6.73% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounting to \$691,501 thousand and \$709,463 thousand, constituting 3.64% and 4.14% of consolidated total liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive income amounting to \$74,280 thousand, \$93,513 thousand, \$129,908 thousand and \$187,405 thousand, constituting 13.66%, 18.38%, 10.50% and 15.14% of consolidated total comprehensive income for the three months and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Topco Scientific Co., Ltd. and its subsidiaries in its investee companies of \$2,181,817 thousand and \$1,870,501 thousand as of June 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$147,799 thousand, \$130,315 thousand, \$286,356 thousand and \$264,459 thousand for the three months and six months ended June 30, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Topco Scientific Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
July 27, 2023

Notes to Readers

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

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

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 5,137,571	16	4,299,523	14	3,959,758	14	2100	Short-term borrowings (note 6(m))	\$ 1,937,109	6	755,033	3	1,590,790	5
1110	Current financial assets at fair value through profit or loss (note 6(b))	270,363	1	190,096	1	237,653	1	2130	Current contract liabilities (note 6(x))	1,705,643	6	1,787,806	6	1,474,095	5
1140	Current contract assets (note 6(x))	1,909,796	6	1,671,753	6	1,597,901	6	2170	Notes and accounts payable	5,877,322	18	6,431,358	22	6,185,400	22
1170	Notes and accounts receivable, net (note 6(d))	6,962,164	22	7,055,323	24	8,426,706	30	2180	Notes and accounts payable to related parties (note 7)	1,979,186	6	2,774,334	9	2,281,621	8
1180	Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	145,990	1	109,068	-	104,913	-	2200	Other current financial liabilities	1,221,483	4	1,267,044	4	1,082,372	4
1476	Other current financial assets (notes 6(l) and 8)	1,289,513	4	1,160,482	4	1,228,225	4	2216	Dividends payable	1,866,041	6	-	-	1,631,291	6
1300	Inventories, net (note 6(e))	5,425,520	17	5,291,287	17	3,815,073	13	2230	Current tax liabilities	425,995	1	640,528	2	472,385	2
1479	Other current assets, others	768,151	2	814,462	3	600,522	2	2250	Current provisions (note 6(q))	360,057	1	181,371	1	176,167	-
		<u>21,909,068</u>	<u>69</u>	<u>20,591,994</u>	<u>69</u>	<u>19,970,751</u>	<u>70</u>	2280	Current lease liabilities (note 6(p))	132,033	1	134,708	1	121,877	-
Non-current assets:															
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	644,232	2	586,921	2	610,484	2	2320	Long-term borrowings, current portion (note 6(n))	81,381	-	79,701	-	80,851	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,224,079	4	1,338,861	5	1,059,771	4	2365	Current refund liabilities	12,345	-	14,372	-	158,460	1
1550	Investments accounted for using equity method (note 6(f))	2,181,817	7	2,177,225	7	1,870,501	7	2399	Other current liabilities	99,931	-	82,336	-	87,010	-
1600	Property, plant and equipment (note 6(h))	3,652,052	11	3,644,002	12	3,470,753	12			<u>15,698,526</u>	<u>49</u>	<u>14,148,591</u>	<u>48</u>	<u>15,342,319</u>	<u>53</u>
1755	Right-of-use assets (note 6(i))	473,935	1	531,692	2	523,228	2	Non-Current liabilities:							
1760	Investment property, net (notes 6(j) and 8)	135,140	1	139,591	-	171,404	-	2530	Bonds payable (note 6(o))	948,113	3	-	-	-	-
1780	Intangible assets (note 6(k))	437,569	1	468,083	2	496,112	2	2540	Long-term borrowings (note 6(n))	1,284,533	4	1,315,193	4	731,064	3
1840	Deferred tax assets	72,645	-	58,699	-	79,256	-	2580	Non-current lease liabilities (note 6(p))	345,190	1	397,578	1	403,510	1
1900	Other non-current assets (notes 6(l) and 8)	1,133,700	4	343,207	1	356,120	1	2670	Deferred tax liabilities and others	615,402	2	616,736	2	487,516	2
		<u>9,955,169</u>	<u>31</u>	<u>9,288,281</u>	<u>31</u>	<u>8,637,629</u>	<u>30</u>	2640	Non-current net defined benefit liability (note 6(s))	131,479	1	131,178	-	159,102	1
										<u>3,324,717</u>	<u>11</u>	<u>2,460,685</u>	<u>7</u>	<u>1,781,192</u>	<u>7</u>
										<u>19,023,243</u>	<u>60</u>	<u>16,609,276</u>	<u>55</u>	<u>17,123,511</u>	<u>60</u>
										Total liabilities					
										Equity attributable to owners of parent (note 6(u)):					
								3110	Ordinary share	1,816,996	6	1,816,996	6	1,816,996	6
								3140	Advance receipts for share capital	90,952	-	-	-	-	-
								3200	Capital surplus	1,711,631	5	2,343,848	8	2,345,202	8
								3300	Retained earnings	8,336,833	26	8,041,653	27	6,565,902	23
								3400	Other equity	607,630	2	757,147	3	474,422	2
										<u>12,564,042</u>	<u>39</u>	<u>12,959,644</u>	<u>44</u>	<u>11,202,522</u>	<u>39</u>
								3610	Non-controlling interests	276,952	1	311,355	1	282,347	1
										<u>12,840,994</u>	<u>40</u>	<u>13,270,999</u>	<u>45</u>	<u>11,484,869</u>	<u>40</u>
										Total equity					
										<u>\$ 31,864,237</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>28,608,380</u>	<u>100</u>
										Total liabilities and equity					
										<u>\$ 31,864,237</u>	<u>100</u>	<u>29,880,275</u>	<u>100</u>	<u>28,608,380</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

	For the three months ended June 30				For the six months ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
Operating Revenues: (notes 6(x) and 7)									
4110	Sales revenue	\$ 10,071,622	84	11,128,395	84	20,166,504	82	21,670,362	84
4520	Construction revenue	1,447,974	12	1,495,602	11	3,238,190	13	2,940,489	11
4800	Other operating revenue	535,755	4	601,337	5	1,143,002	5	1,197,060	5
	Operating revenue, net	<u>12,055,351</u>	<u>100</u>	<u>13,225,334</u>	<u>100</u>	<u>24,547,696</u>	<u>100</u>	<u>25,807,911</u>	<u>100</u>
Operating costs: (notes 6(e), 6(s), 6(y), 7 and 12)									
5110	Cost of sales	8,918,807	74	9,850,996	75	17,953,043	73	19,250,459	75
5500	Construction cost	1,305,413	11	1,469,354	11	2,975,093	12	2,960,179	11
5800	Other operating costs	249,643	2	282,598	2	537,328	2	513,410	2
		<u>10,473,863</u>	<u>87</u>	<u>11,602,948</u>	<u>88</u>	<u>21,465,464</u>	<u>87</u>	<u>22,724,048</u>	<u>88</u>
5910	Less: Unrealized loss from sales	2,937	-	(73)	-	3,407	-	(146)	-
	Gross profit	<u>1,578,551</u>	<u>13</u>	<u>1,622,459</u>	<u>12</u>	<u>3,078,825</u>	<u>13</u>	<u>3,084,009</u>	<u>12</u>
Operating expenses: (notes 6(d), 6(s), 6(y), 7 and 12)									
6100	Selling expenses	394,851	3	382,579	3	777,719	3	727,514	3
6200	Administrative expenses	425,123	4	432,025	3	784,211	3	810,125	3
6300	Research and development expenses	25,637	-	28,971	-	72,211	1	53,066	-
	Total operating expenses	<u>845,611</u>	<u>7</u>	<u>843,575</u>	<u>6</u>	<u>1,634,141</u>	<u>7</u>	<u>1,590,705</u>	<u>6</u>
	Net operating income	<u>732,940</u>	<u>6</u>	<u>778,884</u>	<u>6</u>	<u>1,444,684</u>	<u>6</u>	<u>1,493,304</u>	<u>6</u>
Non-operating income and expenses:									
7100	Interest income	19,169	-	7,492	-	38,477	-	15,867	-
7010	Other income (notes 6(b), 6(c), 6(r) and 6(z))	122,565	1	76,724	-	132,664	1	94,468	-
7020	Other gains and losses, net (notes 6(b), 6(f), 6(r) and 6(z))	(46,372)	-	208,951	2	42,853	-	259,016	1
7050	Finance costs (note 6(p))	(19,357)	-	(13,894)	-	(37,773)	-	(22,348)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(f))	147,799	1	130,315	1	286,356	1	264,459	1
		<u>223,804</u>	<u>2</u>	<u>409,588</u>	<u>3</u>	<u>462,577</u>	<u>2</u>	<u>611,462</u>	<u>2</u>
	Profit before tax	<u>956,744</u>	<u>8</u>	<u>1,188,472</u>	<u>9</u>	<u>1,907,261</u>	<u>8</u>	<u>2,104,766</u>	<u>8</u>
7950	Less: Income tax expenses (note 6(t))	288,870	2	273,939	2	495,643	2	511,979	2
	Profit	<u>667,874</u>	<u>6</u>	<u>914,533</u>	<u>7</u>	<u>1,411,618</u>	<u>6</u>	<u>1,592,787</u>	<u>6</u>
8300	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(59,148)	-	(383,761)	(3)	(114,782)	(1)	(418,095)	(2)
8349	Less: income tax related to items that will not be reclassified to profit or loss (note 6(t))	-	-	-	-	-	-	-	-
		<u>(59,148)</u>	<u>-</u>	<u>(383,761)</u>	<u>(3)</u>	<u>(114,782)</u>	<u>(1)</u>	<u>(418,095)</u>	<u>(2)</u>
8360	Items that will be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(80,576)	(1)	(27,110)	-	(73,009)	-	78,864	-
8399	Less: income tax related to items that will be reclassified to profit or loss (note 6(t))	(15,614)	-	(5,219)	-	(13,969)	-	16,044	-
		<u>(64,962)</u>	<u>(1)</u>	<u>(21,891)</u>	<u>-</u>	<u>(59,040)</u>	<u>-</u>	<u>62,820</u>	<u>-</u>
8300	Other comprehensive income	<u>(124,110)</u>	<u>(1)</u>	<u>(405,652)</u>	<u>(3)</u>	<u>(173,822)</u>	<u>(1)</u>	<u>(355,275)</u>	<u>(2)</u>
	Comprehensive income	<u>\$ 543,764</u>	<u>5</u>	<u>508,881</u>	<u>4</u>	<u>1,237,796</u>	<u>5</u>	<u>1,237,512</u>	<u>4</u>
	Profit, attributable to:								
8610	Attributable to owners of parent	\$ 669,619	6	900,267	7	1,409,553	6	1,560,181	6
8620	Attributable to non-controlling interests	(1,745)	-	14,266	-	2,065	-	32,606	-
		<u>\$ 667,874</u>	<u>6</u>	<u>914,533</u>	<u>7</u>	<u>1,411,618</u>	<u>6</u>	<u>1,592,787</u>	<u>6</u>
	Comprehensive income attributable to:								
	Attributable to owners of parent	\$ 545,663	5	494,615	4	1,235,861	5	1,204,906	4
	Attributable to non-controlling interests	(1,899)	-	14,266	-	1,935	-	32,606	-
		<u>\$ 543,764</u>	<u>5</u>	<u>508,881</u>	<u>4</u>	<u>1,237,796</u>	<u>5</u>	<u>1,237,512</u>	<u>4</u>
	Earnings per share: (note 6(w))								
9750	Basic net income per share	\$ 3.69		4.96		7.76		8.59	
9850	Diluted net income per share	\$ 3.67		4.92		7.69		8.51	

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Retained earnings Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
Balance at January 1, 2022	\$ 1,816,996	-	2,345,202	1,643,582	4,961,095	6,604,677	(127,797)	957,494	829,697	11,596,572	282,076	11,878,648
Profit for the six months ended June 30, 2022	-	-	-	-	1,560,181	1,560,181	-	-	-	1,560,181	32,606	1,592,787
Other comprehensive income	-	-	-	-	-	-	62,820	(418,095)	(355,275)	(355,275)	-	(355,275)
Total comprehensive income	-	-	-	-	1,560,181	1,560,181	62,820	(418,095)	(355,275)	1,204,906	32,606	1,237,512
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	229,146	(229,146)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,598,956)	(1,598,956)	-	-	-	(1,598,956)	-	(1,598,956)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(32,335)	(32,335)
Balance at June 30, 2022	\$ 1,816,996	-	2,345,202	1,872,728	4,693,174	6,565,902	(64,977)	539,399	474,422	11,202,522	282,347	11,484,869
Balance at January 1, 2023	\$ 1,816,996	-	2,343,848	1,872,728	6,168,925	8,041,653	(47,734)	804,881	757,147	12,959,644	311,355	13,270,999
Profit for the six months ended June 30, 2023	-	-	-	-	1,409,553	1,409,553	-	-	-	1,409,553	2,065	1,411,618
Other comprehensive income	-	-	-	-	-	-	(58,910)	(114,782)	(173,692)	(173,692)	(130)	(173,822)
Total comprehensive income	-	-	-	-	1,409,553	1,409,553	(58,910)	(114,782)	(173,692)	1,235,861	1,935	1,237,796
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	303,593	(303,593)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,090,198)	(1,090,198)	-	-	-	(1,090,198)	-	(1,090,198)
Other changes in capital surplus:												
Cash dividends from capital surplus	-	-	(726,798)	-	-	-	-	-	-	(726,798)	-	(726,798)
Issue of shares-Advance receipts for share capital	-	90,952	-	-	-	-	-	-	-	90,952	-	90,952
Changes in ownership interests in subsidiaries	-	-	(1,260)	-	-	-	-	-	-	(1,260)	-	(1,260)
Due to recognition of equity component of convertible bonds issued	-	-	59,026	-	-	-	-	-	-	59,026	-	59,026
Compensation cost of employee stock option	-	-	36,815	-	-	-	-	-	-	36,815	-	36,815
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(36,338)	(36,338)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(24,175)	(24,175)	-	24,175	24,175	-	-	-
Balance at June 30, 2023	\$ 1,816,996	90,952	1,711,631	2,176,321	6,160,512	8,336,833	(106,644)	714,274	607,630	12,564,042	276,952	12,840,994

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,907,261	2,104,766
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	201,482	186,238
Amortization expense	36,372	35,855
Expected credit loss (gain)	(18,455)	51,828
Net gain on financial assets and liabilities at fair value through profit or loss	(69,278)	(183,603)
Interest expense	37,773	22,348
Interest income	(38,477)	(15,867)
Dividends income	(104,222)	(70,018)
Compensation cost of share-based payments	36,815	-
Share of profit of associates and joint ventures accounted for using equity method	(286,356)	(264,459)
Loss on disposal of property, plant and equipment, net	20,622	10,415
Gain on disposal of right-of-use assets, net	(220)	(1,411)
Others	3,557	161
Total adjustments to reconcile profit	<u>(180,387)</u>	<u>(228,513)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in contract assets	(238,043)	(679,215)
Decrease (increase) in notes and accounts receivable	75,814	(1,526,546)
Increase in inventories	(134,233)	(478,655)
Increase in financial assets at fair value through profit or loss	(79,100)	(69,854)
Decrease (increase) in other current assets	46,311	(191,451)
Decrease (increase) in other financial assets	17,967	(15,108)
Total changes in operating assets	<u>(311,284)</u>	<u>(2,960,829)</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(82,163)	695,010
Increase (decrease) in notes payable	(1,349,184)	857,702
Increase (decrease) in other current financial liabilities	(48,463)	140,165
Increase in provisions	178,686	109,817
Increase (decrease) in refund liabilities	(2,027)	142,416
Increase (decrease) in other current liabilities	17,595	(5)
Increase (decrease) in others	301	(17,852)
Total changes in operating liabilities	<u>(1,285,255)</u>	<u>1,927,253</u>
Total changes in operating assets and liabilities	<u>(1,596,539)</u>	<u>(1,033,576)</u>
Total adjustments	<u>(1,776,926)</u>	<u>(1,262,089)</u>
Cash inflow (outflow) generated from operations	130,335	842,677
Interest received	37,654	15,181
Dividends received	260,000	200,000
Interest paid	(35,710)	(21,705)
Income taxes paid	(710,304)	(402,903)
Net cash flows from operating activities	<u>(318,025)</u>	<u>633,250</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(265,015)
Proceeds from capital reduction of financial assets at fair value through profit or loss	10,800	-
Acquisition of investments accounted for using equity method	(16,700)	-
Acquisition of property, plant and equipment	(154,902)	(93,720)
Proceeds from disposal of property, plant and equipment	2,693	4,887
Increase in prepayments of land and buildings	(810,000)	-
Decrease (increase) in refundable deposits	40,066	(132,628)
Acquisition of intangible assets	(6,098)	(14,110)
Decrease in other non-current assets	(21,184)	(4,985)
Decrease in restricted assets	(4,608)	(24,612)
Net cash flows used in investing activities	<u>(959,933)</u>	<u>(530,183)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,182,076	138,008
Proceeds from issuance of bonds	1,007,039	-
Addition of long-term borrowings	10,770	-
Repayments of long-term borrowings	(39,750)	(38,750)
Decrease (increase) in guarantee deposits received	(4,590)	928
Payment of lease liabilities	(71,933)	(64,726)
Issue of shares- Advance receipts for share capital	90,952	-
Changes in non-controlling interests	12,707	-
Net cash flows used in financing activities	<u>2,187,271</u>	<u>35,460</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(71,265)</u>	<u>69,667</u>
Net increase in cash and cash equivalents	838,048	208,194
Cash and cash equivalents at the beginning of period	4,299,523	3,751,564
Cash and cash equivalents at the end of period	<u>\$ 5,137,571</u>	<u>3,959,758</u>

See accompanying notes to consolidated financial statements.

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

TOPCO SCIENTIFIC CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

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

(1) Company history

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

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

The consolidated financial statements were approved for issuance by the Board of Directors on July 27, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(Continued)

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

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Taiwan E&M System Inc. (Taiwan E&M)	Sales of electronic material	100%	100%	100%	
"	Topco Group Ltd. (Topco Group)	Investment	100%	100%	100%	
"	Topco International Investment Co., Ltd. (Topco International Investment)	Investment	100%	100%	100%	
"	Topco Investment Co., Ltd. (Topco Investment)	Investment	100%	100%	100%	
"	ECO Technical Services Co., Ltd. (Chien Yueh)	Water purification and construction of dust-proof room	100%	100%	100%	
"	Anyong Biotechnology, Inc. (Anyong Biotechnology)	Aquaculture and strategic partnership with fish processing	100%	100%	100%	
"	Anyong FreshMart, Inc. (Anyong Fresh Mart.)	Wholesale and retail sales of fishery products and supermarket operation	100%	100%	100%	
"	Xiang Yueh Co., Ltd. (Xiang Yueh)	Waste Disposal	100%	83%	83%	Xiang Yueh Co.Ltd issued new shares and repurchase shares from minority interest in the first quarter of 2023, which increasing the company's shareholding ratio to 100%.

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Jia Yi Energy Co., Ltd. (Jia Yi Energy)	Manufacture of machinery and electronic spare parts	84%	84%	84%	The Company and Topco International Investment jointly held its entire shares.
"	Yilan Anyong Lohas, Co., Ltd. (Anyong Lohas)	Restaurant and retail sales of food products	100%	100%	100%	
"	Topscience (s) Pte Ltd. (Topscience (s))	Sales of parts of semiconductor and optoelectronic industries	100%	100%	100%	(Note)
The Company	Unitech New Energy Engineering Co., LTD (Unitech New Energy Engineering)	Environment-related engineering planning, assessment, supervision and monitoring	77.60%	77.60%	77.60%	
"	Topco Scientific USA Corp. (Topco Scientific USA)	Wholesale of semiconductor material	100%	100%	100%	
"	Xports Sports Co. Ltd (Xports Sports)	Sport Training	100%	100%	-%	The Company acquired 100% shares of Xports Sports from Topco Investment in the third quarter of 2022.
Topco Group	Asia Topco Holding Ltd. (Asia Cayman)	Investment	100%	100%	-%	The company was established in November 2022.
"	Hong Kong Topco Trading Limited (Topco Trading)	Wholesale of semiconductor material and electronic material	100%	100%	100%	(Note)
"	Asia Topco Investment Ltd. (Asia Topco)	Investment	-%	-%	100%	
Asia Cayman	Asia Topco Investment Ltd. (Asia Topco)	Investment	100%	100%	-%	Due to the adjustment of the Company's internal organizational structure in December 2022, the subsidiary of the Company, Asia Cayman, issued new shares as consideration for shares conversion.
Asia Topco	Topco Scientific (Shanghai) Co., Ltd. (Topco Shanghai)	Wholesale of semiconductor material and electronic material	100%	100%	100%	
"	Suzhou Topco Construction Ltd. (Topco Suzhou)	Water purification and cleanroom construction	100%	100%	100%	
"	Topco Chemical (Z.F.T.Z.) Co., Ltd. (Topco Chemical)	Wholesale and sales of chemical products	100%	100%	100%	(Note)

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Topco Shanghai	Shanghai Chong Yao Trading Co., Ltd. (Shanghai Chong Yao)	Wholesale of semiconductor material and electronic material	98%	98%	98%	Topco Shanghai and Topco Suzhou held its 100% shares jointly. (Note)
"	Shanghai perfect microelectronics Co., Ltd.	IC Design Company	51%	51%	-%	The company was established in the third quarter of 2022. (Note)
Topco Suzhou	Shanghai Chong Yao	Wholesale of semiconductor material and electronic material	2%	2%	2%	(Note)
"	Topco Engineering (Suzhou) LTD. (Topco Engineering)	Water purification and cleanroom construction	100%	100%	100%	(Note)
Topco Chemical	Chongling Chemical Product Trading (Z.F.T.Z.) Co., Ltd. (Chongling Chemical)	Wholesale and sales of chemical products	70%	-%	-%	The company was established in May 2023. (Note)
Topscience (s)	Topscience Vietnam Co., Ltd. (Topscience Vietnam)	Sales of parts of semiconductor and optoelectronic industries	100%	100%	100%	(Note)
"	Anyong (s) Pte. LTD. (Anyong (s))	Wholesale and retail sales of fishery products	100%	100%	100%	(Note)
"	Ping Yue Technologies SDN.BHD. (Ping Yue Technologies)	Sales of semiconductor material and equipment	100%	100%	100%	The company was established in May 2022. (Note)
Topco International Investment	Cityspace International Co., Ltd. (Cityspace)	Wholesale and sales of cosmetic	67%	67%	67%	
"	Topco Scientific (Japan) Co., Ltd. (Topco Japan)	Sales of facilities of semiconductor and clean room	100%	100%	100%	
"	Kuan Yueh Technology Engineering Co.,Ltd. (Kuan Yueh Technology)	Development of renewable energy projects; Configure pipeline construction and device installation	100%	100%	100%	
"	Jia Yi Energy	Manufacture of machinery and electronic spare parts	16%	16%	16%	
"	Kanbo Biomedical Co., Ltd. (Kanbo Biomedical)	Sales of health food products	100%	100%	100%	
"	Topchem Materials Corp. (Topchem Materials)	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	100%	100%	100%	

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Topco International Investment	Tai Ying Resource Industrial Corp. (Tai Ying Resource)	Waste Disposal Industry	48.80%	48.80%	48.80%	Topco International Investment and Chien Yueh held its 51.85% shares jointly.
"	Topchip electronic Co. Ltd. (Topchip)	IC Design and Sales Company	100%	100%	100.00%	The company was established in May 2022.
"	Thermaltake green power Co. Ltd- (Thermaltake green power)	Renewable-energy-based electricity retailing	100%	100%	-%	The company was established in August 2022.
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%	
"	Xports Sports Co., Ltd. (Xports Sports)	Sport training	-%	-%	100%	Topco Investment sold all shares of Xport Sports to the Company in the third quarter of 2022.
"	Min Jen Restaurant Business Co., Ltd. (Min Jen Restaurant)	Restaurant	69%	69%	69%	Min Jen Restaurant had applied for liquidation procedures in December 2022.
"	Yun Yueh Technology Co., Ltd (Yun Yueh Technology)	Aquaculture and wholesale and sales of fishery products	55%	55%	75%	Topco Investment acquired all the shares of Yun Yueh Technology in the third quarter of 2022 and sold 45% of the shares in the fourth quarter of 2022.
Jia Yi Energy	Jing Chen Energy Co., Ltd. (Jing Chen Energy)	Development of renewable energy projects.	100%	100%	100%	
"	Jing Yang Energy Co., Ltd. (Jing Yang Energy)	"	100%	100%	100%	
"	Jing Yueh Energy Co., Ltd. (Jing Yueh Energy)	"	100%	100%	100%	
Taiwan E&M	Top Vacuum Co., Ltd. (Top Vacuum)	Vacuum pump equipment maintenance	60%	60%	60%	
Chien Yueh	Tai Ying Resource	Waste Disposal Industry	3.1%	3.1%	3.1%	
"	Unitech New Energy Engineering	Environment-related engineering planning, assessment, supervision and monitoring	1%	1%	1%	

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Topco Japan	Shunkawa Corporation (Shunkawa)	Import and export of semiconductor raw materials	100%	100%	100%	The company was established in April 2022.
Tai Ying Resource	Tai Ying Global Trading Ltd., Co. (Tai Ying Global Trading)	International trading company	100%	100%	-%	The company was established in July 2022.

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are received on an ongoing basis which is in conformity with the consolidated interim financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

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

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 21,315	21,225	35,963
Checking accounts and demand deposits	3,384,325	3,045,533	3,003,182
Time deposits	<u>1,731,931</u>	<u>1,232,765</u>	<u>920,613</u>
	<u>\$ 5,137,571</u>	<u>4,299,523</u>	<u>3,959,758</u>

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificate-Funds	\$ 270,363	190,096	237,653
Domestic listed stocks	174,019	145,485	153,045
Foreign listed stocks	40,068	83,370	214,474
Unlisted stocks	376,262	312,668	184,860
Foreign unlisted funds	53,783	45,398	58,105
Convertible bonds — embedded derivatives	<u>100</u>	<u>-</u>	<u>-</u>
	<u>\$ 914,595</u>	<u>777,017</u>	<u>848,137</u>
Current	\$ 270,363	190,096	237,653
Non-current	<u>644,232</u>	<u>586,921</u>	<u>610,484</u>
	<u>\$ 914,595</u>	<u>777,017</u>	<u>848,137</u>

The gain or loss on valuation of financial assets at fair value of the Group for the three months and six months ended June 30, 2023 and 2022, was a loss of \$40,248, a gain of \$161,648, a gain of \$69,278, and a gain of \$183,603, respectively.

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

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

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

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

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

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Equity investments at fair value through other comprehensive income			
Domestic listed stocks	\$ 191,750	143,450	183,089
Domestic unlisted stocks	<u>1,032,329</u>	<u>1,195,411</u>	<u>876,682</u>
	<u>\$ 1,224,079</u>	<u>1,338,861</u>	<u>1,059,771</u>

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

The liquidation procedures of partial stocks, measured at fair value through other comprehensive income by the Group, had been completed in the first quarter of 2023. Since there were no residual assets distributed by the Group, it resulted in an investment loss of \$24,175, which was reclassified from other comprehensive income to retained earnings..

During the three months and six months ended June 30, 2023 and 2022, the Group's unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income was a loss of \$59,148, a loss of \$383,761 a loss of \$114,782 and a loss of \$418,095, respectively.

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

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

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

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Notes receivable from operating activities	\$ 88,799	76,718	51,605
Accounts receivable from measured as amortized cost	7,066,321	7,154,216	8,563,823
Less: Loss allowance	<u>46,966</u>	<u>66,543</u>	<u>83,809</u>
	<u>\$ 7,108,154</u>	<u>7,164,391</u>	<u>8,531,619</u>
Notes and accounts receivable, net	<u>\$ 6,962,164</u>	<u>7,055,323</u>	<u>8,426,706</u>
Notes and accounts receivable due from related parties, net	<u>\$ 145,990</u>	<u>109,068</u>	<u>104,913</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:

	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,213,814	0.17%	10,394
Overdue 0-30 days	584,409	1.00%	5,844
Overdue 31-60 days	92,091	3.00%	2,763
Overdue 61-90 days	145,458	5.00%	7,273
Overdue over 91 days	119,348	17.34%	20,692
	\$ 7,155,120		46,966
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 6,413,284	0.09%	5,978
Overdue 0-30 days	582,883	1.00%	5,829
Overdue 31-60 days	59,190	3.00%	1,776
Overdue 61-90 days	42,349	5.00%	2,117
Overdue over 91 days	133,228	38.16%	50,843
	\$ 7,230,934		66,543
	June 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 7,356,779	0.09%	6,910
Overdue 0-30 days	696,446	1.00%	6,959
Overdue 31-60 days	391,208	3.00%	11,736
Overdue 61-90 days	74,141	5.00%	3,707
Overdue over 91 days	96,854	56.27%	54,497
	\$ 8,615,428		83,809

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

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

	For the six months ended June 30,	
	2023	2022
Balance at January 1	\$ 66,543	30,036
Impairment losses recognized (reversed)	(18,455)	53,378
Foreign exchange gain (losses)	(1,122)	395
Balance at June 30	<u>\$ 46,966</u>	<u>83,809</u>

(e) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Merchandise inventories	\$ 5,278,903	5,162,444	3,598,812
Work in progress	18,591	2,984	26,575
Raw materials	47,448	49,883	51,988
Goods in transits	80,578	75,976	137,698
	<u>\$ 5,425,520</u>	<u>5,291,287</u>	<u>3,815,073</u>

The details of the cost of sales were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cost of sales	\$ 8,916,305	9,849,579	17,953,116	19,253,659
Provision (reversal) for inventory valuation loss and obsolescence	2,394	1,301	(237)	(3,472)
Loss on indemnity of inventory and others	108	116	164	272
	<u>\$ 8,918,807</u>	<u>9,850,996</u>	<u>17,953,043</u>	<u>19,250,459</u>

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

(f) Investments accounted for using equity method

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

	June 30, 2023	December 31, 2022	June 30, 2022
The carrying amount of individually insignificant associates' equity	<u>\$ 2,181,817</u>	<u>2,177,225</u>	<u>1,870,501</u>

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Attributable to the Group:				
Profit from continuing operations	\$ 147,799	130,315	286,356	264,459
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 147,799</u>	<u>130,315</u>	<u>286,356</u>	<u>264,459</u>

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

(g) Changes in ownership of subsidiaries

In the first quarter of 2023, the Company failed to subscribe proportionately in the cash capital increase of its subsidiary, Xiang Yueh, due to issued new shares and repurchase shares from minority interest resulting in a decrease in its net equity in Xiang Yueh by \$1,260. From January 1, 2023 to June 30, 2023, due to the aforementioned transactions, it resulted in a decrease in capital surplus by \$1,260.

(h) Property, plant and equipment

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

	Buildings and			Total
	Land	building improvement	Machinery and others	
Cost:				
Balance at January 1, 2023	\$ 767,057	1,644,164	2,397,995	4,809,216
Additions	-	4,051	151,690	155,741
Disposal	-	(559)	(75,539)	(76,098)
Reclassifications	-	331	(553)	(222)
Effect of movements in exchange rates	1,126	(2,721)	(1,507)	(3,102)
Balance at June 30, 2023	<u>\$ 768,183</u>	<u>1,645,266</u>	<u>2,472,086</u>	<u>4,885,535</u>
Balance at January 1, 2022	\$ 686,645	1,615,123	2,241,627	4,543,395
Additions	-	1,818	93,257	95,075
Disposal	-	(7,262)	(44,090)	(51,352)
Reclassifications	-	700	(2,221)	(1,521)
Effect of movements in exchange rates	-	4,410	744	5,154
Balance at June 30, 2022	<u>\$ 686,645</u>	<u>1,614,789</u>	<u>2,289,317</u>	<u>4,590,751</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and others</u>	<u>Total</u>
Depreciation and impairments loss:				
Balance at January 1, 2023	\$ -	392,180	773,034	1,165,214
Depreciation	-	27,262	96,072	123,334
Disposal	-	(560)	(52,223)	(52,783)
Reclassifications	-	-	(72)	(72)
Effect of movements in exchange rates	-	(1,329)	(881)	(2,210)
Balance at June 30, 2023	<u>\$ -</u>	<u>417,553</u>	<u>815,930</u>	<u>1,233,483</u>
Balance at January 1, 2022	\$ -	354,792	682,921	1,037,713
Depreciation	-	27,697	89,265	116,962
Disposal	-	(7,262)	(28,788)	(36,050)
Reclassifications	-	-	(324)	(324)
Effect of movements in exchange rates	-	1,228	469	1,697
Balance at June 30, 2022	<u>\$ -</u>	<u>376,455</u>	<u>743,543</u>	<u>1,119,998</u>
Carrying amounts:				
Balance at January 1, 2023	<u>\$ 767,057</u>	<u>1,251,984</u>	<u>1,624,961</u>	<u>3,644,002</u>
Balance at June 30, 2023	<u>\$ 768,183</u>	<u>1,227,713</u>	<u>1,656,156</u>	<u>3,652,052</u>
Balance at January 1, 2022	<u>\$ 686,645</u>	<u>1,260,331</u>	<u>1,558,706</u>	<u>3,505,682</u>
Balance at June 30, 2022	<u>\$ 686,645</u>	<u>1,238,334</u>	<u>1,545,774</u>	<u>3,470,753</u>

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

(i) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and others</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 23,176	674,459	103,321	800,956
Additions	1,582	16,826	5,857	24,265
Disposals	(1,582)	(21,620)	(6,232)	(29,434)
Effect of movements in exchange rates	-	(1,634)	-	(1,634)
Balance at June 30, 2023	<u>\$ 23,176</u>	<u>668,031</u>	<u>102,946</u>	<u>794,153</u>
Balance at January 1, 2022	\$ 5,127	569,877	86,758	661,762
Additions	-	112,603	17,279	129,882
Disposals	-	(31,420)	(13,159)	(44,579)
Effect of movements in exchange rates	-	1,327	-	1,327
Balance at June 30, 2022	<u>\$ 5,127</u>	<u>652,387</u>	<u>90,878</u>	<u>748,392</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery and others</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2023	\$ 4,150	223,265	41,849	269,264
Depreciation	1,824	59,013	14,054	74,891
Disposals	(1,582)	(15,225)	(6,232)	(23,039)
Effect of movements in exchange rates	-	(898)	-	(898)
Balance at June 30, 2023	<u>\$ 4,392</u>	<u>266,155</u>	<u>49,671</u>	<u>320,218</u>
Balance at January 1, 2022	\$ 2,645	155,251	39,323	197,219
Depreciation	558	52,767	12,437	65,762
Disposals	-	(25,060)	(13,159)	(38,219)
Effect of movements in exchange rates	-	402	-	402
Balance at June 30, 2022	<u>\$ 3,203</u>	<u>183,360</u>	<u>38,601</u>	<u>225,164</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 19,026</u>	<u>451,194</u>	<u>61,472</u>	<u>531,692</u>
Balance at June 30, 2023	<u>\$ 18,784</u>	<u>401,876</u>	<u>53,275</u>	<u>473,935</u>
Balance at January 1, 2022	<u>\$ 2,482</u>	<u>414,626</u>	<u>47,435</u>	<u>464,543</u>
Balance at June 30, 2022	<u>\$ 1,924</u>	<u>469,027</u>	<u>52,277</u>	<u>523,228</u>

For the six months ended June 30, 2022, the Group signed an office lease contract for a period of three years.

(j) Investment property

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

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

	<u>Buildings</u>
Carrying amount:	
Balance at January 1, 2023	<u>\$ 139,591</u>
Balance at June 30, 2023	<u>\$ 135,140</u>
Balance at January 1, 2022	<u>\$ 168,750</u>
Balance at June 30, 2022	<u>\$ 171,404</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2023 and 2022. Information on depreciation for the period is discussed in note 12(a). Please refer to note 6(l) of the 2022 annual consolidated financial statements for other related information.

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

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any investment properties as collateral for its loan.

(k) Intangible assets

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

	<u>Goodwill</u>	<u>Unrealized orders</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2023	\$ <u>226,251</u>	<u>64,616</u>	<u>112,645</u>	<u>64,571</u>	<u>468,083</u>
Balance at June 30, 2023	\$ <u>226,251</u>	<u>53,786</u>	<u>106,377</u>	<u>51,155</u>	<u>437,569</u>
Balance at January 1, 2022	\$ <u>226,251</u>	<u>86,275</u>	<u>125,183</u>	<u>78,302</u>	<u>516,011</u>
Balance at June 30, 2022	\$ <u>226,251</u>	<u>75,446</u>	<u>118,915</u>	<u>75,500</u>	<u>496,112</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2023 and 2022. Please refer to note 6(n) of the 2022 annual consolidated financial statements for other related information.

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Restricted assets	\$ 1,107,932	1,102,699	1,069,461
Other receivables	40,639	57,783	50,385
Dividends receivables	<u>140,942</u>	<u>-</u>	<u>108,379</u>
	<u>\$ 1,289,513</u>	<u>1,160,482</u>	<u>1,228,225</u>

As of June 30, 2023, December 31 and June 30, 2022, \$1,031,642, \$1,035,558 and \$1,006,557 of the restricted assets are in the account of repatriated offshore funds owing to applying “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, respectively; \$363 of the restricted assets are coming from bank deposits of restricted purpose due to the construction contract conditions; the remains of the restricted time deposits are guarantees for construction contracts, etc. Please refer to note 8.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Restricted assets	\$ 35,177	35,802	35,018
Refundable deposits	263,183	303,249	297,978
Prepayments of land and buildings	810,000	-	-
Prepayment of investments	15,000	-	20,000
Prepayment of equipments	7,216	-	-
Others	3,124	4,156	3,124
	<u>\$ 1,133,700</u>	<u>343,207</u>	<u>356,120</u>

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

(m) Short-term borrowings

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

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	<u>\$ 1,937,109</u>	<u>755,033</u>	<u>1,590,790</u>
Unused credit lines	<u>\$ 10,163,998</u>	<u>10,762,176</u>	<u>7,932,842</u>
Range of interest rates	<u>1.30%~6.15%</u>	<u>0.59%~5.25%</u>	<u>0.59%~3.90%</u>

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

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

(n) Long-term borrowings

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

	June 30, 2023			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.7%~2.55%	2024.4~2036.9	\$ 1,365,914
Less: current portion				<u>(81,381)</u>
Total				<u>\$ 1,284,533</u>
Unused credit lines				<u>\$ 48,460</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	December 31, 2022			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.45%~2.425%	2024.4~2036.9	\$ 1,394,894
Less: current portion				(79,701)
Total				<u>\$ 1,315,193</u>
Unused credit lines				<u>\$ 59,230</u>
	June 30, 2022			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.5%~2.285%	2022.12~2036.9	\$ 811,915
Less: current portion				(80,851)
Total				<u>\$ 731,064</u>
Unused long-term credit lines				<u>\$ 44,880</u>

(i) For the six months ended June 30, 2023 and 2022, the Group had the additional long-term borrowings amounting to \$10,770 and \$0, respectively; the repayment amounted to \$39,750 and \$38,750, respectively.

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

(o) Convertible bonds payable

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

	June 30, 2023
Total convertible corporate bonds issued	\$ 1,000,000
Unamortized discounted corporate bonds payable	(49,100)
	950,900
Unamortized issuing costs of corporate bonds payable	(2,787)
Corporate bonds issued balance at year-end	<u>\$ 948,113</u>
Embedded derivatives — call option, include in non-current financial assets at fair value through profit or loss	<u>\$ 100</u>
Equity component — conversion rights, include in capital surplus	<u>\$ 59,026</u>

The effective rates of the second unsecured convertible bonds payable was 1.7868%.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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The significant terms of the aforementioned convertible bonds were as follow as:

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

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

- 4) Terms of conversion
 - a) The debtors may opt to have its bonds converted into the Company's ordinary share at par value and at the conversion price at the time the conversion is requested, from the day following the expiration of three month after the issuance of the convertible corporate debt, up to the expiry date, except for the following:
 - i) The period during which the transfer of ordinary shares of the Company is suspended in accordance with the law and the period commencing from the date on which the transfer of bonus share issued ceases.
 - ii) The date on which the transfer of cash dividends ceases or 15 business days before the date on which the transfer of shares of cash capital increase ceases, until the date of record for the distribution of the rights or benefits.
 - iii) The period starting from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease, where the conversion request is denied from the conversion cease date of changing par value of shares until the day before trading of reissuance shares with new shares.
 - iv) The conversion cease date of the changing of par value of shares mentioned in the previous paragraph which refers to one business day before the change of registration is applied to the Ministry of Economic Affairs.
 - b) Conversion price: NT\$200 per share.

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

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

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

- (p) Lease liabilities

The lease liabilities of the Group were as follows:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Current	\$ <u>132,033</u>	<u>134,708</u>	<u>121,877</u>
Non-current	\$ <u>345,190</u>	<u>397,578</u>	<u>403,510</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>2,065</u>	<u>2,350</u>	<u>4,266</u>	<u>4,381</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>4,479</u>	<u>4,567</u>	<u>8,676</u>	<u>8,256</u>
Expenses relating to short-term leases	\$ <u>4,293</u>	<u>3,585</u>	<u>7,934</u>	<u>7,277</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>3,699</u>	<u>3,885</u>	<u>7,114</u>	<u>7,728</u>
Covid-19-related rent concessions (recognized as other income)	\$ <u>-</u>	<u>(52)</u>	<u>-</u>	<u>(252)</u>

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

	For the six months ended	
	June 30,	
	2023	2022
Total cash outflow for leases	\$ 99,923	92,116

(i) Real estate leases

As of June 30, 2023, December 31 and June 30, 2022, the Group leases land and buildings for its office space, erecting solar power generation equipment and retail stores. The leases of office space typically run for a period of 1 to 20 years, of erecting solar power generation equipment for 20 years, and of retail stores for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

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

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

(q) Provisions

	Warranties	Onerous contracts	Total
Balance at January 1, 2023	\$ 23,805	157,566	181,371
Provisions made during the period	215,811	-	215,811
Provisions used during the period	(9,249)	-	(9,249)
Provisions reversed during the period	(267)	(21,502)	(21,769)
Effect of changes in foreign exchange rates	(6,107)	-	(6,107)
Balance at June 30, 2023	\$ 223,993	136,064	360,057
Balance at January 1, 2022	\$ 37,293	29,057	66,350
Provisions made during the period	12,889	123,564	136,453
Provisions used during the period	(24,502)	-	(24,502)
Provisions reversed during the period	(2,360)	(298)	(2,658)
Effect of changes in foreign exchange rates	524	-	524
Balance at June 30, 2022	\$ 23,844	152,323	176,167

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

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

(r) Operating leases

There were no significant changes in operating lease for the six months ended June 30, 2023 and 2022. Please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(s) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-off events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Administrative expenses	\$ <u>750</u>	<u>513</u>	<u>1,500</u>	<u>1,026</u>

(ii) Defined contribution plans

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Operating cost and expenses	\$ <u>13,420</u>	<u>14,295</u>	<u>27,432</u>	<u>27,235</u>

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Operating cost and expenses	\$ <u>4,988</u>	<u>4,219</u>	<u>9,833</u>	<u>8,871</u>

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(t) Income taxes

(i) Income tax expenses

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Current tax expense	\$ 288,870	273,939	495,643	511,979

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Items that will not be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ (15,614)	(5,219)	(13,969)	16,044

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

The Group is closely monitoring the legislative progress on the introduction of the global minimum tax burden in each jurisdiction where it operates.

The International Accounting Standards Board has proposed to amend International Accounting Standard 12 to provide a temporary mandatory exemption for the deferred income tax accounting treatment of supplementary tax and require disclosure of relevant information in the annual financial report. However, as of the release date of the consolidated financial report for the second quarter of 2023, there were no countries where the Group is located have enacted or substantively enacted the legislation on supplementary tax. Hence, the above matter will have no impact on the consolidated financial report for the second quarter of 2023.

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(u) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2023 and 2022. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(i) Common stock

As of June 30, 2023, December 31 and June 30, 2022, the total values of authorized ordinary shares were both amounted to \$2,200,000 (both including \$100,000 for the issuance of employee stock options). The number of authorized ordinary shares were both 220,000 thousand shares, respectively, with par value of New Taiwan Dollars \$10 per share. As of that date, 181,700 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(ii) Advance receipts for share capital

The Company issued \$7,000 thousand shares, at a par value of NT\$10 per share and an issued price of \$150 per share, with the base date set on July 27, 2023, based on the resolution decided in the Board meeting held on April 19, 2023, with the approval of the Financial Supervisory Commission. As of June 30, 2023, the Company had already received the amount of \$90,952, recognized as “advance receipts for share capital” by the Group.

(iii) Capital surplus

The balances of capital surplus were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Capital premium	\$ 1,612,377	2,339,175	2,339,175
Convertible bonds-conversion options	59,026	-	-
Stock option-fair value differences of associates and joint ventures accounted under equity method	2,285	2,285	3,236
Changes in the equity ownership of the subsidiaries	706	1,966	2,369
Capital increase reserved for employee stock options	36,815	-	-
Others	<u>422</u>	<u>422</u>	<u>422</u>
	<u>\$ 1,711,631</u>	<u>2,343,848</u>	<u>2,345,202</u>

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

(Continued)

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

(iv) Retained earnings

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

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

1) Earnings distribution

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

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

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

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

(v) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (47,734)	804,881	757,147
Exchange differences on foreign operations:			
The Group	(58,910)	-	(58,910)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(114,782)	(114,782)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	24,175	24,175
Balance at June 30, 2023	<u>\$ (106,644)</u>	<u>714,274</u>	<u>607,630</u>
Balance at January 1, 2022	\$ (127,797)	957,494	829,697
Exchange differences on foreign operations:			
The Group	62,820	-	62,820
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(418,095)	(418,095)
Balance at June 30, 2022	<u>\$ (64,977)</u>	<u>539,399</u>	<u>474,422</u>

(v) Share-based payment

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

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

(Continued)

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

(w) Earnings per share

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>669,619</u>	<u>900,267</u>	<u>1,409,553</u>	<u>1,560,181</u>
Weighted-average number of outstanding ordinary shares (thousands)	<u>181,700</u>	<u>181,700</u>	<u>181,700</u>	<u>181,700</u>
Basic earnings per share (dollars)	\$ <u>3.69</u>	<u>4.96</u>	<u>7.76</u>	<u>8.59</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>669,619</u>	<u>900,267</u>	<u>1,409,553</u>	<u>1,560,181</u>
Weighted-average number of outstanding ordinary shares (thousands)	181,700	181,700	181,700	181,700
Effect of dilutive potential ordinary shares (thousands)				
Employee bonuses	836	1,209	1,500	1,627
Effect of employee share bonuses	<u>56</u>	<u>-</u>	<u>27</u>	<u>-</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>182,592</u>	<u>182,909</u>	<u>183,227</u>	<u>183,327</u>
Diluted earnings per share (dollars)	\$ <u>3.67</u>	<u>4.92</u>	<u>7.69</u>	<u>8.51</u>

(x) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30, 2023			
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 5,084,972	634,454	369,868	6,089,294
China	4,702,791	799,904	-	5,502,695
Others	<u>414,453</u>	<u>43,945</u>	<u>4,964</u>	<u>463,362</u>
	<u>\$ 10,202,216</u>	<u>1,478,303</u>	<u>374,832</u>	<u>12,055,351</u>

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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For the three months ended June 30, 2023				
	Semiconductor and electronics divisions	Environment al engineering divisions	Other divisions	Total
Major products / services:				
Semiconductor and optoelectronic industries	\$ 10,202,216	-	-	10,202,216
Water purification and construction of dust-proof room	-	1,478,303	-	1,478,303
Others	-	-	374,832	374,832
	\$ 10,202,216	1,478,303	374,832	12,055,351
For the three months ended June 30, 2022				
	Semiconductor and electronics divisions	Environment al engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 6,005,033	590,329	443,374	7,038,736
China	4,676,528	882,219	63	5,558,810
Others	460,559	161,680	5,549	627,788
	\$ 11,142,120	1,634,228	448,986	13,225,334
Major products / services:				
Semiconductor and optoelectronic industries	\$ 11,142,120	-	-	11,142,120
Water purification and construction of dust-proof room	-	1,634,228	-	1,634,228
Others	-	-	448,986	448,986
	\$ 11,142,120	1,634,228	448,986	13,225,334
For the six months ended June 30, 2023				
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 10,230,047	1,105,957	817,217	12,153,221
China	9,348,901	2,160,213	187	11,509,301
Others	860,645	16,535	7,994	885,174
	\$ 20,439,593	3,282,705	825,398	24,547,696
Major products / services:				
Semiconductor and optoelectronic industries	\$ 20,439,593	-	-	20,439,593
Water purification and construction of dust-proof room	-	3,282,705	-	3,282,705
Others	-	-	825,398	825,398
	\$ 20,439,593	3,282,705	825,398	24,547,696

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

	For the six months ended June 30, 2022			
	Semiconductor and electronics divisions	Environmental engineering divisions	Other divisions	Total
Primary geographical markets:				
Taiwan	\$ 11,780,991	1,273,440	885,493	13,939,924
China	9,132,535	1,514,114	67	10,646,716
Others	846,134	346,941	28,196	1,221,271
	\$ 21,759,660	3,134,495	913,756	25,807,911
Major products / services:				
Semiconductor and optoelectronic industries	\$ 21,759,660	-	-	21,759,660
Water purification and construction of dust-proof room	-	3,134,495	-	3,134,495
Others	-	-	913,756	913,756
	\$ 21,759,660	3,134,495	913,756	25,807,911

(ii) Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable (including related parties)	\$ 7,155,120	7,230,934	8,615,428
Less: allowance for impairment	46,966	66,543	83,809
Total	\$ 7,108,154	7,164,391	8,531,619
Contract assets — construction	\$ 1,909,796	1,671,753	1,597,901
Contract liabilities — construction	\$ 1,276,404	1,368,819	1,040,871
Contract liabilities — unearned revenue	429,239	418,987	433,224
Total	\$ 1,705,643	1,787,806	1,474,095

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

The amounts of revenue recognized for the six months ended June 30 2023 and 2022 that were included in contract liability balance at the beginning of the period were \$275,893 and \$175,862, respectively.

The major change in the balance of contract assets and contract liabilities is due to the difference between the point at which the consolidated company transfers goods or service to customers to satisfy its performance obligations and the point at which customers pay. There were no significant changes during the six months ended June 30, 2023 and 2022.

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

(y) Remuneration to employees, directors

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

For the three months and six months ended June 30, 2023 and 2022, the Company estimated its employees' remuneration amounting to \$77,559, \$95,274, \$152,654 and \$166,892, respectively, and the directors' remuneration amounting to \$19,390, \$23,819, \$38,164 and \$41,723, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during the six months ended June 30, 2023 and 2022. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration are calculated based on the closing price of the Company's ordinary shares on the day before the approval by the Board of Directors. Related information would be available at the Market Observation Post System website.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$331,826 and \$173,950, respectively, and the remunerations to directors and supervisors amounted to \$82,956 and \$57,983, respectively. There are no differences between the amount approved in the Board of Directors meeting and those recognized in the financial statements. Related information would be available at the Market Observation Post System website.

(z) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Government grants	\$ 7,774	898	8,297	15,370
Dividends income	104,222	70,018	104,222	70,018
Rental income	2,041	1,802	4,120	4,115
Indemnity income	8,045	5	10,379	48
Others	483	4,001	5,646	4,917
	\$ 122,565	76,724	132,664	94,468

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

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Foreign currency exchange gains (losses), net	\$ (2,669)	46,096	(5,864)	84,269
Gains on financial assets at fair value through profit or loss, net	(40,248)	161,648	69,278	183,603
Gains (losses) on disposal of property, plant and equipment, net	(3,674)	7,219	(20,622)	(10,415)
Others	219	(6,012)	61	1,559
	\$ (46,372)	208,951	42,853	259,016

(aa) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(ab) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk – exposure to credit risk

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

2) Concentration to credit risk

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

3) Receivables and debt securities

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

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. For the six months ended June 30, 2023 and 2022, the loss allowance provisions were determined as follows:

	For the six months ended June 30,	
	2023	2022
Balance at January 1	\$ 14,355	16,235
Amounts reversed	-	(1,550)
Balance at June 30	\$ 14,355	14,685

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
June 30, 2023					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 3,303,023	(3,518,936)	(2,057,572)	(107,578)	(1,353,786)
Notes and accounts payable (including related parties)	7,856,508	(7,856,508)	(7,856,508)	-	-
Accrued expenses and other payables	1,221,483	(1,221,483)	(1,221,483)	-	-
Lease liabilities (including current and non-current)	477,223	(509,052)	(138,742)	(98,481)	(271,829)
Bonds payable	948,113	(1,000,000)	-	-	(1,000,000)
Guarantee deposits received	154,360	(154,360)	(154,360)	-	-
Dividends payable	1,866,041	(1,866,041)	(1,866,041)	-	-
	\$ 15,826,751	(16,126,380)	(13,294,706)	(206,059)	(2,625,615)

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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>
December 31, 2022					
Non-derivative financial liabilities					
Short-term and long-term borrowings	\$ 2,149,927	(2,367,158)	(865,040)	(107,590)	(1,394,528)
Notes and accounts payable (including related parties)	9,205,692	(9,205,692)	(9,205,692)	-	-
Accrued expenses and other payables	1,267,044	(1,267,044)	(1,267,044)	-	-
Lease liabilities (including current and non-current)	532,286	(568,082)	(142,504)	(118,705)	(306,873)
Guarantee deposits received	158,950	(158,950)	(158,950)	-	-
	<u>\$ 13,313,899</u>	<u>(13,566,926)</u>	<u>(11,639,230)</u>	<u>(226,295)</u>	<u>(1,701,401)</u>
June 30, 2022					
Non-derivative financial liabilities					
Short-term and long-term bank loans	\$ 2,402,705	(2,597,787)	(1,703,278)	(95,861)	(798,648)
Notes and accounts payable (including related parties)	8,467,021	(8,467,021)	(8,467,021)	-	-
Accrued expenses and other payables	1,082,372	(1,083,372)	(1,083,372)	-	-
Lease liabilities (including current and non-current)	525,387	(561,910)	(129,610)	(112,843)	(319,457)
Guarantee deposits received	78,334	(78,334)	(78,334)	-	-
Dividends payable	1,631,291	(1,631,291)	(1,631,291)	-	-
	<u>\$ 14,187,110</u>	<u>(14,419,715)</u>	<u>(13,092,906)</u>	<u>(208,704)</u>	<u>(1,118,105)</u>

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

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
USD	\$ 95,131	USD/TWD= 31.14	2,962,379	127,959	USD/TWD= 30.71	3,929,621	146,045	USD/TWD= 29.72	4,340,457
USD	55,300	USD/CNY= 7.2723	1,722,041	63,234	USD/CNY= 6.967	1,941,922	81,771	USD/CNY= 6.6952	2,430,234
JPY	5,371,947	JPY/TWD= 0.215	1,154,969	4,239,122	JPY/TWD= 0.2324	985,172	4,244,199	JPY/TWD= 0.2182	926,084
JPY	1,760,404	JPY/CNY= 0.0502	378,410	1,546,147	JPY/CNY= 0.0527	359,172	1,556,781	JPY/CNY= 0.0492	339,999
Financial liabilities									
USD	\$ 79,786	USD/TWD= 31.14	2,484,536	89,771	USD/TWD= 30.71	2,756,867	91,241	USD/TWD= 29.72	2,711,683
USD	64,653	USD/CNY= 7.2723	2,013,294	91,086	USD/CNY= 6.967	2,797,260	80,234	USD/CNY= 6.6952	2,384,554
JPY	4,568,154	JPY/TWD= 0.215	982,153	4,593,506	JPY/TWD= 0.2324	1,067,531	4,355,500	JPY/TWD= 0.2182	950,370
JPY	2,340,087	JPY/CNY= 0.0502	503,017	1,229,598	JPY/CNY= 0.0527	285,638	957,104	JPY/CNY= 0.0492	209,030

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account and other receivables, current restricted assets, loans and borrowings, and account and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of each major foreign currency against Group entities' functional currency as of June 30, 2023 and 2022 would have influenced the net profit before tax as follows. The analysis is performed on the same basis for both periods.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
USD (against the TWD)		
Appreciation 5%	\$ 23,893	81,439
Depreciation 5%	(23,893)	(81,439)
JPY (against the TWD)		
Appreciation 5%	8,641	(1,214)
Depreciation 5%	(8,641)	1,214
USD (against the CNY)		
Appreciation 5%	(14,563)	2,284
Depreciation 5%	14,563	(2,284)
JPY (against the CNY)		
Appreciation 5%	(6,230)	6,548
Depreciation 5%	6,230	(6,548)

3) Foreign exchange gain and loss on monetary items

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

	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses) (including realized and unrealized portions)	\$ <u>(2,669)</u>	<u>46,096</u>	<u>(5,864)</u>	<u>84,269</u>

(iv) Interest rate analysis

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

	<u>Carrying amount</u>	
	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
Variable rate instruments:		
Financial assets	\$ 3,730,069	3,275,214
Financial liabilities	2,133,009	1,682,074

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by the amounts listed below for the six months ended June 30, 2023 and 2022, respectively, which would be mainly resulted from the bank savings, time deposits with variable interest rates and short-term and long-term borrowings with variable interest rates.

	For the six months ended June	
	30,	
	2023	2022
Interest rate increased by 0.25%	\$ 1,996	1,991
Interest rate decreased by 0.25%	(1,996)	(1,991)

(v) Fair value of financial instruments

1) Evaluation process and fair value hierarchy

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

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

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

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

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

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

2) Fair value hierarchy

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

	June 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Convertible bonds — embedded derivatives	\$ 100	-	-	100	100
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	270,363	270,363	-	-	270,363
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	174,019	174,019	-	-	174,019
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks	40,068	40,068	-	-	40,068
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	376,262	247,086	-	129,176	376,262
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>53,783</u>	-	-	53,783	53,783
Subtotal	<u>914,595</u>				
Financial assets at fair value through other comprehensive income	<u>1,224,079</u>	267,053	-	957,026	1,224,079
Financial assets measured at amortized cost					
Cash and cash equivalents	5,137,571	-	-	-	-
Notes and accounts receivable (including related parties)	7,108,154	-	-	-	-
Other current financial assets	1,289,513	-	-	-	-
Other non-current assets (refundable deposits and pledged asset-time deposits)	<u>298,360</u>	-	-	-	-
Subtotal	<u>13,833,598</u>				
Total	<u>\$ 15,972,272</u>				

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	June 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Long-term and short-term bank loans	\$ 3,303,023	-	-	-	-
Notes and accounts payable (including related parties)	7,856,508	-	-	-	-
Accrued expenses and other payables	1,221,483	-	-	-	-
Lease liabilities (including current and non-current)	477,223	-	-	-	-
Bonds payable	948,113	-	-	-	-
Guarantee deposits received	154,360	-	-	-	-
Dividends payable	<u>1,866,041</u>	-	-	-	-
Total	<u>\$ 15,826,751</u>				
December 31, 2022					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss-beneficiary certificate funds	\$ 190,096	190,096	-	-	190,096
Non-derivative financial assets mandatorily measured at fair value through profit or loss-domestic listed stocks	145,485	145,485	-	-	145,485
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign listed stocks	83,370	83,370	-	-	83,370
Non-derivative financial assets mandatorily measured at fair value through profit or loss-unlisted stocks	312,668	-	-	312,668	312,668
Non-derivative financial assets mandatorily measured at fair value through profit or loss-foreign unlisted funds	<u>45,398</u>	-	-	45,398	45,398
Subtotal	<u>777,017</u>				
Financial assets at fair value through other comprehensive income	<u>1,338,861</u>	143,450	-	1,195,411	1,338,861

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,299,523	-	-	-	-
Notes and accounts receivable (including related parties)	7,164,391	-	-	-	-
Other current financial assets	1,160,482	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>339,051</u>	-	-	-	-
Subtotal	<u>12,963,447</u>				
Total	<u>\$ 15,079,325</u>				
Financial liabilities measured at amortized cost					
Long-term and short-term bank loans	\$ 2,149,927	-	-	-	-
Notes and accounts payable (including related parties)	9,205,692	-	-	-	-
Accrued expenses and other payables	1,267,044	-	-	-	-
Lease liabilities (including current and non-current)	532,286	-	-	-	-
Guarantee deposits received	<u>158,950</u>	-	-	-	-
Total	<u>\$ 13,313,899</u>				
	June 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss- beneficiary certificate Funds	\$ 237,653	237,653	-	-	237,653
Non-derivative financial assets mandatorily measured at fair value through profit or loss- listed stocks	153,045	153,045	-	-	153,045
Non-derivative financial assets mandatorily measured at fair value through profit or loss- unlisted stocks	214,474	214,474	-	-	214,474
Non-derivative financial assets mandatorily measured at fair value through profit or loss- foreign unlisted funds	184,860	-	-	184,860	184,860
Subtotal	<u>58,105</u>	-	-	58,105	58,105
	<u>848,137</u>				

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

	June 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	<u>1,059,771</u>	183,089	-	876,682	1,059,771
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,959,758	-	-	-	-
Notes and accounts receivable (including related parties)	8,531,619	-	-	-	-
Other current financial assets	1,228,225	-	-	-	-
Other non-current assets (refundable deposits and pledged assets-time deposits)	<u>332,996</u>	-	-	-	-
Subtotal	<u>14,052,598</u>				
Total	<u>\$ 15,960,506</u>				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 2,402,705	-	-	-	-
Notes and accounts payable (including related parties)	8,467,021	-	-	-	-
Accrued expenses and other payables	1,082,372	-	-	-	-
Lease liabilities (including current and non-current)	525,387	-	-	-	-
Guarantee deposits received	78,334	-	-	-	-
Dividends payable	<u>1,631,291</u>	-	-	-	-
Total	<u>\$ 14,187,110</u>				

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

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

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

4) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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

b) Derivative financial instruments

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

5) Transfers between levels

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

6) Reconciliation of Level 3 fair value

	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income	Total
	Derivative financial assets- convertible bonds	Equity investment without quoted price	Debt investment without quoted price	Equity investment without quoted price	
Balance at January 1, 2023	\$ -	189,464	168,602	1,195,411	1,553,477
Issued	100	-	-	-	100
Total gains and losses recognized:					
In profit	-	-	25,157	-	25,157
In other comprehensive income	-	-	-	(189,696)	(189,696)
Proceeds of capital reduction of investment	-	-	(10,800)	-	(10,800)
Reclassify from level 3	-	(189,464)	-	(48,689)	(238,153)
Balance at June 30, 2023	<u>\$ 100</u>	<u>-</u>	<u>182,959</u>	<u>957,026</u>	<u>1,140,085</u>
Balance at January 1, 2022	\$ -	-	110,328	1,212,851	1,323,179
Total gains and losses recognized:					
In profit	-	19,591	(9,901)	-	9,690
In other comprehensive income	-	-	-	(351,184)	(351,184)
Purchased	-	56,280	66,667	15,015	137,962
Balance at June 30, 2022	<u>\$ -</u>	<u>75,871</u>	<u>167,094</u>	<u>876,682</u>	<u>1,119,647</u>

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

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

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

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

The quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter relationships between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (7.27~68.04, 7.37~88.13 and 7.31~61.48 respectively, on June 30, 2023, December 31 and June 30, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20% all on June 30, 2023, December 31 and June 30, 2022)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.
	Net asset value method	Net asset value method	Inapplicable
Financial assets at fair value through profit or loss – debt investment without quoted price	Net asset value method	Net asset value method	Inapplicable
Financial assets at fair value through profit or loss – equity investment without quoted price	Comparable market approach	Price Book ratio multiples. (, 34.05~88.13 and 28.31, respectively, on June 30, 2023, December 31 and June 30, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack of Marketability discount rate (20%, 20% and 33% all on June 30, 2023, December 31 and June 30, 2022)	The higher the Lack of Marketability discount rate is, the lower the fair value will be.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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<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 profit or loss — convertible bonds redemption right	Binomial convertible bonds pricing models	Volatility (22.09% on June 30, 2023)	The higher the volatility, the higher the fair value will be.
8) Fair value measurements in Level 3 – alternative assumptions	sensitivity analysis of reasonably possible		

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:

	<u>Input</u>	<u>Move up or down</u>	<u>Impacts of fair value change on net income or loss</u>		<u>Impacts of fair value change on other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
June 30, 2023						
Financial assets at fair value through profit or loss						
Convertible bonds — redemption rights	Volatility	5%	\$ <u>10</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	<u>-</u>	<u>-</u>	<u>47,828</u>	<u>(47,828)</u>
	Lack of marketability discount	5%	<u>-</u>	<u>-</u>	<u>59,814</u>	<u>(59,814)</u>
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	\$ <u>9,473</u>	<u>(9,473)</u>	<u>-</u>	<u>-</u>
	Lack of marketability discount	5%	\$ <u>11,841</u>	<u>(11,841)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	<u>-</u>	<u>-</u>	<u>59,763</u>	<u>(59,763)</u>
	Lack of marketability discount	5%	<u>-</u>	<u>-</u>	<u>74,713</u>	<u>(74,713)</u>

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

	Input	Move up or down	Impacts of fair value change on net income or loss		Impacts of fair value change on other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
June 30, 2022						
Financial assets at fair value through other comprehensive income						
Equity investment without quoted price	P/B ratio	5%	<u>\$ 3,806</u>	<u>3,806</u>	<u>-</u>	<u>-</u>
Equity investment without quoted price	Lack of marketability discount	5%	<u>\$ 5,662</u>	<u>5,662</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through profit or loss						
Equity investment without quoted price	P/B ratio	5%	<u>\$ -</u>	<u>-</u>	<u>43,806</u>	<u>43,806</u>
	Lack of marketability discount	5%	<u>\$ -</u>	<u>-</u>	<u>54,793</u>	<u>54,793</u>

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

(ab) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(ac) of the consolidated financial statements for the year ended December 31, 2022.

(ac) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note 6(ad) of the consolidated financial statements for the year ended December 31, 2022 for further details.

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

The Group's investing and financial activities, which did not affect its current cash flow in the six months ended June 30, 2023 and 2022, included the acquisition of right-of-use assets through lease. Please refer to note 6(i) for details.

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

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes				June 30, 2023
			Additions of leases	Cancellation of leases	Foreign exchange movement	Others	
Short term borrowings	\$ 755,033	1,182,076	-	-	-	-	1,937,109
Long term borrowings	1,394,894	(28,980)	-	-	-	-	1,365,914
Bonds payable	-	1,007,039	-	-	-	(58,926)	948,113
Lease liabilities	532,286	(71,933)	24,265	(6,615)	(780)	-	477,223
Guarantee deposits received	158,950	(4,590)	-	-	-	-	154,360
Total liabilities from financing activities	<u>\$ 2,841,163</u>	<u>2,083,612</u>	<u>24,265</u>	<u>(6,615)</u>	<u>(780)</u>	<u>(58,926)</u>	<u>4,882,719</u>

	January 1, 2022	Cash flows	Non-cash changes				June 30, 2022
			Additions of leases	Cancellation of leases	Foreign exchange movement	Others	
Short term borrowings	\$ 1,452,782	138,008	-	-	-	-	1,590,790
Long term borrowings	850,665	(38,750)	-	-	-	-	811,915
Lease liabilities	467,043	(64,726)	129,882	(7,771)	959	-	525,387
Guarantee deposits received	77,406	928	-	-	-	-	78,334
Total liabilities from financing activities	<u>\$ 2,847,896</u>	<u>35,460</u>	<u>129,882</u>	<u>(7,771)</u>	<u>959</u>	<u>-</u>	<u>3,006,426</u>

(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.

Name of related party	Relationship with the Group
Topco Quartz Products Co., Ltd. (Topco Quartz)	An associate
Eastwind Tsusho Inc. (Eastwind Tsusho)	An associate
Shin-Etsu Handotai Taiwan Co., Ltd. (Shin-Etsu Handotai Taiwan)	The Company is the corporate director of the related party
Shin-Etsu Opto Electronic Co., Ltd. (Shin-Etsu Opto Electronic)	The Company is the corporate director of the related party
Fong Rong Smart Machinery Co., Ltd. (Fong Rong Smart Machinery)	An associate (Note 1)

Note 1: The Group acquired Fong Rong Smart Machinery's shares, resulting in Topco International Investment to have significant influence over it, and has been listed as an associate in October 2022.

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

(b) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 84,327	99,096	169,827	185,274
Post-employment benefits	855	687	1,692	1,373
Share-based payments	6,290	-	6,290	-
	\$ 91,472	99,783	177,809	186,647

(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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates	\$ 1,111	1,036	2,062	2,332
Other related parties	6,572	11,859	13,855	22,616
	\$ 7,683	12,895	15,917	24,948

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates:				
Topco Quartz	\$ 113,797	63,274	197,766	134,814
Other related parties:				
Shin-Etsu Handotai Taiwan	93,128	86,267	172,279	167,660
Other related parties	50	209	129	457
	\$ 206,975	149,750	370,174	302,931

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.

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TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(ii) Purchases

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Associates	\$ 192,698	173,367	351,373	349,060
Other related parties:				
Shin-Etsu Handotai Taiwan	1,689,097	1,948,886	3,807,498	4,383,553
Other related parties:	-	655	-	655
	\$ 1,881,795	2,122,908	4,158,871	4,733,268

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

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	June 30,	December 31,	June 30,
		2023	2022	2022
	Associates:			
Accounts receivable	Topco Quartz	\$ 83,714	42,166	39,607
	Other related parties:			
Accounts receivable	Shin-Etsu Handotai Taiwan	62,224	66,891	64,963
Accounts receivable	Other related parties	52	11	343
		\$ 145,990	109,068	104,913

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

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Accounts</u>	<u>Relationship</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	Associates :			
Accounts payable	Topco Quartz	\$ 193,039	212,939	181,236
Accounts payable	Other associates	1,392	1,929	321
	Other related parties:			
Accounts payable	Shin-Etsu Handotai Taiwan	1,784,755	2,558,776	2,099,403
Accounts payable	Other related parties	-	690	661
		<u>\$ 1,979,186</u>	<u>2,774,334</u>	<u>2,281,621</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other current financial assets	Guarantees for construction contracts, warranties, coupons, and credit card readers	\$ 75,927	66,778	62,541
Other non-current assets – time deposits	Lease for plant, and guarantees for short& long term borrowings	35,177	35,802	35,018
		<u>\$ 111,104</u>	<u>102,580</u>	<u>97,559</u>

(9) Commitments and contingencies:

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commitments for construction contracts	<u>\$ 2,317,415</u>	<u>2,649,054</u>	<u>2,723,857</u>
Bank guarantees to construction contracts	<u>\$ 1,167,953</u>	<u>1,407,494</u>	<u>1,164,897</u>
Acquisition of property, plant and equipment	<u>\$ 4,540,000</u>	<u>-</u>	<u>-</u>

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Unused and outstanding letters of credit	\$ 1,374,666	1,517,567	2,397,143

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

	For the three months ended June 30,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	109,219	507,467	616,686	102,341	499,977	602,318
Labor and health insurance	12,453	21,359	33,812	9,235	20,410	29,645
Pension	3,095	16,063	19,158	2,700	16,327	19,027
Others	4,226	17,077	21,303	3,407	18,208	21,615
Depreciation	33,955	67,076	101,031	31,692	60,752	92,444
Amortization	415	17,029	17,444	23	18,235	18,258

	For the six months ended June 30,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	219,808	966,597	1,186,405	182,063	954,570	1,136,633
Labor and health insurance	24,013	50,054	74,067	16,966	44,793	61,759
Pension	6,179	32,586	38,765	4,935	32,197	37,132
Others	8,225	38,631	46,856	5,829	37,732	43,561
Depreciation	68,612	132,870	201,482	63,282	122,956	186,238
Amortization	828	35,544	36,372	43	35,812	35,855

(b) Seasonality of operations

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

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

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2023:

- (i) Loans to other parties: None.
 - (ii) Guarantees and endorsements for other parties: Please refer to table 1.
 - (iii) Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 2.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to table 3.
 - (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to table 4.
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
 - (ix) Trading in derivative instruments: None.
 - (x) Business relationships and significant intercompany transactions: Please refer to table 5.
- (b) Information on investees: Please refer to table 6.
- (c) Information on investment in mainland China:
- (i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to table 7.
 - (ii) Limitation on investment in Mainland China: Please refer to table 7.
 - (iii) Significant transactions: Please refer to table 7.
- (d) Major shareholders holding more than 5% of ownership as of June 30, 2023: None.

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

(14) Segment information:

		For the three months ended June 30, 2023				
		Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue						
Revenue from external customers	\$	10,202,216	1,478,303	374,832	-	12,055,351
Intersegment revenues		97,244	25,168	71,641	(194,053)	-
Total revenue	\$	10,299,460	1,503,471	446,473	(194,053)	12,055,351
Reportable segment profit or loss	\$	713,200	54,746	188,798	-	956,744
		For the three months ended June 30, 2022				
		Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue						
Revenue from external customers	\$	11,142,120	1,634,228	448,986	-	13,225,334
Intersegment revenues		46,056	38	56,743	(102,837)	-
Total revenue	\$	11,188,176	1,634,266	505,729	(102,837)	13,225,334
Reportable segment profit or loss	\$	906,087	(67,769)	350,154	-	1,188,472
		For the six months ended June 30, 2023				
		Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue						
Revenue from external customers	\$	20,439,593	3,282,705	825,398	-	24,547,696
Intersegment revenues		298,308	16,390	176,782	(491,480)	-
Total revenue	\$	20,737,901	3,299,095	1,002,180	(491,480)	24,547,696
Reportable segment profit or loss	\$	1,379,429	117,277	410,555	-	1,907,261
		For the six months ended June 30, 2022				
		Semiconductor and electronics division	Environmental engineering division	Other divisions	Adjustment and elimination	Total
Revenue						
Revenue from external customers	\$	21,759,660	3,134,495	913,756	-	25,807,911
Intersegment revenues		80,643	38	110,347	(191,028)	-
Total revenue	\$	21,840,303	3,134,533	1,024,103	(191,028)	25,807,911
Reportable segment profit or loss	\$	1,732,199	(180,783)	553,350	-	2,104,766

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Topco Chemical	(Note 2)	(Note 4)	133,350	128,460	4,824	-	1.02%	(Note 5)	Y	N	Y
"	"	Topco Shanghai	(Note 2)	(Note 4)	416,115	291,854	291,854	-	2.32%	(Note 5)	Y	N	Y
"	"	Shanghai Chong Yao	(Note 2)	(Note 4)	44,450	42,820	-	-	0.34%	(Note 5)	Y	N	Y
"	"	Chien Yueh	(Note 2)	(Note 4)	1,845,000	1,595,000	342,638	-	12.69%	(Note 5)	Y	N	N
"	"	JiaYi Energy	(Note 2)	(Note 4)	214,354	182,177	90,177	-	1.45%	(Note 5)	Y	N	N
"	"	Jing Chen Energy	(Note 2)	(Note 4)	102,624	88,620	45,238	-	0.71%	(Note 5)	Y	N	N
"	"	Jing Yang Energy	(Note 2)	(Note 4)	197,960	197,960	96,780	-	1.58%	(Note 5)	Y	N	N
"	"	Jing Yueh Energy	(Note 2)	(Note 4)	200,684	200,684	122,605	-	1.60%	(Note 5)	Y	N	N
"	"	Kuan Yueh Technology	(Note 2)	(Note 4)	1,186,372	886,372	540,731	-	7.05%	(Note 5)	Y	N	N
"	"	Anyong Fresh Mart.	(Note 2)	(Note 4)	3,000	3,000	104	-	0.02%	(Note 5)	Y	N	N
"	"	Topsience(s)	(Note 2)	(Note 4)	976,090	976,090	337,610	-	7.77%	(Note 5)	Y	N	N
"	"	Topchem Materials	(Note 2)	(Note 4)	100,000	100,000	2,000	-	0.80%	(Note 5)	Y	N	N
"	"	Topco Engineering	(Note 2)	(Note 4)	497,370	315,300	8,564	-	2.51%	(Note 5)	Y	N	Y
"	"	Unitech New Energy Engineering	(Note 2)	(Note 4)	271,097	271,097	101,565	-	2.16%	(Note 5)	Y	N	N
"	"	Topsience Vietnam	(Note 2)	(Note 4)	15,570	15,570	-	-	0.12%	(Note 5)	Y	N	N
1	Topco Suzhou	Suzhou Topco Construction Ltd	(Note 3)	(Note 4)	26,496	25,525	25,525	-	3.95%	(Note 6)	N	N	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: For the needs of the contracted work, the company is mutually insured by the contract between peers or co-founders.

Note 4: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for a single enterprise shall not exceed \$12,564,042, which is the net value of the Company's latest financial reports.

Note 5: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for others shall not exceed \$20,102,467, which is 160% of the net value of the Company's latest financial reports.

Note 6: According to the Company's "Operational Procedures for Making Endorsements/Guarantees", the maximum amount of endorsements/guarantees for Topco Suzhou shall not exceed \$16,145,450, which is 25 times of the net value of the Company's latest financial reports.

Note 7: The maximum amount of sharing guarantees and endorsements is CNY 70,000, the maximum amount for guarantees and endorsements are for Shanghai Chong Yao CNY 10,000, Topco Chemical CNY 30,000, and Topco Engineering CNY 30,000, respectively.

Note 8: Due to the early renewal of the endorsement guarantee contract, the Company's endorsement guarantee to Jing Chen Energy and Jing Yang Energy was double-calculated in the amount NTD10,996 and NTD10,000, respectively.

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

(ii) Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	271	3,473	-	3,473	
The Company	Stock: Eversol Corporation	None	Non-current financial assets at fair value through other comprehensive income	230	-	8.21	-	
"	Shin-Etsu Opto Electronic	The Company is its company director	"	2,000	103,680	10	103,680	
"	Shin-Etsu Handotai Taiwan	"	"	12,000	816,480	8	816,480	
"	Everglory Resource Technology Co., Ltd.	None	"	2,000	23,100	8.18	23,100	
"	ProMOS Technologies Inc.	"	"	71	1,515	0.16	1,515	
"	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	"	"	5,000	191,750	0.84	191,750	
"	Win Win Precision Technology Co. Ltd	"	Non-current financial assets at fair value through profit or loss	1,450	109,026	2.63	109,026	
"	Grand Fortune	"	"	1,320	24,119	4.12	24,119	
"	Shih Her Technologies Inc.	"	"	2,519	173,307	4.44	173,307	
"	Guangxin Venture Capital Co., Ltd.	"	"	6,667	68,266	6.67	68,266	
"	Belite Bio, Inc.	"	"	90	40,068	0.36	40,068	
"	Fu You Private Equity Fund Limited Partner	"	"	2,000	22,960	5.00	22,960	
The Company	Other: LEAP FUND L.P.	None	Non-current financial assets at fair value through profit or loss	-	53,783	12.22	53,783	
Topco International Investment	Stock: Win Win Precision Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	778	58,474	1.61	58,474	
"	Mylight Technology Co., Ltd. (Mylight)	"	"	-	-	-	-	Note 1
"	Archers Inc.	"	"	-	-	-	-	Note 2
"	Ultramed Technology Co., Ltd.	"	"	100	3,580	5.26	3,580	
"	Sunergy development corporation	"	"	285	-	19	-	
"	Mycropore Corporation Ltd.	"	"	400	2,908	2.29	2,908	
"	Syu Yang Technology Corporation	"	Non-current financial assets at fair value through profit or loss	30	-	10	-	
"	Win Win Precision Technology Co., Ltd.	"	"	646	48,575	1.41	48,575	
Topco Investment	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	302	4,181	-	4,181	
"	Stock: Mylight	None	Non-current financial assets at fair value through other comprehensive income	-	-	-	-	Note 1
"	H2U Corporation	"	"	273	5,763	1.08	5,763	
"	TFBS BIOSCIENCE, INC.	"	"	252	16,829	0.76	16,829	
"	Hun Chun Venture Capital Corporation	"	Non-current financial assets at fair value through profit or loss	1,699	13,831	5.75	13,831	
"	TFBS BIOSCIENCE, INC.	"	"	1,340	89,485	4.05	89,485	
Taiwan E&M	Fund: Mega Diamond Money Market Fund	None	Current financial assets at fair value through profit or loss	4,176	53,540	-	53,540	
"	Franklin U.S. Government Money Fund	"	"	4,187	44,215	-	44,215	
"	FSITC Taiwan Money Market	"	"	3,266	51,073	-	51,073	
"	Taishin 1699 Money Market	"	"	2,898	40,148	-	40,148	
"	KGI Victory Money Market Fund	"	"	3,385	40,023	-	40,023	
Ding Yue Solar	FSITC Money Market	None	Current financial assets at fair value through profit or loss	7	1,358	-	1,358	
Anyong Biotechnology	Fund: Taishin 1699 Money Market	None	Current financial assets at fair value through profit or loss	2,335	32,352	-	32,352	
Unitech New Energy Engineering	Stock: United Microelectronics Corporation Co., Ltd	None	Non-current financial assets at fair value through profit or loss	10	508	-	508	
"	United Renewable Energy Co., Ltd	"	"	10	204	-	204	

Note 1: Liquidation of Mylight was completed.

Note 2: Liquidation of Archers Inc. was completed.

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

(iii) Acquisition of individual real estate with amount exceeding the lower of NTS300 million or 20% of the capital stock: None

(In Thousands of New Taiwan Dollars)

Company Name	Property Name	Date	Amount	Payment situation	Counter party	Nature of relationship	The transaction object is a relat		Reference basis for price determination	Purpose of acquisition and usage	Others
							Relationship with Issuer	transfer date			
The Company	Land and Buildings	2023/1/17	5,350,000	810,000	China Real Estate Management Co., Ltd. and 11 natural persons. China Construction Manager Co., Ltd.	non-related	None	None	Valuation report from bon-de Real Estate Joint Appraisers Firm.	For Operationg purpose	None

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

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Topco Quartz	The Company's investment accounted for using equity method	Purchase	268,830	2%	Net 60 days from the end of the month of delivery	-	-	Accounts Payable (166,623)	(5.0%)	
Topco Shanghai	Shin Etsu Handotai Taiwan	The parent company of the company is its company director	Purchase	3,766,723	68%	Net 90 days from the end of the month of delivery	-	-	Accounts payable (1,765,043)	(77.0%)	

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

(v) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	Topco Shanghai	1	Accounts Receivable	16,268	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.05%
"	"	"	1	Sales Revenue	135,793	"	0.55%
"	"	Chien Yueh	1	Rent Revenue	3,185	Based on the agreement between both parties	0.01%
"	"	Suzhou Topco	1	Other accounts Receivable	3,155	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.	0.01%
"	"	"	1	Other non-operating income	3,075	"	0.01%
1	Jia Yi Energy	Kuan Yueh Technology	3	unearned revenue	30,388	Based on the agreement between both parties	0.10%
"	"	"	3	Construction Revenue	57,135	"	0.23%
"	"	"	3	Accounts Receivable	3,123	"	0.01%
"	"	"	3	Operating Revenue	4,684	"	0.02%
"	"	Jing Yang Energy	3	Unearned revenue	15,925	"	0.05%
"	"	"	3	Construction Revenue	42,733	"	0.17%
"	"	Jing Yueh Energy	3	Unearned revenue	16,066	"	0.05%
"	"	"	3	Construction Revenue	16,694	"	0.07%
2	Anyong Fresh Mart.	The Company	2	Sales Revenue	7,030	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.03%
3	Taiwan E&M.	The Company	2	Sales Revenue	14,775	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.06%
4	Topchem Materials	The Company	2	Operating Revenue	17,361	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%
"	"	"	2	Accounts Receivable	5,107	"	0.02%
5	Anyong Biotechnology	Anyong Fresh Mart	3	Operating Revenue	8,573	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.03%
"	"	Anyong Lohas.	3	Sales Revenue	6,446	"	0.03%
6	Anyong Lohas	Anyong Fresh Mart	3	Sales Revenue	13,232	There is no significant difference of price between general customers. The collection period is net 60 days from the end of the month of delivery.	0.05%
7	Tai Ying Resource	Chien Yueh.	3	Operating Revenue	5,723	There is no significant difference of price to general customers. The collection period is net 60 days from the end of the month of delivery.	0.02%

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

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	
8	Chien Yueh	Tai Ying Resource	3	Unearned revenue	3,870	Based on the agreement between both parties	0.01%
"	"	Xports Sports	3	Construction Revenue	16,390	"	0.07%

Note 1: The numbers filled in as follows:

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

Note 2: Relationship with the transactions labeled as follows:

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Information on investees:

The following is the information on investees for the year ended June 30, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars and foreign currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note	
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying Value				
The Company	Topco Quartz	Hsinchu County	Manufacture and repair of quartz equipment, quartz tube e.g.	99,232	99,232	13	40%	1,882,111	696,416	278,338		
	Taiwan E&M	Hsinchu City	Sales of electronic material	425,000	425,000	42,500	100%	506,027	43,212	43,212	Note 3	
	Fortune	Taipei City	Clean up of waste and environmental management service	149,600	149,600	14,960	25%	240,626	50,875	12,646		
	Topco Group	Samoa	Investment activities	714,206	714,206	22,432	100%	3,054,313	538,052	538,052	Note 3	
	Topscience(s)	Singapore	Sales of parts of semiconductor and optoelectronic industries	411,513	380,931	4,153	100%	563,459	(4,014)	(4,014)	Note 3	
	Topco International Investment	Taipei City	Investment activities	495,000	495,000	66,962	100%	671,068	42,136	42,136	Note 3	
	Topco Investment	Taipei City	Investment activities	315,000	315,000	19,009	100%	156,313	(27,131)	(27,131)	Note 3	
	Chien Yueh	Taipei City	Water purification and construction of dust-proof room	475,000	475,000	53,829	100%	238,493	(25,169)	(31,335)	Note 3	
	Anyong Biotechnology	Taipei City	Aquaculture and strategic partnership with fish processing	540,629	540,629	30,000	100%	88,412	(11,485)	(11,485)	Note 3	
	Winfull Bio-tech Co., Ltd.	Tainan City	Manufacture of organic fertilizer	35,000	35,000	3,500	39%	-	-	-		
	Anyong Fresh Mart.	Taipei City	Wholesale and retail sales of fishery products and supermarket operation	639,350	604,350	23,500	100%	106,082	(28,776)	(28,764)	Note 3	
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	236,792	236,792	25,924	84%	187,982	7,570	4,967	Note 3	
	Xiang Yueh	Taipei City	Waste disposal	91,170	76,770	7,340	100%	10,877	(23,618)	(20,198)	Note 3	
	Anyong Lohas	Yilan County	Restaurant and retail sales of food products	355,000	317,000	25,500	100%	45,759	(10,049)	(10,049)	Note 3	
	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	434,560	434,560	776	77.60%	335,896	52,363	26,679	Note 3	
	TOPCO SCIENTIFIC USA	USA	Wholesale of semiconductor material	152,011	91,223	10	100%	143,530	(7,461)	(7,461)	Note 3	
	Xsport Sports	Taipei City	Sports Training	145,508	95,508	15,000	100%	<u>118,911</u> <u>8,349,859</u>	(12,315)	<u>(12,315)</u> <u>793,278</u>	Note 3	
	Topco Group	Topco Trading	Hong Kong	Wholesale of semiconductor material	46,710	46,710	1,500	100%	109,843	17,520	Investment gains (losses) recognized by Topco Group	Note 3
		Asia Topco Holding	Cayman	Investment activities	(USD1,500) 622,800 (USD20,000)	(USD1,500) 622,800 (USD20,000)	20,000	100%	2,927,158	520,439	"	Note 3
	Asia Topco Holding	Asia Topco	Mauritius	Investment activities	622,800	622,800	20,000	100%	2,927,158	520,439	"	Note 3
(USD20,000)					(USD20,000)							
Topscience(s)	Topscience Vietnam	Vietnam	Sales of parts of semiconductor and optoelectronic industries	(SGD3,111)	(SGD2,437)	-	100%	51,501	(3,033)	Investment gains (losses) recognized by Topscience(s)	Note 3	
	Anyong (s)	Singapore	Wholesale and retail sales of fishery products	6,130	-	266	100%	4,684	(1,452)	"	Note 3	
Topco International Investment	Ping Yue Technology	Malaysia	Sales of semiconductor material and equipment	(SGD267) 14,327 (SGD624)	(SGD -) 14,327 (SGD624)	2,056	100%	10,755	(1,067)	"	Note 3	
	Cityspace	Taipei City	Wholesale sales of cosmetics	12,000	12,000	1,267	67%	18,323	3,711	Investment gains (losses) recognized by Topco International Investment	Note 3	
Topco Investment	Topco Japan	Japan	Sales of facilities of semiconductor and clean room	59,984	59,984	25	100%	35,751	(5,304)	"	Note 3	
	Kuan Yueh Technology	Taipei City	Development of renewable energy projects / Configure pipeline construction and device installation	149,640	149,640	19,300	100%	206,468	6,141	"	Note 3	
	Jia Yi Energy	Taipei City	Manufacture of machinery and electronic spare parts	28,208	28,208	5,005	16%	50,132	7,571	"	Note 3	
	Kanbo Biomedical	Taipei City	Sales of health food products	6,287	6,287	1,000	100%	1,358	-	"	Note 3	
	Ruey Sheng Industrial Co., Ltd.	Samoa	Investment activities	4,197	4,197	142	36%	-	-	"		
	Topchem Materials	Taipei City	Antifouling surface protection, light-blocking material and the manufacture of other chemicals	31,000	31,000	5,500	100%	85,567	17,563	"	Note 3	
	Fortune	Taipei City	Clean up of waste and environmental management service	771	771	40	0.07%	676	50,875	"		
	Tai Ying Resource	Kaohsiung City	Clean up of waste	141,704	141,704	10,736	48.80%	145,463	(16,228)	"	Note 3	
	EastWind Tsusho	Taipei City	Manufacturing and trading of electronic parts, etc.	5,000	5,000	500	25%	6,170	4,954	"		
	Topchip	Taipei City	IC Design and Sales Company	5,000	5,000	500	100%	5,003	13	Investment gains (losses) recognized by Topco	Note 3	
	Thermaltake green power	Taipei City	Sales of renewable energy	1,000	1,000	100	100%	904	(73)	"	Note 3	
	Fong Rong Smatr Machinery	Hsinchu City	Machinery manufacturing and repair industry	4,550	4,550	350	25%	3,849	(3,205)	"		
	Multi Rich Technology	Taichung City	Wholesale of fishery products	20,500	20,500	2,050	98%	1,183	(316)	Investment gains (losses) recognized by Topco Investment	Note 3	
	Ding Yue Solar	Taipei City	Development of renewable energy project	9,000	9,000	900	100%	3,670	(16)	"	Note 3	
	Min Jen Restaurant	Taipei City	Restaurant	110,000	110,000	1,719	69%	2,027	3,112	"	Note 3	
Fei Da Intelligent Co., Ltd.	Taipei City	Manpower dispatch	8,875	8,875	725	14%	3,607	(5,346)	"	Note 2		
STARX INC.	Hsinchu City	Precision instrument manufacturing	8,000	8,000	8,626	26%	6,078	(2,607)	"			
Yun Yueh Technology	Taichung City	Aquaculture and wholesale and sales of fishery products	555	555	60	55%	516	(10)	"	Note 3		
Great Talent Tech Co., Ltd.	Taipei City	Personnel training	5,000	5,000	500	31%	2,851	(2,460)	"			
Jia Yi energy	Jing Chen Energy	Taipei City	Development of renewable energy project	71,050	71,050	7,586	100%	69,074	3,008	Investment gains (losses) recognized by Jia Yi energy	Note 3	
	Jing Yang Energy	Taipei City	"	86,497	86,497	8,795	100%	67,977	5,646	"	Note 3	
	Jing Yueh Energy	Taipei City	"	92,160	92,160	8,513	100%	96,700	3,254	"	Note 3	

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES
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(In Thousands of New Taiwan Dollars and foreign currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying Value			
Taiwan E&M	Top Vacuum	Hsinchu City	Vacuum pump equipment maintenance	45,035	45,035	6,000	60%	73,706	11,921	Investment gains (losses) recognized by Taiwan E&M	Note 3
Chien Yueh	Tai Ying Resource	Kaohsiung City	Clean up of waste	9,916	9,916	670	3%	9,795	(16,228)	Investment gains (losses) recognized by Chien Yueh	Note 3
Chien Yueh	Unitech New Energy Engineering	New Taipei City	Environment-related engineering planning, assessment, supervision and monitoring	5,600	5,600	10	1%	4,329	52,363	"	Note 3
Topco Japan	Shunkawa	Japan	Import and export of semiconductor raw materials	21,500 (JPY100,000)	21,500 (JPY100,000)	10	100%	16,564 (JPY77,042)	(2,091) (JPY9,204)	Investment gains (losses) recognized by Topco Japan	Note 3
Tai Ying Resource	Tai Ying Global Trading	Kaohsiung City	International Trading	15,000	5,000	1,500	100%	13,938	(588)	Investment gains (losses) recognized by Tai Ying Resource	Note 3

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

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

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

TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of US Dollars and CNY)

Name of investee	Main businesses and products	Total amount of paid in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment gains (losses) (Note 2)	Book value (Note 3)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Topco Shanghai	Wholesale of electronic material and equipment	273,721 (USD8,790) (Note 4)	Note 1	-	-	-	-	314,581 (USD10,295)	100%	314,581 (USD10,295)	1,557,903 (USD50,029)	1,467,908 (USD47,139)
Shanghai Chong Yao	"	55,666 (RMB13,000)	Note 5	Note 5	-	-	-	35,154 (RMB7,976)	100%	35,154 (RMB7,976)	250,591 (RMB58,522)	-
Topco Suzhou	Water purification and construction of dust-proof room	329,274 (USD10,574) (Note 4)	Note 1	84,078 (USD2,700)	-	-	84,078 (USD2,700)	119,874 (USD3,923)	100%	119,874 (USD3,923)	716,718 (USD23,016)	164,481 (USD5,282)
Topco Chemical	wholesale and sales of chemical products	22,296 (USD716)	Note 1	13,795 (USD443)	-	-	13,795 (USD443)	80,670 (USD2,640)	100%	80,670 (USD2,640)	409,304 (USD13,144)	-
Topco Engineering	Water purification and construction of dust-proof room	85,640 (RMB20,000)	Note 6	Note 6	-	-	-	(732) (RMB(166))	100%	(732) (RMB(166))	92,530 (RMB21,609)	-
Shanghai Perfect Microelectronics	IC Design Company	8,564 (RMB2,000)	Note 9	-	-	-	-	31 (RMB7)	51%	18 (RMB4)	4,603 (RMB1,075)	-
Wuxi super sunrise material	Semiconductor wafer cassette recycling and cleaning service	128,460 (RMB30,000)	Note 10	-	-	-	-	(9,542) (RMB(2,165))	20%	(2,296) (RMB(521))	35,849 (RMB8,372)	-
Chung-Ling Chemical	wholesale and sales of chemical products	42,820 (RMB10,000)	Note 11	-	-	-	-	4 (RMB1)	70%	4 (RMB1)	29,978 (RMB7,001)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
192,850 (USD6,193) (Note 7)	720,330 (USD23,132)	(Note 8)

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

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

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rate of USD 1:31.14 and CNY 1:4.282, respectively, as of June 30, 2023.

Note 4 : The paid-in capital of Topco Shanghai, Topco Suzhou and Topco Chemical includes the capital increase transferred from retained earnings amounting to USD1,990, USD7,874 and USD275, respectively.

Note 5 : Shanghai Chong Yao is jointly invested by Topco Shanghai and is Topco Suzhou, both of which are the subsidiaries of the Company.

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

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

Note 8 : The Company has acquired proof of compliance regarding the operational scope of the corporate headquarters issued by the Ministry of Economic Affairs. Therefore, there is no restriction to the Company's investing amount in Mainland China.

Note 9 : Shanghai Perfect Microelectronics was established by subsidiaries, Topco Shanghai and Shanghai Tx semiconductor, which held 51% and 49% of the capital contribution, respectively.

Note 10 : Wuxi super sunrise material was established by subsidiary Topco Shanghai, Super natural technology, Wuxi Puli technology and Wuxi Xian Jeng which held 20%, 34%, 20% and 26% of the capital contribution, respectively.

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

(iii) Significant transactions:

For the six months ended June 30, 2023, the significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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