

TSE: 4755



SAN FU CHEMICAL Co., Ltd.

Annual Report 2023



***Making the World Better
with Total Chemical Solutions***

Taiwan Stock Exchange Market Observation
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The Company's Annual Report is available at: <http://www.sfchem.com.tw>

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SAN FU

I. Company Spokesperson and Deputy Spokesperson:

Spokesperson	Deputy Spokesperson
Name: Xie Ming-Zhi	Name: Chang, Ling-Feng
Title: Chief Financial Officer	Title: Manager of Finance & Accounting Office
Tel: (02)2542-6789	Tel: (02)2542-6789
E-mail address: mzxie@sfchem.com.tw	E-mail address: Lfchang@sfchem.com.tw

II. Headquarters and Plant Information:

	Address	Tel
Headquarters	5F 21 Zhongshan N. Rd. Sec. 2, Taipei City	(02) 2542-6789
Tainan Plant	340 Xiaoxinying, Xiaoxin Li, Shanhua Township, Tainan County	(06)583-7608
Kaohsiung Plant	45 Zhongheng St., Xiaogang District, Kaohsiung City	(07)871-4233
Liuying Plant	1 Huanyuan E. Rd. Sec. 1, Liaoying District, Tainan	(06)623-1821

III. Name, Address and Phone of the Stock Transfer Agent:

Name: Stock Affairs Dept., First Securities Inc.	Website: http://www.ftsi.com.tw
Address: 6F, No. 27, Anhe Rd. Sec. 1, Taipei City	Tel: (02) 2563-5711

IV. Name, Firm, Address and Phone of the CPAs

Names of CPAs: Xu Xiu-Ming, Wong Ya-Ling	CPA Firm: Deloitte Taiwan
Address: 20F, No.100 Songren Rd., Xinyi District, Taipei	Website: http://www.deloitte.com.tw
Tel: (02)2725-9988	

V. Name of the Exchange Overseas Securities are Listed on and Inquiry Method for Overseas Securities Information: None**VI. Company website: <http://www.sfchem.com.tw>**

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I. Letter to Shareholders

Looking back at the year 2023, central banks around the world balanced between combating inflation and maintaining economic growth. Concerns over interest rate hikes, the lingering effects of the pandemic, extreme weather events, technological innovation, and the net-zero game have all tested the adaptability of global enterprises. Despite the challenges posed by crises, the management team of San Fu Chemical Co., Ltd. has demonstrated the resilience of the enterprise. With the momentum of innovation and transformation, they have tackled changes head-on, creating sustainable competitiveness. Below is a summary of the operating results for the year 2023 and the business plan for the year 2024 :

I. Operating Results of 2023

(1) Business Plan Implementation Results in 2023

1. The Company's achievements in developing new customers for emerging chemicals and Fine chemicals, as well as market expansion efforts are summarized as follows:

The Shanhua plant maintained full operation, primarily supplying the demand for photo resist fluids from Innolux Corporation in Hsinchu Science Park. A new purification device for finished products was also put into operation in the middle of last year, with excellent results. It effectively reduced the quality of metal ions to below 2 parts per billion (ppb).

The electrolysis plant of Taiwan Nitto Corporation officially commenced operations in April, with an initial monthly production capacity of approximately 250-300 metric tons. This capacity adequately meets the demand for new fluids, primarily catering to customers in the northern region's panel industry. Additionally, it supplies purified raw materials to the Shanhua plant's IC-grade Mini-Plant. Expansion of the electrolytic cell is scheduled for the second quarter of 2024, aiming to increase production to over 450 tons per month. Approval has been obtained for a reuse application case, initially focusing on collecting waste fluids from all plants of Company T in Southern Taiwan Science Park. Subsequent applications will also include waste fluids from Company T's northern plants.

The first purification line of the refining plant of Taiwan Nitto Corporation in Southern Taiwan Science Park completed acid washing in October and commenced commissioning test run in November. Currently, approximately 25% of TMAH metal ion indicators, except for a small portion of metal ions, mostly meet the <10 parts per trillion (ppt) standard. The levels of these exceeded metal ion contents are continuously decreasing, and it is anticipated that after producing multiple batches, they should have the opportunity to fully meet the standard. After the commencement of mass production on the first purification line, initial customers primarily include supplying Company F's with supplementary markets in mainland China and some domestic IC industries. The long-term goal remains to prioritize returning supplies to Company T..

The dilution line is scheduled to start feeding by the end of February in the year 2024. The primary task is to produce samples that meet the certification requirements for returning supplies to Company T. The excess 2.38% Company T's will be supplied to customers currently served by the Shanhua Mini-Plant.

The second purification line has also completed acid washing at the end of last year. It is expected to commence trial runs after the resin arrives in April of the year 2024..

In the semiconductor front, specialty chemicals in the year 2023 primarily focused on key IC chemicals, including TMAH, HF, H3PO4, Stripper, and purification of products for front-end customers as the main tasks.

In the year 2023, continuous volume increases from existing customers in advanced packaging processes, as well as gradual volume increases from new customers and products, contributed to overall semiconductor revenue maintaining a pattern of annual growth.

In the optoelectronics industry, in the year 2023, various customers experienced lower-than-expected capacity utilization rates and even instances of plant closures due to overall economic conditions and inflationary pressures. However, with the introduction of next-generation stripping fluid products to major customers at the beginning of the year, coupled with an increase in market share in existing processes, overall revenue remained higher than pre-pandemic levels.

- The Company's new basic chemical customer development and product line expansion accomplishments are as follows:

Domestic Sales Unit:

A number of new products were introduced to sales development according to the Company's existing customer resources, such as sodium gluconate, sodium bicarbonate, trehalose, anhydrous calcium chloride, oxalic acid, etc. to achieve product diversification; in addition, according to the government's food safety management specifications, a new food additive plant has been built in Liuke plant, and the Company is actively developing markets for products with small packaging.

Overseas Sales Unit:

The market of PHBA is stable, and Shanhua plant is in full production. In addition to the old clients in America, Japan and India, we actively promote the clients in China and South Korea. In addition, efforts are made to raise the production of paraben by three times as much as the original, and actively promote sales to China, India, Europe and other populous countries. The DCHA program of Kaohsiung plant is expected to be completed this year. In a favorable environment, efforts will be made to develop CHA and DCHA markets in the United States.

(2) Analysis of financial revenue and expenditure and profitability

		Unit: Thousand NT\$	
Item		2023	2022
Financial revenue and expenditure	Operating Revenue	4,990,961	5,618,600
	Operating margin	1,022,377	1,502,564
	Operating income	557,917	929,822
	Non-operating income and expenditure	23,393	143,051
	Net profit before tax	581,310	1,072,873
	Net profit after tax	443,964	849,581
Earning power	Return on assets (%)	6.23	12.54
	Return on equity (%)	9.79	19.32
	Ratio of net profit before tax to be paid in capital	57.72	106.54
	Net profit rate (%)	8.89	15.12
	Earnings per share (NT\$)	4.41	8.43

Note: The above amounts are the consolidated financial statements of the Company

(3) Research and development

The Company's R&D focuses on product expansion with existing technical advantages and material demand of new industry trends:

- Give full play to the market share of TMAH recycling, and integrate purification technology and formula knowledge, develop IC grade developer, so that the recycled products can be reused to IC customers, and implement circular economy;
- Develop nano materials, along with the development of the IC industry, to make the demand for the localization of key materials and the development of related nano materials as a substitute for imports;

3. Develop the formula of electronic chemicals in cooperation with the product demand development of LCD, IC packaging, IC manufacturing customers;
4. Cooperate with universities to research and develop electrolytes and cathode materials for lithium batteries, cultivate battery related talents and strengthen the R & D strength;
5. With the IC industry advancing towards more advanced processes, there has been a noticeable increase in demand for high-purity chemicals. Utilizing purification technologies to develop high-purity chemicals tailored to customer requirements has become imperative;
6. Continue to actively engage in the process improvement of existing products PHBA, Paraben, CHA, DCHA, and TMAH, so as to make the process more energy-saving and efficient, so as to reduce costs and create profits. For the purchase and update of R & D analytical equipment and analytical methods, the Company continues to expand more advanced equipment, including: oxygen-free water-free atmosphere gloves box ICP MS/MS (inductively coupled plasma tandem mass spectrometer), LC-MS Q-TOF (liquid chromatography-quadruple-time-of-flight mass spectrometer), ion chromatography (Ion Chromatography, IC), TGA-DSC (Thermo gravimetric Analyzer, Differential Scanning Calorimetry), etc. in order to meet the ppt level detection limit required by IC customers and serve as tools for application development and analysis of new chemicals.

II. 2024 Business Plan overview

(1) Business policy

San Fu adheres to the business philosophy of "innovation, integrity and simplicity", strives to promote the operation of the Company, utilizes modern advanced technology, gives full play to the wisdom and creativity of all employees, provides various chemicals with high quality and low price to the booming industries, and constantly looks for new supplies to meet new demands and create new business opportunities. This year we continue to implement the following operational strategies:

1. The completion of the expansion of the TMAH recycling plant 2 marks the beginning of production operations. We aim to optimize production processes, stabilize quality, and actively promote customer usage, with a particular focus on achieving circular usage with Company T.
2. The business expansion of our gas and materials companies in Vietnam presents an opportunity for doubled revenue growth.
3. We continue to expand our semiconductor customer base, striving to increase revenue from semiconductor customers.
4. Continuous improvements to our plants aim to make us the domestically leading semiconductor-grade electronic chemical manufacturer with the most sophisticated equipment.
5. Continuous improvement in PHBA production processes and cost reduction efforts, coupled with improved coordination between production and sales, aim to increase market share.
6. Integration of products from San Fu Bio-Tech Company and San Fu Group aims to create a more professional and rigorous food and biotechnology-related industry.
7. We continue to seek international technological collaborations to enhance our technical capabilities.

(2) Expected Sales Volume and its Basis

1. Expected Sales Volume

Product Category	Expected Sales Volume (ton)
Fine Chemicals	70,317
Basic Chemicals	84,403
Total	154,720

2. Basis

The Company's expected sales volume for 2024 is estimated primarily based on the information of the fluctuation of domestic and foreign economic conditions, industrial development, and supply and demand of the market.

(3) Production and Marketing Policies

1. Balance production and sales, maintain a certain amount of inventory; when the price is low, and prepare more inventories.
2. Delivery adopts first in first out (FIFO) principle to keep the freshness of products.
3. Improve product quality and stability, do a good job in quality control, and achieve the goal of zero customer complaints.
4. Constantly improve the process and reduce the cost to improve the market competitiveness.
5. Actively serve and visit customers to win customers' long-term trust.

(3) Looking Forward

The Company's strategy is still to draw up individual business strategy roadmaps according to different business units, combine the wisdom and creativity of all employees, and use effective enterprise resources management system at the same time to work together to increase the overall competitiveness of the Company, so as to make San Fu an excellent enterprise for sustainable operation.

Photo resist (TMAH) Recycling Division: We are fully expanding the production of 25% TMAH and formulaic 2.38% TMAH at our Nitto plant in Southern Taiwan Science Park in both Taiwan and mainland China. This expansion not only provides an outlet for Company T's unverified returns but also plays a crucial role in turning Nitto 's losses into profits.

Furthermore, regarding Company T's new Plant 2 in Kumamoto, Japan, we have learned from the failure to secure market share in Plant 1 and will strive our utmost in 2024 to secure it. At the same time, we will also begin developing the Japanese IC-grade TMAH market to increase the market share in Southern Taiwan Science Park..

Specialty Chemicals Division: In recent years, capital expenditures in the panel industry have shifted towards product upgrades. Meanwhile, the chemicals previously supplied to customers have failed to meet their product specifications. Benefiting from the advancements of our in-house R&D team and long-term customer management strategies, we have introduced several next-generation chemicals tailored to meet customer demands. These include various etchants for metals and alloys, chemicals for advanced packaging wet processes, and the purification of recycled products required for circular economy initiatives, all of which are driving forces for future revenue growth.

Over the past three years, Taiwan's semiconductor industry has benefited greatly from the surge in demand due to the philosophy of home-based economy during the pandemic and the increased demand for inventory in 2023. However, as the post-pandemic recovery returns to normal, these advantages are diminishing. After bidding farewell to the sluggish period of channel inventory adjustment in 2024 is expected to benefit from the recovery of the terminal market and the

growth of applications such as AI, 5G, and high-performance computing. It is expected to achieve good results. Research indicates that Taiwan's semiconductor output value is estimated to reach NT\$4.9 trillion in 2024, a 14% increase from NT\$4.3 trillion in 2023. In 2024, San Fu's semiconductor chemical market is divided into three main areas: First, the continuous development programs of key customers, continuously adding new items, especially focusing on the application of advanced processes. The second is the photo resist product, as new Plants are estimated to open production lines, with 2-3 customers expected to introduce certification in recent years. The third is the development of overseas customers. With the increasingly strict geopolitical situation globally and Taiwan's sensitive position, customers are gradually investing in plant construction plans in Europe, America, and East Asia. San Fu will invest resources to expand its existing export range alongside its partners.

Domestic Sales Unit of the Basic Chemicals Division:

Continuing the market expansion initiated in 2023 through the development of new products such as stevia glycosides, lactic acid series, etc., we will also continue to introduce new products and develop new suppliers. These include natural caramel colorants, sustained-release chlorine tablets, amino acid series, etc. Following market trends, we will develop forward-looking new products to meet market demand. Actively seeking competitive domestic small and medium-sized enterprises for mergers and acquisitions or strategic alliances, aiming to increase the market share of main products and supplement product lines. Developing new applications for existing products to break away from the intense price competition in the saturated market and maintain core competitiveness in the field.

In accordance with government regulations on food safety management, a new food additives plant has been rebuilt in the Tainan County Environment Science Park, and it is dedicated solely to food production by San Fu Biotech Co., Ltd. leading to greater confidence in our services among customers. We have strengthened our professional product quality control analysis and testing capabilities and enhanced product quality control within the Company, meeting customer needs and improving our corporate image under a comprehensive quality assurance system.


The Export Unit of the Basic Chemicals Division:

Leveraging the research and development results from our R&D team, and with the guidance and assistance of our consultancy team, we continuously strive to improve our production equipment. We aim to reduce unit costs and enhance the profitability and competitiveness of existing operations through the completion of the pHBA bottleneck engineering program. This involves minimizing investment while increasing equipment capacity, improving and stabilizing quality, enhancing by-product recovery efficiency

The last but not the least, we wholeheartedly thank our shareholders for their continuous support and recognition, and we will continue our corporate governance principles, implement corporate responsibilities, and improve employees' professional level and Company operating performance to create a fruitful and stable operational performance for the Company and to feed back our customers,, shareholders, and employees for their years of support.

Chairman: 

Manager: 

Accounting Supervisor: 

II. Company Overview

1. Company Profile

(1) Founding date: March 17, 2003

(2) Headquarters, branch companies and plant information

Name	Address	Tel
Headquarters	5F, No. 21, Zhongshan N. Rd. Sec. 2, Taipei City	(02) 2542-6789
Tainan Plant	No.340, Xiaoxinying, Xiaoxin Li, Shanhua District, Tainan City	(06)583-7608
Kaohsiung Plant	No. 45, Zhongheng St., Xiaogang District, Kaohsiung City	(07)871-4233
Liuying Plant	No.1, Huanyuan E. Rd. Sec. 1, Liuying District, Tainan	(06)623-1821

2. Company Milestones

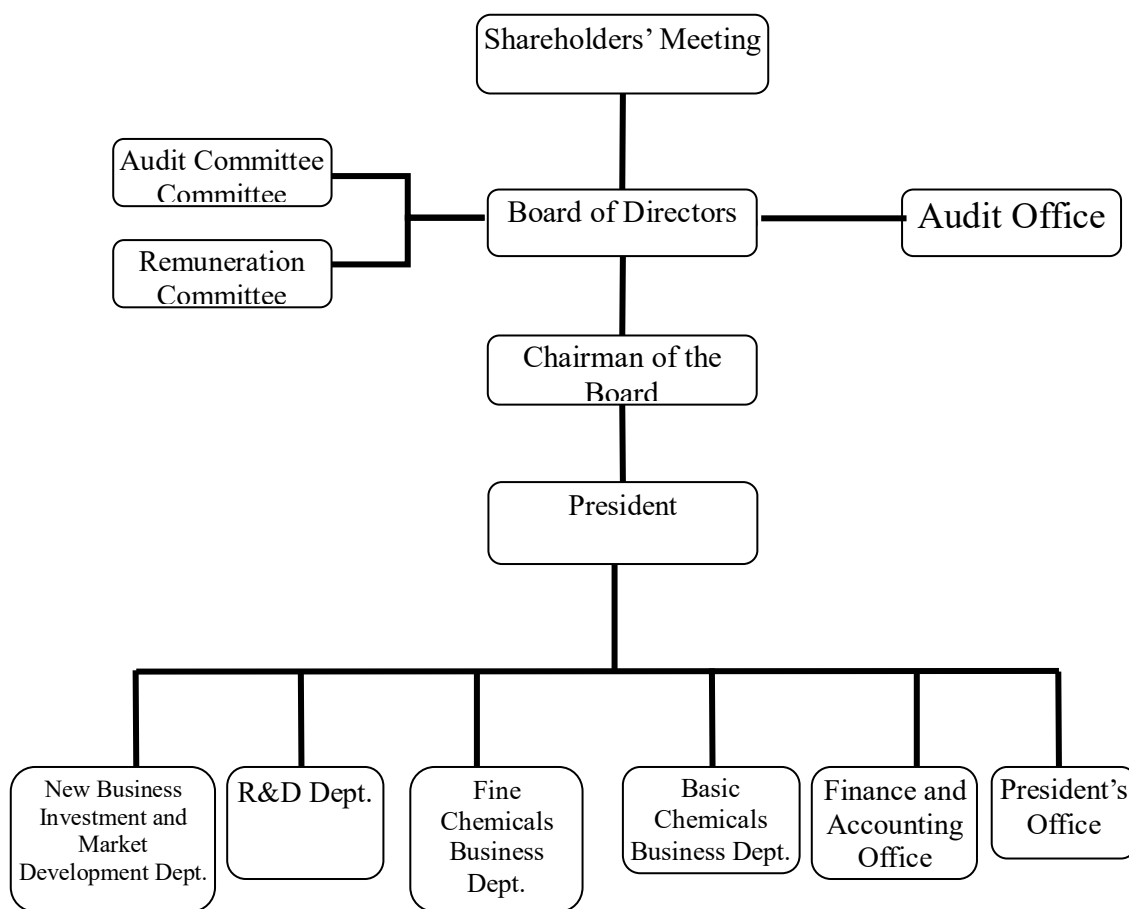
Year	Major Milestones
2003	Formally spun off from Air Products San Fu Co., Ltd. to establish San Fu Chemical Co., Ltd.
	Capital increased by NT\$1,100 thousand in cash. Paid-in capital reaches NT\$201,100 thousand after receiving NT\$200,000 thousand transferred from the demerger.
2004	Capital increased by NT\$250,000 thousand in cash. Paid-in capital reaches NT\$451,000 thousand after capital increase.
2006	Established San Fu Ming (Shanghai) Trading Co., Ltd.
	Capital increase by NT\$200,000 thousand in cash. Paid-in capital reaches NT\$651,000 thousand after capital increase.
	Added P-hydroxybenzoic acid (PHBA)
2007	Established APAM OEM plant
2008	Added one PHBA production line (LCP-4)
	Implemented OHSAS 18001:2007 occupational safety and health management system
	Established San Fu Specialty Chemicals Investments Limited(Samoa) holding Company
	Established San Fu Food Additives Investments Limited (Samoa) holding Company
	Reinvestment in Hangzhou Gelinda Chemical Co., Ltd.
Reinvestment in Hubei Xingfu Electronics Material Co., Ltd.	
2010	Obtained toxic chemical manufacturing permit (aniline drumming and subpackaging)
	Reinvestment in International Nitto Technology Co., Ltd. in Southern Taiwan Science Park
	Capital increase by NT\$148,900 thousand in cash. Paid-in capital reaches NT\$800,000 thousand after capital increase.
2011	Built 3,000-ton capacity TMAH recycling plant.
2012	Hubei Xingfu Electronic Material Co., Ltd. purchases a stake in the joint venture San Fu Ming (Shanghai) Trading Co., Ltd.
	Construction of phase 1 of the Liuying specialty chemicals plant

Year	Major Milestones
	Applies for public offering and registers to be listed on TPEX
	Reinvestment in Huizhou San Fu Ming Electronic Material Co., Ltd.
2013	San Fu Ming Electronic Material Co., Ltd. increases capital by US\$1,500 thousand in cash
	Reinvestment in Chongqing San Fu Ming Electronic Material Co., Ltd.
	Formally listed on the Taiwan Security Exchange (TWSE)
	Capital increase by NT\$80,000 thousand in cash. Paid-in capital reaches NT\$880,000 thousand after capital increase.
2014	Construction of phase 2 and 3 of the Liuying specialty chemical plant.
	Paid-in capital reached NT\$892,220 thousand due to exercise of NT\$12,220 thousand in employee stock options.
2015	NT\$5,970 thousand in employee stock options exercised raising paid-in capital to NT\$898,190 thousand.
	Established subsidiary San Fu Biotech Co., Ltd.
2016	NT\$7,580 thousand in employee stock options exercised raising paid-in capital to NT\$905,770 thousand.
	Reinvestment in Angstrom Energy Company
	Reinvestment in Vietnam Xiangyun Corp.
2017	NT\$1,290 thousand in employee stock options exercised raising paid-in capital to NT\$907,060 thousand.
	Received bronze medal in the traditional manufacturing category of the 2017 Taiwan Corporate Sustainability Awards (TCSA)
2018	Received bronze medal in the traditional manufacturing category of the 2018 TCSA Awards
	Received circular economy results award at the Taiwan Chemistry Technology Industry Youth and New Product Awards.
	Established and invested in Vietnam subsidiary
2019	Won third prize at the Taiwan Circular Economy Awards.
2020	Reinvested in Global Graphene Group.
	Issuance of 10,000,000 common stocks for cash, the paid-up capital of the Company reached to NT\$1,070,600,000
	Received silver medal in the traditional manufacturing category of the 2020 Taiwan Corporate Sustainability Awards (TCSA).
2021	Reinvestment in Li Fu Carbonic Acid Corporation.
	Received bronze medal in the traditional manufacturing category of the 2021 Taiwan Corporate Sustainability Awards (TCSA).
2022	Reinvestment in International Nitto Technology Co., Ltd.
	Awarded the "2022 Taiwan Corporate Sustainability Award" in the Traditional Manufacturing Group Traditional Manufacturing - Scope 2 Gold.
2023	Reinvested in REGiMMUNE Limited
	Awarded gold medal in the traditional manufacturing category of the 2023 Taiwan Corporate Sustainability Awards (TCSA).

III. Corporate Governance

1. Organizational System

(1) Organizational Structure



(2) Major Corporate Functions

Major Departments	Major Duties and Responsibilities
President's Office	<ol style="list-style-type: none"> 1. Responsible for implementation and coordination of Company business, human resource planning and electronic information security, planning, utilization, integration and implementation in conjunction with management. 2. Draft human resource policies. Establish and implement the various administrative and management systems 3. Responsible for procurement-related work 4. Responsible for Information Department-related work
Audit Office	Assessment and auditing of the operation status and internal controls of each department, deficiency improvement suggestions and tracking, internal self-evaluation promotion to ensure secure Company operations and reduce risk and abuse in order to guarantee the effective implementation of internal controls.
New Business Investment and Market Development Dept.	Responsible for new business development and investment planning for the Company.
R&D Dept.	Responsible for researching and developing new products and improving production quality for the Company.
Fine Chemicals Division	<ol style="list-style-type: none"> 1. Responsible for the manufacture, marketing, sale and resale of specialty chemicals for the electronics industry. 2. Responsible for recycling waste developing agent. 3. Responsible for glass slimming etching and sales matters. 4. Responsible for VMT OEM business.
Basic Chemicals Division	Responsible for the manufacture, marketing, sale and resale of chemicals.
Finance and Accounting Office	<ol style="list-style-type: none"> 1. Responsible for financial planning, fund management and procurement. 2. Account settlement, tax reporting, stock affairs, analysis of management statement, notification and reporting to competent authorities and budget planning. 3. Board and shareholding convening and planning, keeping minutes of the proceedings.

2. Directors and Management Team

(1) Board Members

A. Information Regarding Board Directors

April 14, 2024

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Supervisors who are Spouses or within Two Degrees of Kinship
							Shares	%	Shares	%	Shares	%	Shares	%			
Chairman	Taiwan	Wu Hsin-Hung	Male 76~80	07/05/2021	3 years	08/23/2006	3,680,010	3.65	3,680,010	3.65	0	0	0	0	B.S. Chemical Engineering, Tunghai University Manager and Director Formosa Chemicals & Fibre Corporation Vice President and Vice Chairman, Air Products San Fu Co., Ltd. Chairman, Industrial Gas Association of ROC	Director International Nitto Technology Co., Ltd. Director, Hong Cheng Enterprise Corp. Chairman, Li Fu Carbonic Acid Corp. Director, San Fu Global Ltd. Director, Fangda Investment Corp. Director, Beimin Corp. Chairman, San Fu Biotech Co., Ltd.	-

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name
Director	Taiwan	Tsai, Chieh Jung	Male 71~75	07/05/2021	3 years	06/22/2017	0	0	170,400	0.17	28,293	0.03	0	0	M.S. Georgia Institute of Technology Vice President and General Manager, Air Products San Fu Co., Ltd.	Chairman, International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd. Director, Li Fu Carbonic Acid Corp.	-	-
Juristic-person Director	Taiwan	San Fu Global Ltd.		07/05/2021	3 years	10/22/2012	24,067,315	23.90	0	0	0	0	0	0	-	-	-	-
	Taiwan	Representative - Zhang Chun-Ming	Male 81~85	07/05/2021	3 years	03/17/2003	0	0	312,500	0.31	0	0	0	0	B.S. Chemical Engineering Tamkang University Chairman, Air Products San Fu Co., Ltd.	Chairman, San Fu Global Ltd. Director, Air Products San Fu Co., Ltd.		
Director	Taiwan	Su Tian-Bao	Male 61~65	07/05/2021	3 years	10/22/2012	354,752	0.35	270,752	0.27	-	-	-	-	Ph.D. Chemical Engineering, National Taiwan University Asst. Vice President, San Fu Chemical Co., Ltd.	General Manager, and Director, International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd.	-	-

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Relation
															Director, Shanghai San Fu Ming Electronic Materials Co., Ltd.			
Director	Taiwan	Zhang Yi-Zong 46~50	Male	07/05/2021	3 years	04/18/2011	277,861	0.28	277,861	0.28	0	0	0	0	BA in Marketing & Economics, Babson College Marketing Manager at WOW Alimentos	Chairman, Real Green Foods Corporation Director, Fangda Corporation Director, Fangchun Trading Corporation Director, Jinningcheng Corp. Director, Fulu Culture Foundation Director, San Fu Global Ltd. Director, Air Products San Fu Co., Ltd. Director, Li Fu Carbonic Acid Corp.		

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Supervisors who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															Director, Beaming Co., Ltd. Director, Versum Materials Taiwan Co., Ltd. Director, Biorich Biotech Technology Co., Ltd. Director, Green TFL Co., Ltd.				
Director	Taiwan	Liang Guo-Yuan	Male 76-80	07/05/2021	3 years	10/22/2012	0	0	0	0	0	0	0	0	Ph.D. Economics, Duke University Honorary Professor, School of Science and Technology Management, National Tsinghua University Professor of Economics, Tsinghua University Adjunct Professor, Department of Economics, National Taiwan University Standing Independent Director of Changhua Bank Chairman, Yuanta-Polaris	Director, Yuanta Commercial Bank Independent Director of ARTERY Technology			

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	Taiwan	Li Zhong-Xi	Male 71~75	07/05/2021	3 years	10/22/2012	0	0	0	0	0	0	0	0	Research Institute	Independent Director, Far Eastern New Century Corporation Chairman, Personal Genomics Taiwan Inc. Independent Director, Everlight Electronics Co., Ltd. Director, Taiwan Hopax Chemicals Mfg. Co., Ltd. Chairman, PERSONAL GENOMICS TAIWAN, INC. Chairman, Quark Biosciences, Inc. Chairman,	

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Supervisors who are Spouses or within Two Degrees of Kinship	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name
Independent Director	Taiwan	Wu Dong-Ming	Male 71~75	07/05/2021	3 years	06/24/2013	0	0	0	0	0	0	0	0	M.A. Accounting Western Illinois University Accounting Department, Soochow University Jianguo High School	Chairman, Taiwan Fuhbic Corporation Vice Chairman, Shinkong Synthetic Fibers Corporation Chairman, Xinning Enterprise Corporation Chairman, Xinli Enterprise Corporation Independent Director, Tairoun Products Co., Ltd.	-	-
Independent Director	Taiwan	Yang Hong-Zhi	Male 76~80	07/05/2021	3 years	07/05/2021	5,440	0.01	5,440	0.01	0	0	0	0	Director, Formosa Chemicals & Fibre Corp.	Consultant, Formosa Chemicals & Fibre Corp.		

Note: If the chairman of the board and the president or equivalent (highest level manager) are the same person, spouses or first-degree relatives, the reasons, rationality, necessity and countermeasures shall be explained: no such situation.

2. Major Shareholders of Institutional Shareholders

April 14, 2024

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders
San Fu Global Ltd.	Zhang Chun-Ming (20.68 %), Zhang Dan-Liang (20%), Zhang Xi-Wen (19.91%), Fang Hong-Yuan (11.71%), Zhang Chen Shu-Li (11.27%), Zhang Yi-Zong (5.14%), Zhang Ya-Ping (3.9%), Zhang Ya-Chin (3.68%), Chen I-Hui (0.49%), Kao Kung-Ping (0.31%)
Pilot Keymark SDN. BHD.	Malaysia Faith (L)BHD(50%), Taifaith (L)BHD(50%)

3. Major Shareholders of the Above Institutional Shareholders who are Judicial Persons

April 14, 2024

Name of Judicial Person	Major Shareholder of the Judicial Persons
Malaysia Faith (L) BHD	SEBASTIAN HAYOZ
Taifaith (L) BHD	SEBASTIAN HAYOZ

4. Professional Qualifications and Independence Analysis of Directors

Criteria Name	Professional Qualifications and Experience	Independence Criteria (notes)	Number of other public companies in which the Individual is concurrently serving as an Independent Director
Wu Hsin-Hung	Manager & Director, Formosa Chemicals & Fibre Corp. for 16 years Vice Chairman,, Air Products San Fu Co., Ltd. for 2 years Chairman, Industrial Gas Association of ROC for 3 years Chairman,San Fu Chemical Co., Ltd. for 21 years Director, International Nitto Technology Co., Ltd. for 12 years Director, Hong Cheng Enterprise Corp.for 20 years Chairman, Li Fu Carbonic Acid Corp. for 2 years Director, San Fu Global Ltd. for 19 years	(6) 、(7) 、(8) 、(9) 、 (10) 、(11) 、(12)	—
San Fu Global Ltd. Company representative: Zhang Chun-Ming	Chairman, San Fu Global Ltd. for 19 years Director, Air Products San Fu Co., Ltd. for 16 years Chairman, Fangda Corp. for 67 years	(6) 、(7) 、(8) 、(9) 、 (10) 、(11)	—

Criteria Name	Professional Qualifications and Experience	Independence Criteria (notes)	Number of other public companies in which the Individual is concurrently serving as an Independent Director
Tsai, Chieh Jung	Deputy Manager, Formosa Chemicals & Fibre Corp. for 21.5 years General Manager, Air Products San Fu Co., Ltd. for 17 years Chairman, International Nitto Technology Co., Ltd. for 2 years San Fu Biotech Co., Ltd for 6 years Director, Li Fu Carbonic Acid Corp. for 2 years General Manager, San Fu Chemical Co., Ltd. for 6 years	(3) 、(4) 、(5) 、(6) 、(7) 、(8) 、(9) 、(10) 、(11) 、(12)	—
Su Tian-Bao	Assist Vice Manager & Vice General Manager, San Fu Chemical Co., Ltd. for 34 years General Manager, International Nitto Technology Co., Ltd. for 2 years Director, International Nitto Technology Co., Ltd. for 12 years Director, San Fu Biotech Co., Ltd. for 8 years Director, Shanghai San Fu Ming Electronic Materials Co., Ltd. for 15 years	(3) 、(4) 、(5) 、(6) 、(7) 、(8) 、(9) 、(10) 、(11) 、(12)	—
Zhang Yi-Zong	Chairman, Real Green Foods Corporation for 11 years Director, Fangda Corporation for 21 years Director, Fangchun Trading Corporation for 7 years Director, San Fu Global Ltd. for 9 years Li Fu Carbonic Acid Corp. for 19 years Director, Jinmingcheng Corp. for 8 years	(1) 、(3) 、(5) 、(6) 、(7) 、(8) 、(9) 、(11) 、(12)	—
Liang Guo-Yuan	Chairman, Yuanta-Polaris Research Institute for 18 years Director, Yuanta Commercial Bank for 3 years Changhua Bank Executive Independent Director for 11 years	(1) 、(2) 、(3) 、(5) 、(6) 、(7) 、(8) 、(9) 、(11) 、(12)	—

Criteria Name	Professional Qualifications and Experience	Independence Criteria (notes)	Number of other public companies in which the Individual is concurrently serving as an Independent Director
Li Zhong-Xi	Independent Director, Far Eastern New Century Corp. for 11 years Director, Zhen Ding Tech. Inc. for 12 years Independent Director, Everlight Electronics Co., Ltd. for 8 years Director, Taiwan Hopax Chemicals Mfg. Co., Ltd. for 11 years Chairman, Personal Genomics Taiwan Inc. for 9 years Chairman, Quark Biosciences, Inc. for 12 years	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the “Regulations governing Appointment of Independent Directors and Compliance Matter Public Companies”. 2. My spouse and minor children (or on behalf of others) do not hold any Company shares use the 3. No remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years	3
Wu Dong-Min	Chairman, Taiwan Fuhbic Corporation for 33 years Vice Chairman, Shinkong Synthetic Fibers Corporation for 21 years Chairman, Xinming Enterprise Corporation for 20 years Chairman, Xinli Enterprise Corporation for 7 years Director, Shin Kong Life Insurance Co., Ltd. for 43 years Independent Director, Tairoun Products Co., Ltd. for 8 years	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the “Regulations governing Appointment of Independent Directors and Compliance Matter Public Companies”. 2. My spouse and minor children (or on behalf of others) do not hold any Company shares use the 3. No remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years	1
Yang Hong-Zhi	General Manager, Formosa Ho Tinh Steel (Viet Nam) for 3 years Consultant, Formosa Chemicals & Fibre Corp. for 8 years		—

Note : None of the above directors has any one of the clauses in Article 30 of the Company Act

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company’s affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent Company, or any subsidiary, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent Company or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the fifth degree of kinship, of any of the persons in the preceding three

subparagraphs.

- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top ten in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified Company or institution that has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. However, Remuneration Committee members who exercise their powers as defined in Article 7 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Exchange or Traded Over the Counter" are not limited therein.
- (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9) Not been a person of any of the conditions defined in Article 30 of the Company Act.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.
- (11) Not any one of the clauses of Article 30 of the Company Act.
- (12) Not elected by government, juridical person or representative as defined in Article 27 of the Company Act.

5. Diversity and Independence of Board of Directors: Please refer to pages 42 to 44 of this Annual Report

(2) General Manager, Vice President, Assistant Vice President, and Heads of Departments and Branches

April 14, 2024

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Spouse and Minor Children Shareholding		Shares by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship
					Shares	%	Shares	%	Shares	%			
President	Taiwan	Tsai, Chieh Jung	Male	05/01/2017	170,400	0.17	28,293	0.03	0	0	M.S. Georgia Institute of Technology President and Vice Chairman, Air Products San Fu Co., Ltd.	Chairman, International Nitto Technology Co., Ltd. President, San Fu Biotech Co., Ltd. Director, San Fu Biotech Co., Ltd.	- - -
Vice President	Taiwan	Su Tian-Bao	Male	03/01/2007	270,752	0.27	0	0	0	0	Ph.D. Chemical Engineering, National Taiwan University Asst. Vice President, San Fu Chemical Co., Ltd.	Director & General Manager, International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd	- -
Asst. Vice President	Taiwan	Huang Jun-Yin	Male	03/01/2007	172,942	0.17	0	0	0	0	M.S. Chemistry, National Tsing Hua University Special Assistant to the President, Air Products San Fu Co., Ltd.	-	-
Asst. Vice President	Taiwan	Zhuang Fu-Qin	Male	07/06/2017	176	0	0	0	0	0	M.S. Structural Material Group, Civil Engineering, National Cheng Kung University	Director, Shanghai San Fu Ming Electronic Materials Co., Ltd.	- -

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Spouse and Minor Children Shareholding		Shares by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship	
					Shares	%	Shares	%	Shares	%			Title	Name
Asst. Vice President	Taiwan	Xie Ming-Zhi	Male	03/01/2019	0	0	0	0	0	0	Asst. Manager, Materials Division, Innolux Corporation Accounting Department, National Cheng Kung University M.A. Accounting, National Chengchi University TPK Finance Director and CEO Office Director Innolux Corporation Accounting Office Director	Supervisor, Shanghai San Fu Ming Electronic Materials Co., Ltd. Supervisor, Hong Cheng Enterprise Corp. Director, International Nitto Technology Co., Ltd. Supervisor, San Fu Biotech Co., Ltd.	-	-
Asst Vice President	Taiwan	Hung Chih-Ming	Male	10/01/2020	0	0	0	0	0	0	M.S. Chemical engineering, National Tsing Hua University	Vice President, International Nitto Technology Co., Ltd.		
Asst Vice President	Taiwan	Chen Jie-Yu	Male	03/01/2019	0	0	0	0	0	0	M.A. Accounting, National Cheng Kung University Special Assistant to the President, Air Products and Chemicals, Inc.	General Manager, Air Products San Fu Co., Ltd. (Viet) General Manager, San Fu Electronic Materials Co., Ltd. (Viet)	-	-
Asst. Vice President	Taiwan	Dai Qin-Yao	Male	01/18/2018	881	0	0	0	0	0	M.S. Chemical Engineering, National Taiwan University	-	-	-

(3) Remuneration of Directors, President and Vice Presidents in the recent year

1. Remuneration of Directors and Independent Directors in the Most Recent Year Unit: Thousand NT\$/Thousand shares

Title	Name	Compensation						Relevant remuneration received by directors who are also employees						Percentage of total compensation A, B, C, D, E, F and G of net income (%)		Compensation paid to directors from an invested Company other than a Company subsidiary or parent company		
		Base Compensation (A)		Severance and pension payments (B) (note 1)		Director's remuneration (C)		Allowances (D)		Percentage of total remuneration A, B, C and D of net income (%)		Salary, bonuses and allowances (E)		Severance and pension payments (F)			Employee remuneration (G)	
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Cash	Stock		The Company	All consolidated entities
Chairman	Wu Hsin-Hung																	
	Representative of San Fu Global Co., Ltd.																	
	Zhang Chun-Ming	11,001	11,001	—	—	7,718	7,718	1,335	1,335	20,054	20,054	13,703	216	—	—	33,973	33,973	Nil
	Tsai, Chieh Jung									4.52	4.52					7.66	7.66	
	Su Tian-Bao																	
	Zhang Yi-Zong																	
	Liang Guo-Yuan																	
	Li Zhong-Xi									4,238	4,238	—	—	—	—	4,238	4,238	Nil
	Wu Dong-Ming	—	—	—	—	3,908	3,908	330	330	0.95	0.95	—	—	—	—	0.95	0.95	Nil
	Yang Hong-Zhi																	
Independent Director																		

1. Please state the remuneration payment policy, system, standard and structure of the independent directors, and state the relevance with the amount of remuneration according to the responsibilities, risks, investment time and other factors: the remuneration of the independent directors of the Company includes the transportation expenses and the remuneration of the directors for profit distribution, in which the transportation expenses payment standard refers to the level of the industry and is paid according to the attendance of the directors and supervisors at the Board of Directors; the remuneration from surplus distribution shall follow Article 28 of the Company's articles of association, the Remuneration Committee shall review the participation and performance contribution of each independent director in the Company's operation, link the reasonableness and fairness of the performance risk with the income, and propose suggestions based on the Company's operation results and peer level payment to the Board of Directors for resolution.
2. Severance and pension payments are allocated to the pension plan each month based on the total salary amount. Except for what is disclosed in the above table, any compensation received by Company directors for all services provided to the Company in the financial report: None.

Director Remuneration Brackets

Bracket	Names of Director					
	Total of A+B+C+D		Total of A+B+C+D+E+F+G		All consolidated entities	The Company
	The Company	All consolidated entities	The Company	All consolidated entities		
Under NT\$1,000,000	-	-	-	-	-	-
NT\$1,000,000~NT\$2,000,000	San Fu Global, Su Tian-Bao, Zhang Yi-Zong, Liang Guo-Yuan, Tsai, Chieh Jung, Li Zhong-Xi, Wu Dong-Ming, Yang Hong-Zhi	San Fu Global, Su Tian-Bao, Zhang Yi-Zong, Liang Guo-Yuan, Tsai, Chieh Jung, Li Zhong-Xi, Wu Dong-Ming, Yang Hong-Zhi	San Fu Global, Zhang Yi-Zong, Liang Guo-Yuan, Li Zhong-Xi, Wu Dong-Ming, Yang Hong-Zhi	San Fu Global, Zhang Yi-Zong, Liang Guo-Yuan, Li Zhong-Xi, Wu Dong-Ming, Yang Hong-Zhi	-	-
NT\$2,000,000~NT\$3,500,000	-	-	-	-	-	-
NT\$3,500,000~NT\$5,000,000	-	-	-	-	-	-
NT\$5,000,000~NT\$10,000,000	-	-	-	Tsai, Chieh Jung, Su Tian-Bao	Tsai, Chieh Jung, Su Tian-Bao	-
NT\$10,000,000~NT\$15,000,000	Wu Hsin-Hung	Wu Hsin-Hung	Wu Hsin-Hung	Wu Hsin-Hung	Wu Hsin-Hung	-
NT\$15,000,000~NT\$30,000,000	-	-	-	-	-	-
NT\$30,000,000~NT\$50,000,000	-	-	-	-	-	-
NT\$50,000,000~NT\$100,000,000	-	-	-	-	-	-
Above NT\$100,000,000	-	-	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons	9 persons	9 persons

2. President and Vice President Remuneration in 2023

(1) President and Vice President Remuneration

Unit: Thousand NT\$ / Thousand shares

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Employee Remuneration (D)			Percentage of total compensation A, B, C and D of net income (%)		Compensation from an invested Company other than a Company subsidiary or parent company	
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Cash	Stock	The Company		All consolidated entities
President	Tsai, Chieh Jung	6,620	6,620	216	216	6,512	6,512	-	-	-	-	13,348 3.01	13,348 3.01	None
Vice President	Su Tian-Bao													

Compensation Brackets

Brackets	Names of Presidents and Vice Presidents	
	The Company	All consolidated entities
Under NT\$1,000,000	-	-
NT\$1,000,000~NT\$2,000,000	-	-
NT\$2,000,000~NT\$3,500,000	-	-
NT\$3,500,000~NT\$5,000,000	Su Tian-Bao	Su Tian-Bao
NT\$5,000,000~NT\$10,000,000	Tsai, Chieh Jung	Tsai, Chieh Jung
NT\$10,000,000~NT\$15,000,000		
NT\$15,000,000~NT\$30,000,000	-	-
NT\$30,000,000~NT\$50,000,000		
Above NT\$100,000,000	-	-
Total	2 persons	2 persons

(2) Names of managers receiving employee bonuses and the allocation status: No employee bonuses were allocated by the Company to any managers this year.

(4) Analysis of the ratio of total remuneration paid by the Company and by all companies included in consolidated financial report to Directors, Supervisors, Presidents, and Vice Presidents / net income (%) for the most recent two years, and explanation of remuneration policy, standard, and combination, the procedure of remuneration determination, and the relation between business performance and future risk:

1. Total compensation to directors, supervisors and executive management as a percentage of net profit

Unit: Thousand NT\$

Director, supervisor and executive management compensation		2023	2022
The Company	Compensation amount	38,211	58,355
	As a % of net profit	8.61%	6.87%
All consolidated entities	Compensation amount	38,211	58,642
	As a % of net profit	8.61%	6.90%

The total remuneration of directors, president and vice presidents in 2023 decreased over that of 2022 due to the decrease of net profit after tax in 2023.

2. Explanation of remuneration policy, standard, and combination, the procedure of remuneration determination, and the relation between business performance and future risk:

The remuneration of directors includes the remuneration of directors for the Company's transportation expenses and earnings distribution, in which the payment standard of transportation expenses is based on the level of the same industry and the attendance of directors at the Board of Directors; in addition, the remuneration of directors for the Company's earnings distribution is based on the Article 28 of the Company's articles of association, and the remuneration of directors for the current year can be calculated within the limit of no more than 3% of the profit for the current year, taking into account the Company's operating results and net profit after tax and considering the Company's corporate interests. The Company's performance contribution shall be reasonably remunerated; the general manager's remuneration policy shall be based on the Company's performance evaluation objectives and variable bonus. In addition to reference to the Company's overall operating performance, safety, environmental protection and social responsibility, Company development, customer quality and employee training and development, etc., the Company shall also refer to the individual's achievement rate of performance and contribution to the Company's performance to give reasonable remuneration, relevant performance evaluation and remuneration. The reasonableness has been reviewed and approved by the Remuneration Committee and the Board of Directors, and the remuneration system has been reviewed from time to time according to the actual business situation and relevant laws and regulations, so as to achieve a balance between the Company's sustainable operation and risk control.

(5) Corporate Governance

(1) Board of Directors Operation

1. The Company's Board of Directors met a total of four (4) times (A) in 2023 and there was at least one (1) independent director in attendance at each meeting. Director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy (A)	Attendance Rate in Person (%) (B/A)	Note
Chairman	Wu Hsin-Hung	4	-	100.00	
Director	San Fu Global Ltd. Representative – Zhang Chun-Ming	4	-	100.00	
Director	Tsai, Chieh Jung	4	-	100.00	
Director	Su Tian-Bao	4	-	100.00	
Director	Zhang Yi-Zong	4	-	100.00	
Director	Liang Guo-Yuan	4	-	100.00	
Independent Director	Li Zhong-Xi	4	-	100.00	
Independent Director	Wu Dong-Ming	4	-	100.00	
Independent Director	Yang Hong-Zhi	4	-	100.00	

Independent Director Attendance in 2023 was as follows:

2022	First	Second	Third	Fourth
Li Zhong-Xi	@	@	@	@
Wu Dong-Ming	@	@	@	@
Yang Hong-Zhi	@	@	@	@

@: Attendance in person * : By proxy #: Absent

2. Goals for Strengthening Board Functions and Implementation Assessment:

The Company believes that a sound and effective Board of Directors serves as the foundation of excellent corporate governance. Based on this principle, the Company has established a Remuneration Committee to assist the Board of Directors in carrying out its responsibilities. Please refer too item (3) pages 34~35 for the composition and responsibilities of the Board of Directors.

3. Evaluation and Implementation by The Board of Directors

(1) Content of evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	01.01.2023 ~12.31.2023	Board of Directors	Self-evaluation of Board of Directors	1. Degree of participation of the Company's operation. 2. Quality of decision made by the Board of Directors 3. Formation and Structure of the Board of Directors 4. Selection and continual education of directors 5. Internal control
		Individual Directors	Self-evaluation of Directors	1. Company goal and mission handling 2. Recognition of directors' responsibilities 3. Degree of participation in the Company's operation 4. Internal relationship operation and communication 5. Directors' professional and continual education 6. Internal control
		Functional Committees (Audit Committee and Remuneration Committee)	Self-evaluation of Functional Committees	1. Degree of participation of the Company's operation 2. Recognition of responsibilities of functional committees 3. Quality of decision making of functional committees 4. Formation and member selection of functional committees 5. Internal control

(2) Performance Evaluation Results:

The overall Board of Directors and its members, as well as various functional committees, operate effectively; the performance evaluation results will be incorporated into the reference items for the continued evaluation of directors.

Evaluation Results of Assessment Items:

1. Overall Performance Evaluation of the Board of Directors: The average evaluation score is 4.89 points, still considered [Excellent].
2. Self-assessment of Director Members' Performance: The average evaluation score is 4.95 points, still considered [Excellent].
3. Performance Evaluation of the Audit Committee: The average evaluation score is 5 points, considered [Outstanding].
4. Performance Evaluation of the Remuneration Committee: The average evaluation score is 5 points, considered [Outstanding].

Note: Performance appraisal scoring method:

- (1).Excellent (completely agree or strongly agree) is calculated as 5 points
- (2). Excellent (mostly consistent or agreed) is calculated as 4 points
- (3).Medium (partially qualified or ordinary) is calculated as 3 points
- (4). The difference (a small number of agreement or disagreement) will be calculated as 2 points.
- (5). Extremely poor (disagree or strongly disagree) is calculated as 1 point

(2) Information on the Composition, Responsibilities and Operation of the Audit Committee

(1) Information of the Audit Committee Members:

Title	Criteria Name	Professional Qualifications and Experience	Independence Criteria (note)	Number of other public companies in which the Individual is concurrently serving as Independent Director
Independent Director (Convener)	Li Zhong-Xi	The Audit Committee is composed of all three independent directors. Please refer to the "Introduction to the Board of Directors" (pages 16~18) of this annual report for the professional qualifications and experience of the directors. None of the directors is under any of the circumstances stated in Article 30 of the Company Act.	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-6 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or Traded by Securities Companies"; 2. My spouse and minor children (or on behalf of others) do not hold any of the Company shares; 3. No remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	3
Independent Director	Wu Dong-Ming			1
Independent Director	Yang Hong-Zhi			0

(2) The Audit Committee of the Company held four (4) meetings (A) in 2023 up to the date of publication of the annual report. The attendance of independent directors is as follows:

Title	Name	No. of Attendance in Person	No. of Attendance by Proxy	Actual Attendance Rate (%)	Note
Convener	Li Zhong-Xi	4	0	100.00	
Independent Director	Wu Dong-Ming	4	0	100.00	
Independent Director	Yang Hong-Zhi	4	0	100.00	

Other matters to be recorded:

1. The 2023 operation of the Audit Committee is described as follows:

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

Audit Committee Meeting Date (Term)	Motion	The outcome of the audit committee's resolutions and the Company's handling of the Audit Committee's opinion
02.24.2023 (7 th Meeting of 1 st Term)	<ol style="list-style-type: none"> 1. Recognition of the Company's 2022 individual financial statement and the consolidated financial statement of the Company and subsidiaries and business report . 2. 2022 Earning Distribution . 3. Issuance of cash dividend from capital reserve. 4. Renewal of capital loan and credit limit for subsidiaries. 5. Renewal of endorsement and guarantee credit limit 6. Adjustment of the Company's distributable earnings and the special surplus reserve set out using IFRS. 7. Formulate general principles for the Company's pre-approved and unconfirmed service policy. 8. The independence evaluation of the appointed certified public accountants for financial reports. 9. Design and Implementation Effectiveness Statement of the Company's 2022 internal control system 	All present committee members agreed to adopt the proposals without objection and submit a report to the Board of Directors for approval
05.05.2023 (8 th Meeting of 1 st Term)	<ol style="list-style-type: none"> 1. Discussion on 2023 Q1 consolidated financial statement of the Company and subsidiaries. 2. 2023 Q1 Earning Distribution . 3. Renewal of capital loan and credit limit for 2023. 4. Amendment of the Company's internal control operating procedure. 	
08.04.2023 (9 th Meeting of 1 st Term)	<ol style="list-style-type: none"> 1. Discussion on 2023 Q2 consolidated financial statement of the Company and subsidiaries. 2. 2023 Q2 Earning Distribution 	
11.06.2023 (10 th Meeting of 1 st Term)	<ol style="list-style-type: none"> 1. Discussion on 2023 Q3 consolidated financial statement of the Company and subsidiaries. 2. 2023 Q3 Earning Distribution. 3. 2023 Annual Budget Report 4. 2023 Annual Audit Plan 5. Renew the plan of capital loan and line. 	

6. Renew the endorsement guarantee line.
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(3)In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors: none

1.Execution of the independent director's recusal for conflict of interest: None.

2.Communication between independent directors, internal audit head and accountants once a year:

Communi- cation Meeting held in February 2024	1. In the communication regarding to the 2023 Accountants' audit report on major audit items, the independent directors have no opinion on the content of the accountants' suggestion. 2.The independent director has no opinion on the content proposed by the accountant with regard to the audited content of the financial report.
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(3) Corporate Governance Implementation Status and Non-implementation and its Reason(s):

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company has established and disclosed its Corporate Governance Best-Practice Principles None
2. Shareholding structure & shareholders’ rights	✓		<p>(1) The Company has assigned dedicated personnel to respond to shareholder suggestions, concerns and disputes.</p> <p>(2) The Company has commissioned a dedicated stock affairs agency and assigned dedicated personnel to handle these matters and keep track of the shareholdings of director, supervisor and major shareholders.</p> <p>(3) The Company and related enterprises have developed and implemented internal control systems and related procedures in accordance with regulations.</p> <p>(4) Procedures have been developed and implemented by the Company and related enterprises for insider trading prevention management. (1) The Company has established a spokesperson system as a channel for external statements, and the stock staff handles relevant shareholder suggestions and doubts related issues.</p>
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		
(4) Does the Company have internal regulations to prohibit Company insiders from using unpublished information in the market to buy and sell securities?	✓		

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	✓	<p>Abstract Illustration</p> <p>1. The Company advocates and respects the policy of having diversified directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, it is believed that the policy of diversity will help improve the overall performance of the Company. The selection and appointment of board members are based on the principle of employing talents by their abilities, and they have diverse and complementary capabilities across industries, including basic composition (such as age, gender, nationality, etc.), as well as the experience and relevant skills of the industry, and business judgment, business management, leadership decision-making and crisis management skills. To strengthen the functions of the Board of Directors and achieve the ideal goals of corporate governance. Article 20 of the Company's "Corporate Governance Code" clearly describes the capabilities that the Board of Directors should possess in general.</p>	None

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		<p>2. The diversity, complement and implementation of directors' diversity have included and exceeded the standards set forth in the "Corporate Governance Code". In the future, the diversity policy will be revised in a timely manner based on the operation of the Board of Directors, the type of operation and the development needs, including but not limited to the basic conditions and values, professional knowledge and skills, etc., to ensure that members of the Board of Directors should generally have the knowledge, skills and qualities necessary to perform their duties.</p> <p>3. The current diversity policy of the board members and its implementation are shown on Pages 42~45 of the attached table below.</p>	no other functional committees have been set up
	✓	(2) Besides the Salary and Remuneration Committee, no other functional committees have been set up by the Company.	

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually and submitted the results of performance evaluation to the Board of Directors for reference in the salary and remuneration of individual Directors and nomination for re-appointment?	✓	<p>(3) The Company has formulated the performance evaluation method of the Board of Directors and its evaluation method, and is expected to report the results of the performance evaluation to the Board of Directors in Feb. 2024. In the future, it will be reported to the Board of Directors on a regular basis every year, and will be used as a reference for individual directors' remuneration and nomination for renewal.</p>	No other functional committees
(4) Does the Company regularly evaluate the independence of CPAs?	✓	<p>(4) The Audit Committee of the Company regularly evaluates the independence and suitability of its certified accountants annually. In addition to requiring the certified accountants to provide "Statement of Detached Independence" and "Audit Quality Indicators (AQIs)", the Audit Committee also evaluates the 14 standards and 13 AQI indicators of independence evaluation by the certified accountants. It is confirmed that the accountant has no financial interest or business relationship with the Company other than the cost of certification and financial and tax cases, that the accountant's family members do not violate the independence requirement, and by</p>	<p>Have been set up by the Company</p> <p>None</p> <p>None</p>

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
		<p>Abstract Illustration</p> <p>referring to the AQI index information, it is confirmed that the accountant and the firm are better than the industry average in terms of experience and training hours; in addition, we will continue to introduce digital audit tools in the most recent three years to improve audit quality. The results of the latest annual evaluation were discussed and approved by the Audit Committee on February 27, 2024, and reported to the Board of Directors on February 27, 2024 for the approval of the independence and suitability of accountants.</p>	
<p>4. Does the TWSE/GTSM listed companies have an appropriate number of corporate governance personnel, and appoint a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing information required by Directors and supervisors to carry out business, assisting Directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting according to law, and making minutes of meetings of the Board of Directors and shareholders' meeting, etc.)?</p>	✓	<p>The Company has already assigned the Financial and Accounting Office to be responsible for matters related to corporate governance, safeguarding shareholder rights and strengthening BOD functions. Their main responsibilities are providing the resources needed for the directors and supervisors to perform their duties and developing the latest regulations related to Company operations to assist the directors, supervisors obey laws and regulations. The following duties are performed:</p> <p>1. Arrange at least 6 credit hour of home continuing education courses for board members.</p>	None

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
		Abstract Illustration 2. Convene non-regular communication meetings with CPAs, independent directors, audit and financial supervisors to implement the internal audit system. 3. Draft BOD agenda and notify directors 7 days prior to the meeting, convene meeting and provide meeting information. Give advance reminder if it is recusal is necessary and complete BOD meeting minutes within 20 days after the meeting is convened. 4. Hold registration before the shareholders' meeting date in accordance with law, prepare the shareholders' meeting notice, meeting handbook and within the legally stipulated time limit and meeting minutes and change registrations after article amendments or director elections.	
5. Does the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), established a stakeholder area on the Company website, and properly respond to important corporate social responsibility issues that stakeholders are concerned about?	✓	A dedicated stakeholder section has been set up for the Company's website to provide a means of communication for stakeholders. Dedicated personal provide appropriate replies to major corporate social responsibility issues that stakeholders are most concerned about.	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓	The Company entrusts the Transfer Agency Department of the First Securities Co., Ltd., to handle stock related affairs, to provide information on the list of major shareholders at any time	None

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓	(1) The Company has established a website to disclose information regarding its financial, business and corporate governance status. Refer to www.sfehem.com.tw.	None
	✓	(2) The Company has designated personnel to handle significant information disclosures, appointed a spokesperson in accordance with the law and posts information on the MOPS and the Company website in accordance with regulations.	
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial reports of the first, second and third quarters and the operating conditions of each month before the prescribed time limit?	✓	(3) The Company has not announced the financial report information in advance, but will announce and report the first, second and third quarter financial reports in advance.	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors and supervisors)?	✓	1. Employee rights and wellness: The Company has made a strong effort to create a healthy and safe work environment for its employees. Besides implementation of a pension system and providing year-end bonuses, the legal rights of employees are upheld in accordance with the Labor Standards Act and other relevant laws and regulations. Due care is taken when processing employee basic information. In addition to following the requirements	None

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
		<p>Abstract Illustration</p> <p>under government law, the private personal information of employees may not be disclosed. Annual health exams for employees are arranged. Labor relations are emphasized to provide equal employment opportunities.</p> <p>2. Investor relations: The Company has set up a stock affairs office solely responsible for handling investor relations and shareholder recommendations and truthfully disclosing Company information in accordance with the law to guarantee the basic interests of investors and fulfill its corporate responsibilities to its shareholders.</p> <p>3. Supplier relations: Smooth communication channels have been set up between the Company and its suppliers and good relations have been maintained.</p> <p>4. Stakeholder rights: There are smooth communication channels between the Company and its correspondent banks and other creditors, employees, customers, suppliers and other related stakeholders and respect their due legal rights. The Stock Agency Department at the First Securities Inc. is the stock affairs agent for the Company and assists with handling</p>	

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
		<p>Abstract Illustration</p> <p>questions and suggestions of shareholders and Company stakeholders. If legal issues are involved, a dedicated lawyer or legal consultant will be appointed to handle the matter to uphold stakeholder interests.</p> <p>5. Director and supervisor continuing education: The Company's directors and supervisors possess professional expertise. Directors and supervisors complete continuing education courses in focus areas. In addition, the Company provides information about continuing education as needed and posts it on MOPS in accordance with regulations.</p> <p>6. Risk management policy and risk measurement standard implementation: As of now, the Company has not yet set up dedicated unit to perform risk management and measurement work. However, authority for review various forms has been determined and departments perform this work in accordance with procedures. An audit unit has been set up to conduct regular and non-regular audits of the Company's internal controls and submit reports to reduce operation risk to a minimum.</p>	

Evaluation Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
		<p>Abstract Illustration</p> <p>7. Customer policy implementation: The Company has established a marketing department to provide customers with product service, answer questions and maintain smooth communication channels with customers. The requirements set down by the customer are strictly followed, and customer rights are protected and excellent relations are maintained.</p> <p>8. Purchase of liability insurance for the Company chairman and president: The Company has purchased liability insurance for the chairman and president and the insured amount, coverage and insurance rate is reported to the Board of Directors.</p>	
<p>9. Please refer to the results of the recent annual Corporate Governance Evaluation published by the Corporate Governance Center of Taiwan Stock Exchange to propose priority items and measures to be improved for the situation where improvements have been made, and to the areas where improvements have not been made, and the improvements based on the above-mentioned results this year are made as follows:</p> <p>1. In order to cooperate with the policies of the competent authorities and in order to improve and strengthen the listed companies and their boards of directors to pay attention to the responsibility of preparing sustainability reports (ESG Reports), the Company will submit the sustainability report to the Board of Directors for resolution and approval.</p>			

Note: 1. Diversity of Board of Directors :

(1) The Company advocates and respects the director diversity policy. To strengthen corporate governance and promote the sound development of the composition and structure of the board, we believe that the diversity policy will enhance the overall performance of the Company. The members of the Board of directors are selected based on the principle of talents. They have diverse and complementary capabilities across industries, including basic composition (such as age, gender, nationality, etc.), as well as industry experience and relevant skills (such as: business, biotechnology, chemical industry, accounting, economics, gas industry, etc.). In order to strengthen the functions of the Board of Directors to achieve the desired objectives of corporate governance, the "Code of Practice on Corporate Governance" of the Company sets out the overall following capabilities of the Board of Directors: 1.

Business judgment ability 2. Accounting and financial analysis ability 3. Management ability 4. Crisis management ability 5. Industry knowledge 6. International market view 7. Leadership 8. Decision-making ability

(2) Presently, the members of the Board of Directors of the Company have achieved the management objectives: the director who is concurrently the manager of the Company has not exceeded one third of the board seats and the independent director has reached one third of the board seats; in order to continuously improve the functions of the Board of Directors and enhance gender equality in the composition of the board, the Company aims to add one more board member in the coming general election of directors.

(3) Please refer to the following table for the diversity policy and implementation of current board members:

Title	Chairman	Representative Director	Directors					Independent Director		
			Tsai Jie-Rong	Su Tian-Bao	Zhang Yi-Zong	Liang Guo-Yuan	Li Zhong-Xi	Wu Dong-Ming	Yang Hong-Zhi	
Name	Wu Hsin-Hung	Zhang Chun-Ming	Tsai Jie-Rong	Su Tian-Bao	Zhang Yi-Zong	Liang Guo-Yuan	Li Zhong-Xi	Wu Dong-Ming	Yang Hong-Zhi	
Gender	Male	Male	Male	Male	Male	Male	Male	Male	Male	
Nationality	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	
Age	76-80	81-85	71-75	61-65	46-50	76-80	71-75	71-75	76-80	
Currently serving as an employee of the Company			V	V						
Professional Knowledge and Skills										
Business	V	V	V	V	V	V	V	V	V	
Biotechnology	V		V	V	V		V			
Chemical industry	V	V	V	V	V				V	
Economy/Insurance						V	V	V		
Gas industry	V	V	V							
Financial Accounting						V	V	V		
Other						Education	Education		Steel	
Ability and Experience										
Business Economics	V	V	V	V	V	V	V	V	V	
leadership decision-making	V	V	V	V	V	V	V	V	V	
international market view	V	V	V	V	V	V	V	V	V	
Industry knowledge	V	V	V	V	V	V	V	V	V	
Financial Management						V	V	V		
Operations and Manufacturing	V	V	V	V	V	V	V	V	V	
Business Management	V	V	V	V	V	V	V	V	V	
Risk Management/Crisis Handling	V	V	V	V	V	V	V	V	V	

2. Board of Directors independence:

- (1) Among the directors of the Company, I, my spouse and or relative of second lineal relationship have not taken the post of director in the Company or affiliated enterprises or as employee, then there is no occurrence of events set forth in paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act.
- (2) The average tenure of directors of the Company is 9 years, and the tenure of independent directors is 1-9 years. All the members of the board are from Taiwan, and the composition of the board consists of 3 independent directors accounting for 33% of the total number of directors; two directors with employee status account for 22% of the total number of directors.
- (3) The orientation, complementarity and implementation of director diversity include and exceed the criteria set out in the Code of Corporate Governance Practice; in the future, the diversity policy will continue to be revised as appropriate in light of the Board's operation, operation style and development needs, including but not limited to the most important criteria, such as basic conditions and values, expertise and skills, so as to ensure that board members generally possess the necessary knowledge, skills and qualities to perform their duties.

(4) Remuneration Committee Composition, Responsibilities and Operation:

(1) Information on remuneration committee members

Identity (Note 1)	Condition Name	Professional Qualifications and Experience	Independent Criteria	Number of other public companies in which the Individual is concurrently serving as Independent Director
Independent Director	Li Zhong-xi	The Audit Committee is composed of all three independent directors. Please refer to the "Introduction to the Board of Directors" (pages 14~18) of this annual report for the professional qualifications and experience of the directors. None of the directors is under any of the circumstances stated in Article 30 of the Company Act	All members meet the following conditions: 1. Comply with the relevant provisions of Article 14-6 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or Traded by Securities Companies." 2. The member's spouse and minor children (or on behalf of others) do not hold any of the Company shares 3. No remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	3
Independent Director	Wu Dong-min g			1
Independent Director	Yang Hong-Zhi			0

(2) Operation Status of the Remuneration Committee

1. The Company's Remuneration Committee has 3 members.
 2. The term of office for the current committee is: July 5, 2022 to July 4, 2024.
- The Committee held two meetings in 2022 (A) with the following attendance:

Title	Name	Attendance in person (B)	By proxy	Attendance Rate (%) (B/A)	Remark
Convener	Li Zhong-Xi	2	0	100	Re-elected
Committee member	Wu Dong-Ming	2	0	100	Re-elected
Committee member	Yang Hong-Zhi	2	0	100	Re-elected

Other mentionable items:

1. Any suggestion of the Remuneration Committee which was not adopted or modified by the Board of Directors: None
2. Any written or otherwise recorded resolution on which a member of the Remuneration Committee has a dissenting opinion or qualified opinion: None
3. The Remuneration Committee meeting resolutions are described below:

Date	Proposal	Resolution
08/04/2023 (The 5 th Meeting of 4 th Term)	1. Review the Company's 2023 employee remuneration, director and supervisor remuneration allocation amounts.	Passed and proposed to the Board of Directors for resolution
02/27/2024 (The 6 th Meeting of 4 th Term)	1. Review the Company's 2013 employee remuneration, director and supervisor remuneration allocation amounts. 2. Review the Company's president and chairman 2H 2023 variable bonus issuance amount. 3. Review the performance appraisal objectives of the president and the chairman of the Board of Directors of the Company in 2024 and the proposal for changing bonus distribution.	Passed and proposed to the Board of Directors for resolution

4. The Remuneration Committee regularly reviews the policies, systems, standards and structures of performance evaluation and remuneration of directors, supervisors and managers.

(5) Sustainable Development Implementation Status as Required by the Taiwan Financial Supervisory Commission and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		<p>The Company has set up a sustainable implementation committee to prepare this report, we follow the Company's organizational structure to form a sustainable implementation committee, with the chairman as the highest level, the quality system management division is responsible for promotion and coordination, and each main department is divided into implementation committee members and execution members, and there are 30 members.</p> <p>1. Information collection: The execution committee is responsible for promoting the relevant issues and compiling data. The implementation committee assists in checking the correctness and completeness of the information on each issue, and finally provides such information to the quality assurance department for analysis and integration.</p> <p>2. Communication and negotiation: The members of the committee are distributed in different work positions, and the communications on weekdays are mostly conducted by telephone and email.</p> <p>3. Regular reporting: The Sustainable Implementation Committee is represented by the heads of each unit. Once a year, the Deputy Convener of the Sustainable Implementation Committee, President Tsai Jie-rong, will report to the Board of Directors on the implementation results of sustainable development and future work plans in February 27, 2024. The content of the proposal includes (1) identifying sustainable issues that need attention, and formulating action plans to respond;</p>

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
		<p>Abstract Explanation</p> <p>(2) supervising the implementation of sustainable management issues, and evaluating the implementation (that is, the Company implements environmental issues to reduce the environmental load of the production process);</p> <p>(3) After assessing the risks and opportunities brought by climate change to the Company, formulate appropriate response strategies to cope with the impact of climate change events.</p> <p>4. The Company's Board of Directors receives quarterly reports from the management team (including ESG reports). The management must propose the Company's strategies to the Board of Directors, and the Board of Directors must evaluate the likelihood of success of these strategies. The Board of Directors must also constantly review the progress of the strategies and urge the management team to make adjustments when necessary.</p>	
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to Company operation, and establish risk management related policy or strategy?	✓	<p>The Company has 5 Steps To Identify Major Topics</p> <p>1. Identify a total of 4 types of stakeholders including employees, customers, government/competent authorities, suppliers/contractors and subcontractors by the ESG Promotion Committee of San Fu Chemical Co. in internal meetings,</p> <p>2. Select relevant issues from the topics and standard disclosures of GRI Standards Guideline. Define three principles for the content of the report according to the GRI Standards Guideline and rank the relevant topics.</p> <p>3. Select 24 sustainable related issues. Collect feedback opinions and negotiation results from stakeholders of San Fu Chemical Co., and summarize major topics with major theme matrix</p>	None

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
<p>(3) Does the Company evaluate current and future climate change potential risks and opportunities and take Procedures related to climate related topics?</p> <p>(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?</p>	✓		<p>To cope with the client's new plant construction, the recycled and reuse quantity continues to set record high, that changes the toxic solution TMAH into gold, and the total cumulative quantity of the reused product of the 25% TMAH up to 2023 is approximately 69,000 metric tons.</p> <p>The Company uses the framework of climate related financial disclosure proposal (TCFD) issued by the international financial stability committee to identify the risks and opportunities brought by climate change to the business performance of San Fu chemical, and formulate response strategies for the identified issues.</p> <p>Our greenhouse gas emissions were certified by SGS as 29,875.184 (metric tons CO₂-e/year) and 23,722.508 (metric tons CO₂-e/year) in 2022 and 2023 respectively. Our greenhouse gas inventories and certificates for the past two years are disclosed on our official website https://www.sfchem.com.tw/zh-hant/page/certifications. It also discloses greenhouse gas emissions, water consumption and total waste weight in the ESG report, and monitors compliance with regulatory standards for greenhouse gas emissions and measures to reduce water use.</p>
	✓		
<p>4. Social Topic</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and</p>	✓		None

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
internationally recognized human rights principles?		<p>Abstract Explanation</p> <p>the employees. The Company agrees and supports international rights treaty including the United Nation's Universal Declaration of Human Rights, Global Covenant, International Labor Organization Convention and respect the international recognized basic human rights. The Company establishes the human rights policy according to the guidelines of the aforementioned specifications and fully discloses it on the Company's website (http://www.sfchem.com.tw/zh-hant/page/statements), and maintains the human rights of full-time employees, part-time employees, and interns, and the implementation results in 2022 include</p> <p>(1) No discrimination (2) No violation of freedom for association and collective negotiation rights (3) No hiring of child labor, and (4) No forced or compulsory labor. Below are the local labor regulations that are followed by the Company and the communication measures taken for legal employees:</p> <p>1. When there is a major change in operations and labor conditions at the Company which will affect the employment rights of personnel, Article 16 of the Labor Standards Act is 100% followed to provide the minimum period of advance notice for termination of labor contracts in accordance with law.</p> <p>2. The Labor Pension Reserve Fund Supervisory Committees meets on a non-regular basis in accordance with Article 56 of the Labor Standards Act and may convene special meetings</p>	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
(2) Has the Company established appropriately managed employee welfare Procedures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		
		<p>when necessary. Meeting content is focused on checking labor pension reserve allocation amounts, fund saving and utilization status and labor pension payment amounts.</p> <p>3. The Company has not yet established a union organization but regular meetings are held between labor and management for two-way communication and collective bargaining in accordance with government labor laws. Management meetings are held on a non-regular basis in accordance with Article 83 of the Labor Standards Act and special meetings are convened when necessary to conduct two-way communication on labor-management cooperation, improvement of labor conditions and labor welfare planning.</p> <p>(2) The Company is fully responsible for the promotion and implementation of various employee welfare matters. At present, the main employee welfare measures are as follows:</p> <p>(1) Two days off a week, competitive salary level, medical checkup, proposal bonus, leave advance system, childcare allowance, birthday gifts, wedding and funeral gifts, employee health examination, hospital consolation community allowance, children education allowance, annual festival gifts, outdoor activities allowance and employee travel</p> <p>(2) According to Article 28 of the Company's articles of association, the employee's remuneration for the current year can be calculated within 1% - 3% of the profit of the current year, and</p>	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
		<p>Abstract Explanation</p> <p>reasonable remuneration and bonus can be given considering the Company's operating results, employee performance appraisal and contribution to the Company.</p> <p>(3) The Company is committed to providing employees with a dignified and safe working environment. We ensure fairness in employment diversity, pay and promotion opportunities, and ensure that employees are not subjected to discrimination, harassment or unequal treatment based on race, sex, religious belief, age, political orientation and any other conditions protected by applicable laws and regulations. We have established a "Discrimination and Harassment Prevention Management Procedure". The Company adheres to the Gender Work Equality Law to ensure the equality of gender work rights. The Company does not discriminate based on gender in recruitment, selection, employment, distribution, performance evaluation, promotion, education and training, welfare measures, etc. We have set a "written statement on prohibition of workplace sexual harassment" and disclosed in the Company's official website (https://www.sfcchem.com.tw/zh-hant/page/statements).</p> <p>Generally speaking, women are less willing to engage in chemical manufacturing industry than men, which is the normal distribution of human resource structure in the industry. However, San Fu Chemical adheres to the construction of employee-friendly working system and working environment, so as to promote the willingness</p>	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)																																											
	Yes	No																																												
<p>(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</p> <p style="text-align: right;">✓</p>	<p style="text-align: center;">Abstract Explanation</p> <p>of women to join the chemical manufacturing industry and implement the fairness of economic resource allocation. The implementation in 2023 is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Female</th> <th colspan="2">Male</th> <th colspan="2">Total</th> </tr> <tr> <th>%</th> <th>Average Age</th> <th>%</th> <th>Average Age</th> <th>%</th> <th>Average Age</th> </tr> </thead> <tbody> <tr> <td>Non-managerial position</td> <td>20.4%</td> <td>39.43</td> <td>79.6%</td> <td>42.17</td> <td>87.9%</td> <td>40.8</td> </tr> <tr> <td>Managerial position</td> <td>14.0%</td> <td>53.16</td> <td>86.0%</td> <td>52.56</td> <td>12.1%</td> <td>52.86</td> </tr> <tr> <td>Total</td> <td>19.66%</td> <td>46.30</td> <td>80.34%</td> <td>47.37</td> <td>100%</td> <td>46.83</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Nationality</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>R.O.C. (Taiwan)</td> <td>97.2%</td> </tr> <tr> <td>Indonesia</td> <td>2.5%</td> </tr> <tr> <td>Vietnam</td> <td>0.3%</td> </tr> </tbody> </table>			Female		Male		Total		%	Average Age	%	Average Age	%	Average Age	Non-managerial position	20.4%	39.43	79.6%	42.17	87.9%	40.8	Managerial position	14.0%	53.16	86.0%	52.56	12.1%	52.86	Total	19.66%	46.30	80.34%	47.37	100%	46.83	Nationality	Percentage	R.O.C. (Taiwan)	97.2%	Indonesia	2.5%	Vietnam	0.3%		
		Female		Male		Total																																								
%		Average Age	%	Average Age	%	Average Age																																								
Non-managerial position	20.4%	39.43	79.6%	42.17	87.9%	40.8																																								
Managerial position	14.0%	53.16	86.0%	52.56	12.1%	52.86																																								
Total	19.66%	46.30	80.34%	47.37	100%	46.83																																								
Nationality	Percentage																																													
R.O.C. (Taiwan)	97.2%																																													
Indonesia	2.5%																																													
Vietnam	0.3%																																													
			<p>(3) The Company has obtained ISO45001 certification, and has formulated complete management regulations on the use and wearing of protective equipment. When the chemicals that may cause environmental pollution or human inhalation hazards are used in subpackaging, there are isolation facilities. In areas where there is a risk of falling from high places, there are guardrails, enclosures and other relevant fall prevention facilities; To carry out 6S activities to continuously improve the working environment, safety and health of employees in</p>																																											

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
		<p>Abstract Explanation</p> <p>all plants. All of the above shows that the Company attaches great importance to environmental safety and is committed to providing a safe and healthy working environment for employees. It conducts annual health examination for employees. It also provides consultation and management of health education for employees who may have physical and mental abnormalities.</p> <p>The plant employs a full-time nurse to provide consultation and management of health and hygiene education, and regularly arrange consultation services for plant doctors to go to the plant to provide consultation services and implement medical tracking and management.</p> <p>In 2012, the number of occupational accidents among employees was 1, and the number of employees was 1, accounting for 0.48% of the total number of employees. Improvement measures for this case: people going up and down stairs need to use handrails, people need to put tools in tool boxes or tool belts when going up and down equipment, maintenance platforms need to be built for maintenance equipment, and regular publicity to plant workers is required. The number of fires in 2023 was 0. Our Company's response measures are based on the specifications of the Fire and Explosion Emergency Response Standard (SH-ES-003-0004) to avoid and reduce hazards to human lives.</p>	
(4)Has the Company established	✓	(4) In order to achieve sustainable management and	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
effective career development training plans?		<p>Abstract Explanation</p> <p>meet the mission of social responsibility, in 2017, the "balanced score card" was introduced as the promotion mode of the Company's strategic development goals, and it is also used as the work indicators and capabilities of staff in different units according to their post requirements, so as to set quantitative work objectives and qualitative functional behaviors. Regarding the annual performance appraisal system, the Company will review the integrity and fairness of the appraisal system from time to time, including the rationality of goal setting, the consistency of measurement criteria, the link between vertical and horizontal objectives, the implementation of performance talk feedback mechanism, performance coaching system, and personal development plan. and the system side, the overall operating profit of the Company will be linked to individual performance, and special bonuses will be given every six months based on the results of the evaluation to effectively motivate employees with outstanding performance. In addition, the assessment results will serve as a reference for the Company's future training and career development, as well as for salary adjustment and promotion. In 2023, the number of people who accepted performance appraisal accounted for 100% of the total number that should be assessed.</p>	
(5) Does the Company's product and service comply with related regulations and international rules for	✓	<p>(5) The Company has obtained ISO45001 certification, and has formulated complete management regulations on the use and wearing of protective equipment. When the chemicals</p>	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
customers' health and safety, privacy, sales, labeling and set policies to protect consumers' or customers' rights and consumer appeal procedures?		<p>Abstract Explanation</p> <p>that may cause environmental pollution or human inhalation hazards are used in subpackaging, there are isolation facilities. In areas where there is a risk of falling from high places, there are guardrails, enclosures and other relevant fall prevention facilities; To carry out 6S activities to continuously improve the working environment, safety and health of employees in all plants. All of the above shows that the Company attaches great importance to environmental safety and is committed to providing a safe and healthy working environment for employees. It conducts annual health examination for employees. It also provides consultation and management of health education for employees who may have physical and mental abnormalities.</p>	
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓	<p>(6) Conduct routine audits on qualified suppliers, and annual audits on new suppliers, C/D grades in annual appraisals, major quality/environmental safety anomalies, and customer complaints. The content of the audit includes: product quality, safety and hygiene, environmental protection, labor rights, and more understanding on the needs of supply chain through the annual audit of suppliers.</p>	
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company?	✓	<p>This report follows the Global Reporting Initiative (GRI) to promote the GRI Universal Standards 2022 (GRI Universal Standards 2022), AA1000AP Account Ability Principles (2018) and sustainable accounting standards. The Sustainable Accounting Standards Board (SASB) compiled the Sustainable Accounting Standards,</p>	None

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
Has the said Report acquired third party verification or statement of assurance?		<p>Abstract Explanation</p> <p>and attached the GRI Standards Index and the Chemical Industry Indicators Index published by the Sustainable Accounting Standards Board (SASB)</p> <ol style="list-style-type: none"> 1. Financial data - the financial data disclosed in this report is sourced from the consolidated financial report audited and certified by Deloitte Taiwan in accordance with international financial reporting standards (IFRS). 2. Environmental / social data: the Company has established and maintained the ISO 14001 environmental management system, and the ISO 45001 occupational safety and health management system and passed the British Standards Institute (BSI) approved Taiwan branch certification, the ISO 14064 greenhouse gas inventory standard and the SGS Taiwan technological inspection certification . 3. Product and service quality data - the Company has established and maintained the ISO 9001 quality management system, which has been certified by the British Standards Institution (BSI) Taiwan Branch, ISO 22000 / HACCP food safety management system and Intertek Taiwan National Notary Inspection Company. In addition, the quality control laboratory has passed the certification of TAF ISO 17025 laboratory quality management system. 4. The GRI Sustainability Reporting Standards disclosed in this report are guaranteed by TÜV NORD Taiwan Co., Ltd. and passed the AA1000AS v3 Accountability Assurance Standard Type 2 Moderate Assurance Level third-party verification. 5. Obtain the accountant's limited assurance report from the Accounting Firm PwC Taiwan in accordance with 	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
		Abstract Explanation the Assurance Standards Bulletin No. 1 "Confirmation Cases that Are Not Reviews or Reviews of Historical Financial Information".	
6. for companies having developed independent corporate social responsibility practices in accordance with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies," please describe the discretion of operation with the independent practices developed. The Company has set up Corporate Social Responsibility Best Practice Principles. The current status of the Company, laws and regulations have been considered with respect to corporate social responsibility and implementation will be done in gradually manner so there is None.			
7. Other critical information that helps understand the operation of corporate social responsibility: <ul style="list-style-type: none"> ■ Provide scholarships and bursaries for needy students in public and private universities (National Taiwan University, Tunghai University, National Cheng Kung University); ■ Sponsor the 2024 Chemical Industry Talent Recruitment Expo; ■ Sponsor the promotion of chemical activities (sponsoring the 2023 China Chemistry Annual Conference, the 70th Anniversary Celebration of the Taiwan Chemical Engineering Society, and the 2023 Summit Forum of the Association for the Advancement of Chemistry); ■ Sponsor the Aboriginal Association to organize Internet safety education and publicity activities; ■ Cooperate with the blood donation center to organize blood donation activities in the plant twice a year. 			

TCFD Report Climate-related Information of Listed Companies

Commitment to Net Zero Emissions

San Fu Chemicals Co., Ltd. (the Company) attaches great importance to the impact of climate change on the Company's sustainable operation. It requires management to identify challenges and threats posed by climate change, as well as anticipate future opportunities and advantages. Timely risk assessments and response strategies should be proposed. The Company also commits to aligning with our country's sustainable development goals and working together with countries worldwide towards the goal of net-zero emissions by 2050.

Climate Governance Framework and Supervision Mechanism

1.Board of Directors

In response to the commitment to take action against climate change, the Company's governance will play an important role. Regarding corporate governance, the main responsible individuals are board members and senior executives, whose focus is on setting goals for the organization and overseeing the organization's achievement of established overall objectives. Board members are committed to achieving the "net-zero emissions" target set by regulatory authorities. The Board of Directors establishes audit and remuneration committees, each responsible for carrying out relevant oversight tasks.

The Remuneration Committee convenes meetings every six (6) months to discuss and incorporate ESG-related goals and their achievement levels into the performance evaluation and compensation system of senior executives. This is aimed at monitoring the realization of climate-related objectives, encouraging management to govern the Company's operations in a manner that is profitable and sustainable. For example, strategies such as reducing greenhouse gas emissions and implementing energy-saving measures.

The Company's Board of Directors regularly receives reports from the management team (including ESG reports) on a quarterly basis. The management team must propose the company implementation strategies to the Board of Directors, who then assess the likelihood of success of these strategies. They also must regularly review the progress of these strategies and urge adjustments to be made by the management team when necessary.

2.Sustainable Climate Governance

The Company has established a ESG Committee to compile this report. Following the Company's organizational structure, we have organized an ESG Committee chaired by the chairman of the Company. The Quality System Management Department is responsible for promoting and coordinating this effort. Each major department has appointed implementation and execution committee members, totaling 30 members.

Collection of Information: The execution committee members are responsible for promoting relevant issues and consolidating data, while the implementation committee members assist in reviewing the accuracy and completeness of the information for each issue. Finally, they provide analysis and integration to the Quality

System Management Department.

Communication and Cooperation: The committee members are distributed across different job positions, and regular communication is mainly conducted through means such as telephone and email.

Regular Reporting:

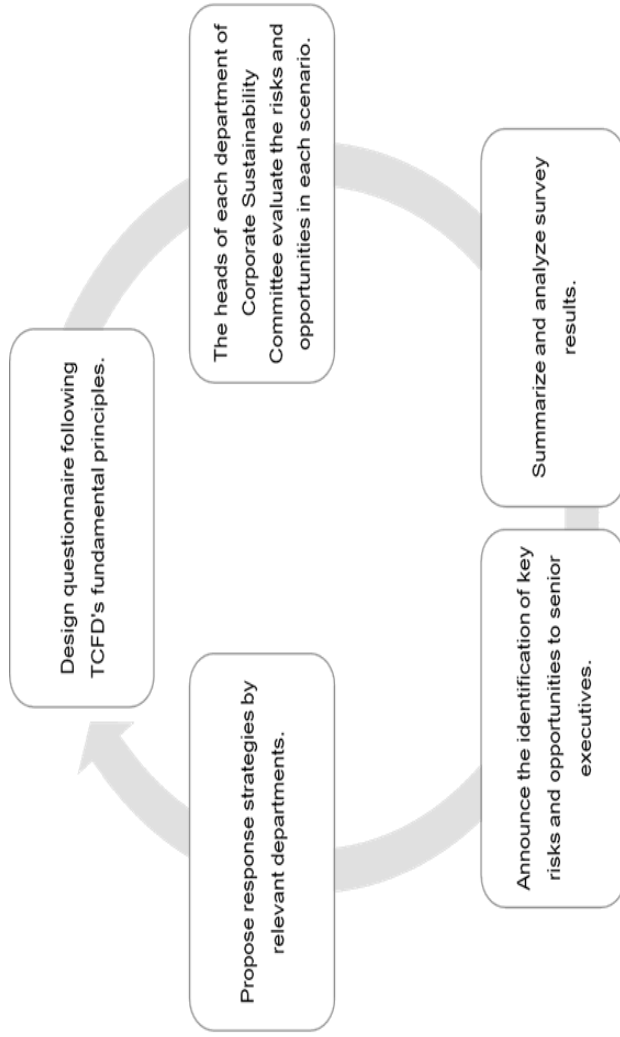
The ESG Committee, represented by department heads, presents an annual report to the Board of Directors. This report is delivered by Mr. Tsai Jie-Rong, the Vice Convener of the ESG Committee and General Manager, to the Board of Directors on February 27th, 2024. The proposals of the report include:

- (1) Identification of sustainable issues requiring attention and formulation of corresponding action plans.
- (2) Supervision of the implementation of sustainable business matters and evaluation of execution (such as the Company's efforts in reducing environmental impact and promoting waste recycling in the production process, implementing ecological responsibilities to reduce absolute carbon emissions for customers, etc.).
- (3) Evaluation of the risks and opportunities brought by climate change to the Company, followed by the formulation of appropriate response strategies to address the impacts of climate change events.

Identification of Climate-Related Risks and Opportunity

The Company places great emphasis on the long-term operational performance of the enterprise and actively responds to the risks posed by climate change. Since 2019, following the framework outlined by the Financial Stability Board (FSB) in its "Recommendations of the Task Force on Climate-related Financial Disclosures" (TCFD), the Company has been identifying climate-related risks and opportunities. It sets scenarios of climate change that could impact the Company financially, evaluates emerging risks and opportunities associated with climate change, assesses their impacts on the Company's operations and management, and devises response strategies for each scenario. It defines short-term as within the next 3 years, medium-term as 3 to 6 years, and long-term as over 6 years, as evaluation periods for potential impact. The aim is to reduce the operational and financial impacts of climate change and enhance organizational climate resilience.

The Process for Identifying and Assessing Climate-Related Risks And Opportunities



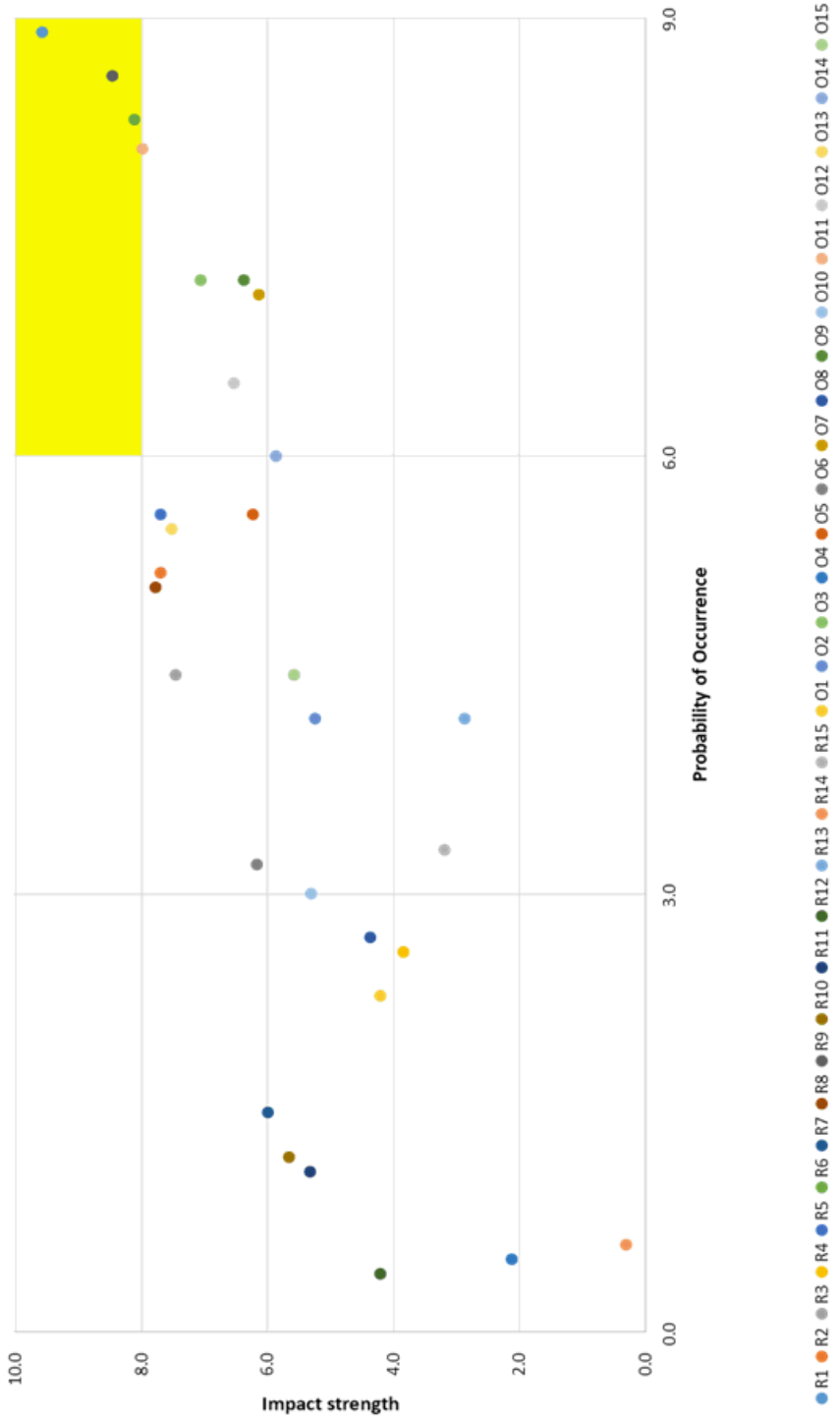
一、Assumptions in Relation to Climate-Change Scenario

Faced with the uncertainty of climate change issues, the Company refers to the scientific reports from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to simulate two scenarios for potential risks and opportunities in the future.

1. The most severe warming scenario mentioned in the IPCC Fifth Assessment Report, RCP 8.5, assumes the high greenhouse gas emissions with radioactive forcing continuing to increase until 2100.
2. Commitment to Net Zero Emission: The most aggressive scenario for promoting low-carbon transition, Net Zero Emissions (NZE), aims to achieve the goal of limiting global warming to below 1.5 degrees Celsius. This scenario involves reducing greenhouse gas emissions by half before 2030 and achieving net-zero emissions by 2050.

二、Identification Results of Climate-Related Risks And Opportunities

Climate Risk and Opportunity Matrix in Organization



Risks/Opportunity		Item	Description	
Transition Risks	Policy and Legal	R1	Increased emission costs due to greenhouse gas regulations ★	
		R2	Strengthened obligation for emission disclosure	
		R3	Regulation and supervision of existing products and services	
		R4	Litigation risks related to climate change Technology	
		R5	Substitution of existing products and services with low-carbon alternatives	
	Technology	R6	Expenditure on low-carbon technologies★	
		R7	Investment failure in new technologies Market	
	Market	R8	Changes in customer behavior	
		R9	Increased raw material costs★	
	Reputation	R10	Increased stakeholder backlash, industry stigmatization	
		R11	Shifts in customer preferences	
	Physical Risks	Acute	R12	Typhoons/hurricanes, heavy rain/flooding
		Chronic	R13	Rising mean temperatures
			R14	Rising sea levels
			R15	Changes in rainfall (water) patterns and extreme climate variations
O1			Adopting more efficient transportation methods	
Opportunities	Resource Efficiency	O2	Use more efficient production and distribution process	
		O3	Use of recycling	
		O4	Move to more efficient buildings	
	Energy Source	O5	Reduced water usage and consumption	
		O6	Use of lower-emission sources of energy	
		O7	Participation in carbon market	
	Products and Services	O8	Shift toward decentralized energy generation	
		O9	Develop and/or expand of low emission products or services	

	O10	Development of climate adaptation and insurance solutions
	O11	Development of new products or services through R&D and innovation★
	O12	Shift in customer preferences
Markets	O13	Access to new markets
Resilience	O14	Participation in renewable energy programs and adoption of energy-efficiency measures
	O15	Resources substitutes/diversification

Regarding transition risks, the Company faces immediate challenges due to the proposed "Carbon Fee Charging Scheme" announced by the Environmental Protection Department, which plans to levy carbon fees starting from 2025. This will lead to increased operating costs and subsequently decreased profits in the short term. In the medium term, the Company faces risks associated with substituting low-carbon products for existing ones, leading to increased research and development expenses. In the long term, climate change may impact suppliers, resulting in increased raw material costs.

Regarding physical risks, based on the assessment of water resource risks using the Wri Aqueduct tool, the Company's operational sites are located in areas with low water stress. As a result, the probability of extreme climate change leading to droughts and floods affecting San Fu is extremely low, and corresponding risks have not been identified.

Regarding opportunities, with the global trend towards net-zero carbon emissions, the Company will invest in research and development of innovative products or services in the medium to long term to meet customer demand for low-carbon products, thereby increasing the Company's revenue and profitability.

The results of the Company's identification of short, medium and long-term climate change risks and opportunities are summarized in the following list:

Risk/Opportunity	Risk Category and Opportunity	Short Term (1-3 years)	Medium Term (3-6 years)	Long Term (6 years and above)
Risks	<ul style="list-style-type: none"> ● Transition Risks During the transition to low-carbon practices, risks may arise related to changes in policy and regulation, technology, market dynamics, and social and economic conditions. 	R1: Increased emission costs due to greenhouse gas regulations	R6: Substitution of existing products and services with low-carbon alternatives	R9: Increased raw material costs
Opportunity	<ul style="list-style-type: none"> ● Physical Risks Physical risks resulted from climate change can manifest as immediate or long-term impacts. These risks may result in financial implications for the organization, such as direct asset damage or indirect effects caused by supply chain disruptions. ● Opportunities Efforts to mitigate and adapt to climate change will create opportunities for organizations 		O11 Development of new products or services through R&D and innovation	

2. The Corresponding Management Policies for Climate Change Identification Results

In the fiscal year 2023, the Company identified the risks and opportunities arising from climate change and formulated appropriate response strategies to address the impacts of climate change events. Feasible response strategies, management processes, and responsible units are outlined in the table below:

Type	Topic of Climate-related changes	Potential Financial Impact on San Fu Chemical Co., Ltd.	Counter Measures	Administration Process	Responsible unit
		Climate-Related Risks			
	Increased emission costs due to greenhouse gas regulations	<p>To regulate carbon emissions, countries around the world have adopted the carbon pricing mechanisms aimed at putting a price on carbon. This involves integrating the cost of greenhouse gas emissions from production activities into the overall cost structure, thereby internalizing environmental costs and controlling carbon emissions resulting from production activities. In our country, the Ministry of Environment has also announced a draft of the "Carbon Fee Charging Scheme," which will lead to increased manufacturing costs for businesses, resulting in decreased profits.</p>	<ol style="list-style-type: none"> 1. Prioritize replacing energy-consuming machinery and equipment at operational sites with energy-efficient alternatives to achieve electricity savings. 2. Evaluate internal carbon pricing. 3. Assess investments in environmentally sustainable machinery and equipment related to green energy at production plants, such as installing solar energy storage systems to store electricity generated on-site. 	<ol style="list-style-type: none"> 1. Greenhouse gas emission reduction policies and goals 2. Management system objectives and control procedures 	Energy Team / Occupational Safety Department / Production Unit

Technology	Substitution of existing products and services with low-carbon alternatives	Responding to reduced demand for high-carbon products and services from customers, who are instead purchasing low-carbon or green energy products and services, will result in decreased orders and reduced revenue.	The research and development program is dedicated to adjusting and improving product manufacturing, collaborating with academic institutions and customers to jointly develop low-carbon products.	Research and development program New product development and validation management procedure	Research and Development Department
Market	Increased costs of raw materials	Responding to the demand for green products and certification may require suppliers to produce under more environmentally friendly conditions, leading to increased procurement transaction costs and adding operational pressure to the Company. Climate change resulting in unstable supplier deliveries and increased energy prices is reflected in rising raw material costs and freight charges, causing the Company to face increased production costs and operating expenses.	Explore green supplier sources to increase bargaining power. Evaluate the use of environmentally friendly raw materials available in the market and establish a procurement strategy for maximum inventory when prices are low. Establish management for green suppliers and optimize supply chain management systems to control costs. Use readily available and recyclable raw materials. Develop product recycling and reuse technologies or collaborate with local recycling businesses to promote sustainable circular economy development. Prioritize evaluating suppliers of raw materials from multiple production bases, selecting reputable suppliers with resilience and risk management capabilities, and adopting dual sourcing to	Supplier Management Procedures New product development and validation management procedure Supplier management procedure	Procure Department Research and Development Department / Procurement Unit

			mitigate climate change risk crises.	
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Impact on Climate-related Risks					
Products and Services	Development of new products or services through R&D and innovation	There is an increasing demand in the market for low-carbon products, but the Company currently does not have any mass-produced carbon-reduced or green energy-related products.	Researching and synthesizing chemical products related to carbon dioxide capture.	R&D Program	Research and Development Department
		Developing pioneering technologies/products/services in line with environmentally friendly material selection and meeting requirements of international environmental regulations (RoHS, REACH, etc.) and customer specifications can increase Company revenue and profitability.	<ol style="list-style-type: none"> 1. Regularly communicate with customers' R&D teams to understand future technology and process development trends, enabling the provision of corresponding products. 2. Invest in research and development capabilities to strengthen the R&D team. 3. Establish a product patent protection mechanism to increase the barrier to entry for competitors. 4. Innovate the current service model, aligning it with ESG principles. 	New Product Development Verification Management Procedure Communication Management Procedure Hazardous Substance Control Procedure	Research and Development Department / Business Department / Quality System Management Department

3. Transition Plans To Manage Climate-Related Risks

Transition Plan	Plan Content	Action Plan	Index	Goals
Transition Risk	Energy saving	Conduct ISO 50001:2018 Management Procedure		The electricity saving rate decreases by 1% compared to the previous year.
	Reduced carbon emissions	Conduct ISO 14064:2018 Management Procedure	Carbon emission intensity	By 2030, there will be a reduction of 20% in greenhouse gas emissions from both Scope 1 and Scope 2 sources. The aim is to achieve net-zero emissions by 2050.
	Circular production economy	The procurement rate of recycled raw materials is above 10%	The procurement rate of recycled raw materials	The annual growth rate continues to increase by 10%

4. Develop Internal Carbon Pricing

The internal carbon pricing mechanism developed by the Company involves analyzing international carbon pricing trends and evaluating the strategy for setting internal carbon prices.

At the first stage, the price is set at NT\$300 per ton of carbon. This serves as a reference for capital investment and major decision-making. In addition to capital expenditure costs, carbon reduction benefits are also factored into cost calculations. Through this internal carbon pricing management mechanism, it aims to incentivize each plant to achieve carbon reduction goals and promote overall carbon management within the group.

5. Disclosure the Metrics and Goals of Climate-Related Risks

Setting climate-related goals involves quantifying greenhouse gas emissions through environmental information disclosure. This helps us annually review whether our environmentally friendly initiatives are gradually achieving our set goals. The emissions of greenhouse gases (GHGs), nitrogen oxides, sulfur oxides, and other significant gases during the manufacturing process will have a significant impact on the environment.

Therefore, we implement various schemes to reduce greenhouse gas emissions. Internally, we conduct education and training to help our colleagues identify and define various greenhouse gas emissions statistics in the plants, assisting in strengthening our greenhouse gas emission control strategies. The statistics scope includes direct greenhouse gas emissions, energy indirect greenhouse gas emissions, other indirect greenhouse gas emissions, and calculating greenhouse gas

emission intensity. Through the disclosure of indicators reducing energy consumption, we declare our commitment to reducing environmental impact to the outside world, demonstrating our adaptability to carbon emissions, operational costs, and energy supply and price fluctuations.

1. Greenhouse Gas Inventory Information

The Company has conducted greenhouse gas inventories for five operational sites, including the Taipei headquarters, the Zhubei office, the Shan Hua plant, the Liuke plant, and the Kaohsiung plant. These inventories were conducted in accordance with ISO 14064-1:2018 standards, and the disclosed greenhouse gas performance data has been verified by SGS Taiwan Limited., ensuring compliance with ISO 14064-1 greenhouse gas inventory standards.

1.1 GHG Emissions (Metric tons of CO₂e)

Category	Shanhua Plant		Liuke Plant		Kaohsiung Plant		Offices (Taipei Office, Zhubei Office)	
	2022	2023	2022	2023	2022	2023	2022	2023
Scope 1 : Direct Emissions	4,811.3	2,374.5	185.6	239.3	6.4	6.9	-	17.7
Scope 2 : Indirect Emissions	16,444.4	14,567.7	1,939.6	1,534.4	1,960.3	926.0	-	57.1
Scope 1 + Scope 2: Total Emissions	21,255.7	16,942.2	2,125.2	1,773.7	1,966.7	932.9	-	74.8

1.2 GHG Emission Intensity (Metric tons of CO₂e/ Million Dollars)

Description	2022	2023
GHG Emission Intensity in Whole Plants (Metric tons of CO ₂ e/ Million Dollars)	4.51	3.95

1.3 Greenhouse Gas Assurance Information (including Assurance Scope, Assurance Provider, Assurance Standard and Assurance Opinion)

Year	Assurance Scope	Assurance Provider	Assurance Standard	Assurance Opinion
2022	San Fu Chemical's Shanhua Plant, Liuke Plant, and Kaohsiung Plant	SGS	ISO 14064-1:2018	Reasonable Assurance Please refer to the third-party verification certificate - Greenhouse Gas Inventory and Certificate on the San Fu Chemical official website https://www.sfchem.com.tw/zh-hant/page/certification
2023	San Fu Chemical's Shanhua Plant, Liuke Plant, Kaohsiung Plant, Taipei Head Office, Zhubei Office	SGS	ISO 14064-1:2018	Reasonable Assurance Please refer to the third-party verification certificate - Greenhouse Gas Inventory and Certificate on the San Fu Chemical official website https://www.sfchem.com.tw/zh-hant/page/certification

2. Greenhouse Gas Reduction Goals, Strategies and Specific Action Plans

San Fu Chemicals Co., Ltd. has assessed the greenhouse gas emissions at each production plant and has set the following medium to long-term goals:

2.1 Greenhouse Gas Reduction Goals:

San Fu Chemicals Co., Ltd. has set medium to long-term goals to reduce greenhouse gas emissions by 20% for Scope 1 + Scope 2 emissions by 2030 and to achieve net-zero emissions by 2050.

Base Year	Data in the Base Year
Shanhua Plant: 2019 Liuke Plant, Kaohsiung Plant: 2021 Taipei Office, Zhubei Office: 2023	31,100.6

2.2 Greenhouse Gas Strategy

Through energy-saving strategies, we aim to comprehensively reduce greenhouse gas emissions, including the replacement of old equipment and optimizing operational parameters, to achieve the greenhouse gas reduction goals set by our Company.

2.3 Specific Actions and Achievement of Greenhouse Gas Reduction in 2023

In 2023, a total GHG reduction of 1305.8 metric tons of CO₂e was achieved. The specific actions taken for reduction are as follows:

Item	Unit	Energy-saving Measures	Energy-saving Results	Reduction of Carbon Emissions (Metric Tons CO ₂ e)
1	Kaohsiung Plant	Continuous production of CHA and batch production of DCHA through single-line operations.	Save 410,400 kilowatt hours of electricity	203.1
2	Kaohsiung Plant	Reduce the frequency of batch distillation unit C-301.	Save steam density 648 kg/m ³	127.4
3	Shanhua Plant	Reduce aeration time.	Save 61,320 kilowatt hours of electricity	30.4
4	Liuke Plant	Lower the working pressure of the air compressor.	Save 157,000 kilowatt hours of electricity	77.7
5	VMT Foundries	Reduce the operating time of the ice machine by 1 hour.	Save 12,474 kilowatt hours of electricity	6.2
6	TMAH	Replace the membrane in the electrolytic cell.	Save 132,243 kilowatt hours of electricity	65.5
7	pHBA	LCP steam saving	Save natural gas 382,800 m ³	795.6

The reduction progress achieved in 2023 compared to the Base Year was 37%.

Goal in 2023	Goal in 2050	Total Carbon emission (Scope 1 + Scope 2) Metric Tons CO ₂ e	Base Year	2023
Reduction of 20%	Net Zero emissions			19,723.6
		The reduction goal achievement rate is 37%.		37%

(6) Implementation Status of the “Ethical Corporate Management Best Principles for TWSE/GTSM Listed Companies, and Deviations and Causes for the Difference

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	N	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	✓	<p>(1) The Company has set up an internal control system and various procedures to uphold its ethical corporate management policy and promotes the Company’s ethical management beliefs at Company conferences.</p>	None
<p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has established a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies</p>	✓	<p>(2) The Company has already set up its Ethical Corporate Management Procedure and Guidelines for Conduct.</p>	
<p>(3) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	✓	<p>(3) The Company utilizes excellent corporate governance, risk control mechanisms and comprehensive internal guidelines to prevent unethical conduct from occurring and create environment for sustainable development at the Company.</p>	
<p>2. Ethic Management Practice</p> <p>(1) Whether the Company has assessed the ethics records of which it has business relationship with and includes business conduct and ethics related clauses in the business contracts?</p>	✓	<p>(1) The Company reviews its transactions with customers and suppliers on a non-regular basis and will consider cancelling its transactions if there are any violations of ethical conduct.</p>	None

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	N	
(2) Whether the Company has established a unit which is dedicated to promoting the Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓	(2) The corporate integrity management has established a full-time unit which is the human resources team of the General Manager Office and will plan online training courses in accordance with the "integrity management operation procedures and conduct guide", so as to integrate the integrity management value into the Company's operation. In addition, it will regularly update and share cases with colleagues. The case in 2023 was the breach of trust case of resigned employees and the trade secret theft case of Largan Precision Co., Ltd. and on November 6, 2023, relevant executions were reported to the Board of Directors once a year on a regular basis.	
(3) Whether the Company has established policies to prevent conflict of interests provide appropriate communication and complaint channels and implement such policies properly?	✓	(3) At present, the Company has formulated "operation procedures and conduct guidelines for integrity operation". Employees who have doubts about their own conduct or work can present and discuss with the management department at any time.	
(4) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓	(4) The Company's auditors prepare the Company's annual audit plan in accordance with the regulations, and submit it to the independent directors of the audit committee.	

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)																
	Yes	N																	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓	<p>(5) The Company promotes to publicize the integrity management policy to all employees through the "training system electronic platform", and updates the "integrity management" teaching material every year, so as to improve the integrity management awareness of colleagues. The training achievement rate is 100%, and 51 employees have completed the training. Please refer to the following for the training conclusion:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Trainees</th> <th>No. of Trainees</th> <th>Average Score</th> <th>Detail Description</th> </tr> </thead> <tbody> <tr> <td>Junior staff</td> <td>18</td> <td>100</td> <td>Grade 6 or below</td> </tr> <tr> <td>Mid-level staff</td> <td>16</td> <td>100</td> <td>Grade 7-9</td> </tr> <tr> <td>Senior staff</td> <td>17</td> <td>00</td> <td>Grade 10 or above</td> </tr> </tbody> </table>	Trainees	No. of Trainees	Average Score	Detail Description	Junior staff	18	100	Grade 6 or below	Mid-level staff	16	100	Grade 7-9	Senior staff	17	00	Grade 10 or above	
Trainees	No. of Trainees	Average Score	Detail Description																
Junior staff	18	100	Grade 6 or below																
Mid-level staff	16	100	Grade 7-9																
Senior staff	17	00	Grade 10 or above																
<p>3. Implementation of Complaint Procedures</p> <p>(1) Does the Company establish specific complaint and reward procedures, established conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p>	✓	<p>(1) In accordance with the operation procedures and conduct guidelines for integrity operation, Article 21 "reporting and handling of dishonest conduct of Company personnel", the Company encourages internal and external personnel to report dishonest conduct or improper behavior, and according to the seriousness of their reporting, the Company will give bonus. If there is any false report or malicious accusation, the internal personnel shall be subject to disciplinary action, and if the circumstances are serious, they shall be subject to disciplinary action or dismissal.</p>	None																

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	N	
(2) Whether the Company has established standard operation procedures for investigating the complaints received, and follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓	<p>(2) The Company has established and announced the internal independent reporting mailbox and special line on the Company's website and internal website, or entrusted other external independent organizations to provide the reporting mailbox and special line for the use of internal and external personnel of the Company. The whistleblower shall provide at least the following information:</p> <ol style="list-style-type: none"> 1. The name and ID card number of the informant can contact the accuser's address, telephone number and email address. 2. The name of the informant or other information sufficient to identify the identity characteristics of the accused. 3. Specific evidence for investigation. 	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓	<p>(3) The Company's responsible unit for handling the whistle blowing shall keep the identity and contents of the whistleblower confidential in a written statement, and the Company undertakes to protect the whistleblower from improper handling due to the whistle blowing. and shall be handled by the Company's responsible unit in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1) If the report involves ordinary employees, it shall be reported to the department head. If the report involves directors or senior directors, it shall be reported to independent directors or supervisors. 2) The responsible unit of the Company and the supervisor or personnel reported in the preceding paragraph shall immediately find out 	

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	N Summary	
		<p>the relevant facts, and the compliance department or other relevant departments shall provide assistance if necessary.</p> <p>3) If it is confirmed that the accused has indeed violated the relevant laws and regulations or the Company's integrity business policies and regulations, the accused shall be required to immediately stop the relevant acts and dispose of them appropriately, and claim damages through legal procedures if necessary, so as to protect the reputation and rights and interests of the Company.</p> <p>4) The acceptance, investigation process and investigation results of the report shall be kept in written documents for five years, which can be kept electronically. Before the expiration of the retention period, in case of litigation related to the content of the report, the relevant materials shall be kept until the end of the litigation.</p> <p>5) If the report is verified to be true, relevant units of the Company shall be responsible for reviewing the relevant internal control system and operating procedures, and proposing improvement measures to prevent the recurrence of the same behavior.</p> <p>6) The responsible unit of the Company shall report to the Board of Directors the situation of the report, its handling method and subsequent review and improvement measures.</p>	

<p>4. Information Disclosure</p> <p>(1) Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)</p>	<p>✓</p>	<p>(1) The Company has publicly disclosed information concerning the Ethical Corporate Management Procedure and Guidelines for Conduct and disclosed ethically management best practice principle content and promotion effectiveness each year on its website.</p>	<p>None</p>
<p>5. If the Company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: N/A</p>			
<p>6. Other helpful information for better understanding the Company's operation of the Ethical Corporate Management Best Practice Principles (such as the Company reviewing and amending the Company's Ethical Corporate Management Best Practice Principles): The Company has set up an internal control system and various guidelines to ethically manage the Company and provide guidance for the Company to follow in its dealings with suppliers and customers.</p>			

- (7) Disclosure of the inquiry method where corporate best-practice principles and related guidelines have been adopted by the Company:
- The corporate governance best-practice principles set up by the Company including the Articles of Incorporation, Shareholders' Meeting Rules, Director and Supervisor Election Procedure, Rules and Procedures of the Board of Directors Meeting, Code of corporate governance practice, Procedure for Special Company and Group Enterprise Transactions, Acquisition and Disposal of Assets Procedure, Procedures for Lending Funds to Other Parties, Procedures for Endorsement and Guarantee, Ethical Corporate Governance Procedures and Guidelines for Conduct have already been posted on the MOPS.
- (8) Other major information that would provide a better understanding of the corporate governance operation status: None

(9) Internal Control System Implementation Status

1. 2023 Statement of Internal Control System

San Fu Chemical Co., Ltd.
Statement of Internal Control System



February 27, 2024

The Company has conducted a self-evaluation of its internal control system in 2023. The results were as follows:

1. The Company acknowledges that its Board of Directors and management are responsible for establishing, implementing and maintaining an internal control system. The said system has already been established at the Company. The purpose of the internal control system is to provide reasonable assurance of operation effectiveness and efficiency (including profit, performance, asset security), the reliability, timeliness, transparency of reports and compliance with applicable laws and regulations.
2. Any internal control system has inherent constraints. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three above stated goals. Due to changes in the environment and circumstances, the effectiveness of the internal control system may vary considerably. Nevertheless, the Company's internal control system is equipped with self-monitoring mechanisms. Should any deficiencies be identified, the Company takes immediate corrective actions to address these deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system in accordance with the Guidelines for the Establishment of Internal Control System by Public Companies (referred to as the Guidelines hereinafter). The evaluation items of the internal control system used by these Guidelines divide into the internal control system into five components based on management control procedures: (1) environment control (2) risk assessment (3) control process (4) information and communication (5) supervision. There are several items contained in each component. Refer to the Guidelines for the above items.
4. The Company has evaluated the design and operating effectiveness of internal control system using the above internal control system evaluation items.
5. Based on the results of such evaluation, the Company believes that as of December 31, 2023, it has maintained an effective internal control system (including supervision and management of subsidiaries), to provide reasonable assurance of understanding of operation results and efficiency target achievement, report reliability, timeliness and transparency, and compliance with applicable procedures, laws and regulations.
6. This Statement is an integral part of the Company's Annual Report and prospectus and will be publicly disclosed. Any falsehood, concealment or other illegality will incur legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed the Company's Board of Directors on February 27, 2024 and all nine directors in attendance affirmed the content of this statement.

San Fu Chemical Co., Ltd.

Chairman: **Wu Xsin-Hung**



President: **Tsai, Chieh Jung**



2. Report of the independent auditor appointed to conduct an audit on the internal control system:
None

(10) Penalties Imposed on the Company or Internal Personnel for Legal Violations, Fines for Violations of Internal Control Procedures Major Deficiencies and Remedial Measures: None

(11) Major Resolutions of Board Meetings and the Shareholders' Meeting:

Meeting Date (Term)	Major Resolutions of the Board of Directors	The opinion of the independent director and the Resolutions of Board Meetings
08.04.2023 (10th meeting of the eighth term)	<ol style="list-style-type: none"> 1. Discussion on 2023 Q2 consolidated financial statement of the Company and subsidiaries. 2. 2023 Q2 Earning Distribution 3. Application for renewal of bank loan 4. Review the amount of bonus changes for the chairman and president in the first half of 2023. 	Agreed unanimously by all directors present at the meeting
11.06. 2023 (11th meeting of the eighth term)	<ol style="list-style-type: none"> 1. Discussion on 2023 Q3 consolidated financial statement of the Company and subsidiaries. 2. 2023 Q3 Earning Distribution. 3. 2023 Annual Budget Report 4. 2023 Annual Audit Plan 5. Renew the 2023 plan of capital loan and line. 6. Renew the endorsement guarantee line. 7. Appointment of information security senior officer and responsible staffs 8. The company's donation to public and private schools. 9. Application for renewal of bank loan. 	Agreed unanimously by all directors present at the meeting
02.27.2024 (12th meeting of the eighth term)	<ol style="list-style-type: none"> 1. Recognition of the Company's 2023 unconsolidated financial statement and the consolidated financial statement of the Company and its subsidiaries and business report . 2. 2023 Earning Distribution . 3. Issuance of cash dividend from capital reserve 4. Proposal to participate in investment by issuance of common stocks for cash by its subsidiary San Fu Technology Co., Ltd. 5. Election of the 9th term of the Board members 6. It is proposed to fix the date, place and agenda of the general meeting of shareholders in 2023, and the period for accepting shareholder's proposals. 7. Proposal to Increase and continue of capital loan and credit limit for 2024. 8. Adjustment of the Company's distributable earnings and the special surplus reserve set out using IFRS. 9. To sign a "House rental contract" with a subsidiary 10. Proposal to change the audit CPAs from 2024 Q1 11. The independence evaluation of certified public accountants for financial reports. 12. Design and Implementation Effectiveness Statement of the Company's 2023 internal control system 13. Proposal for amendment of the Company's Articles of the Incorporation 14. Application for renewed loan lines of the bank 15. Distribution of employee remuneration and remuneration of directors in 2023. 16. Review the amount of bonus payment changes for president and chairman in the second half of 2023. 17. Review the performance appraisal objectives and bonus changes proposal for president and chairman in 2024. 	Agreed unanimously by all directors present at the meeting

Meeting Date (Term)	Major Resolutions of the Board of Directors	The opinion of the independent director and the Resolutions of Board Meetings
05.02.2024 (13th meeting of the eighth term)	<ol style="list-style-type: none"> 1. Discussion on 2023 Q1 consolidated financial statement of the Company and subsidiaries. 2. 2023 Q1 Earning Distribution. 3. Approval of the qualification of the board members nominated at the annual shareholders' meeting 2024 4. Proposal for Release the Prohibition on Directors from Participation in Competitive Business 5. In order to cooperate with the Company's subsidiary's stock listing (overseas) plan, the Company has handled the release of shares held by the subsidiary and given up participating in the Company's cash capital increase plan in batches 6. Preparation of the SDG Report for 2023 7. Revision of the Company's internal control procedures. 8. Application for renewal of bank loan. 	Agreed unanimously by all directors present at the meeting

Meeting Date (Term)	Major Resolutions of the Shareholders Meeting	Resolution
06.16.2003	<ol style="list-style-type: none"> 1. Adoption of 2022 business report and financial statement. 2. Adoption of 2022 Earning Distribution . Implementation Status: July 12, 2023 was set as the base date for ex-rights dividend distribution, and July 28, 2023 was set as the date of distributing the cash dividend (NT\$3.9 per share) .The total amount of cash dividend distribution was NT\$392,753,400,000. 3. Issuance of cash dividend from capital reserve Implementation Status: July 12, 2023 was set as the base date for ex-rights dividend distribution, and July 28, 2023 was set as the date of distributing the cash dividend (NT\$2.0 per share) .The total amount of cash dividend distribution was NT\$201,412,000,000. 	All motions were passed by votes.

(12) Main contents of different opinions or written statements from directors or supervisors with regard to significant resolutions passed by the board during the recent year and as of the date of publication of annual report: None

(13) Resignation or dismissal of personnel (including chairman, president, accounting supervisor and internal audit supervisor) involved in the preparation of financial reports: None

4. Auditor Fee Information

Unit: Thousand NT\$

Name of CPA Firm	Names of CPAs	Auditing period	Auditing Fee	Non-auditing Fee	Total	Remark
Deloitte Taiwan	Hsu Hsiu-Ming	2023	3,310	190	3,500	The non-auditing fee is the industrial and business registration fee.
	Wong Ya-Ling					

- (1) When the non-auditing fee to independent auditors, their CPS firm or affiliated Company is more than one-fourth of the auditing fee, the amounts of the auditing fee and non-auditing fee and the non-auditing services shall be disclosed: N/A
- (2) If the auditing fee paid in the year which the CPA firm was replaced is less than the fee paid in the previous year, the amount of the auditing fee and the reason for the reduction shall be disclosed: N/A
- (3) When the auditing fee decreases by 15% or more compared to the previous year, disclose auditing fee reduction amount, ratio and reasons: N/A

5. Information Regarding Change of Certified Public Accountant (CPA):

(1) Regarding the former CPA

Replacement Date	Approved by the Board Meeting dated February 27,2024		
Replacements reasons and explanation	Due to the internal organizational adjustment of the accounting firm appointed by the Company, starting from the year 2024, the Company's certified public accountants have been changed from accountants Xu Xiu-Ming and Wong Ya-Ling to accountants KUO, Yu-Hong and HUANG, Guo-Ning.		
Describe whether the Company terminated or the CPA die not accept the appointment	Parties		
	Status	CPA	The Company
	Termination of Appointment	N/A	
	No longer accepted (continued) appointment		
Other issue (except for unqualified issue) in the audit reports within the last two years	N/A		
Difference with the Company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope and steps
		-	Others
	None	V	
Remarks/specify details:			
Other revealed Matters (Items 1-4 to 1-7 of Paragraph 6 of Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies should be disclosed)	None		

(2) Regarding the successor CPA

Name of accounting firm	KPMG Taiwan
Name of CPA	KUO, Yu-Hong and HUANG, Guo-Ning
Date of appointment	February 27, 2024 (approved by the Board Meeting)
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(3) Reply from the former CPA on matters Items 1 and 2-3 of paragraph 6 of Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies/A

6. **The Company's Chairman, President, Chief Financial Officer or Chief Accounting Officer who hold any positions in the Company's independent auditing firm or its affiliates during the last fiscal year: None**
7. **Any transfer of shareholdings and changes in equity pledge from the directors, managers and shareholder(s) holding more than 10% of the shares during the last fiscal year and until the publishing date of the annual report:**

(1) Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2023		As of April 14, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Wu Hsin-Hung	0	0	0	0
Director	San Fu Global Ltd.	0	0	0	0
San Fu Global Ltd. representative	Zhang Chun-Ming	0	0	0	0
Director & President	Tsai, Chieh Jung	0	0	0	0
Director	Zhang Yi-Zong	0	0	0	0
Director & Vice President	Su Tian-Bao	(345,000)	0	(80,000)	0
Director	Liang Guo-Yuan	0	0	0	0
Independent Director	Li Zhong-Xi	0	0	0	0
Independent Director	Wu Dong-Ming	0	0	0	0
Independent Director	Yang Hong-Zhi	0	0	0	0
Major shareholder	San Fu Global Ltd.	0	0	0	0
President	Tsai, Chieh Jung	0	0	0	0
Vice President	Su Tian-Bao	(345,000)	0	(80,000)	0
Assistant Vice President.	Huang Jun-Yin	(15,000)	0	(31,000)	0
Assistant Vice President.	Zhuang Fu-Qin	0	0	0	0
Assistant Vice President.	Xie Ming-Zhi	0	0	0	0
Assistant Vice President.	Chen Jie-Yu	(761,000)	0	0	0
Assistant Vice President.	Dai Qin-Yao	(10,000)	0	0	0

(2) Information on Equity Transfer Counterparts who are Interested Persons: None

(3) Information on Shares Pledged to Interested Parties: None

8. Information on the Top 10 Shareholdings and their Relationship:

April 14, 2024 /

Unit: Shares

Name	Current Shareholding		Spouse, Minor Children Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between the Company's Top 10 Shareholdings, or Spouses or Relatives within Two Degrees of Kinship		Remark
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
San Fu Global Ltd. Representative: Zhang Chun-Ming	24,067,315	23.90%	-	-	-	-	-	-	-
Pilot Keymark SDN. BHD.	19,929,000	19.79%	-	-	-	-	-	-	-
Fang, Hong-Yuan	4,172,952	4.14%	-	-	-	-	-	-	-
Wu Hsin-Hung	3,680,010	3.65%	-	-	-	-	Wu Dong-Bai Wu Mei-Jun	Father/son Father/daughter	-
Zhang Xi-Wen	3,569,286	3.54%	-	-	-	-	Zhang Chun-Ming	Son/father	-
FORTUNE CONTIENT TRADE LIMITED	3,302,722	3.28%	-	-	-	-	-	-	-
Wu Dong-Bai	2,952,013	2.93%	-	-	-	-	Wu Xin-Hong Wu Mei-Jun	Son/ Father Brother/sister	-
Zhang Chen Shu-Li	2,502,884	2.49%	-	-	-	-	Zhang Chun-Ming	Sister-in-law/brother	-
Wu Mei-Jun	1,526,000	1.52%	-	-	-	-	Wu Hsin-Hung Wu Dong-Bai	Daughter-father Sister/brother	-
TU, Shui-Chen	1,059,000	1.05%	-	-	-	-	-	-	-

9. The Company and Company's Directors, Manager and Enterprises Directly or Indirectly Controlled by the Company in the Same Invested Company and the Consolidated Shareholding Ratio:

December 31, 2023 /Unit: Shares

Reinvested Companies	Investment by the Company		Investment by directors, supervisors, management or enterprises directly or indirectly controlled by the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
San Fu Specialty Chemicals Investments Limited	2,350,840	100.00%	-	-	2,350,840	100.00%
VinaSan Fu Industrial Gas Company Limited	- (Note 1)	100.00%	-	-	- (Note 1)	100.00%
VinaSan Fu Material Company Limited	- (Note 1)	100.00%	-	-	- (Note 1)	100.00%
VinaSan Fu Materials Trading Company Limited-	- (Note 1)	100.00%	-	-	- (Note 1)	100.00%
San Fu Biotech Co., Ltd.	22,790,000	93.48%	-	-	22,790,000	93.48%
International Nitto Technology Co., Ltd.	120,000,000	100.00%	-	-	120,000,000	100.00%
Hong Cherg Enterprise Co., Ltd.	1,200,000	50.00%	-	-	1,200,000	50.00%
Li Fu Carbonic Acid Co., Ltd.	1,740	87.00%	-	-	1,740	87.00%
Shian Yun Joint Stock Company	2,659,974	33.33%	-	-	2,659,974	33.33%
Shanghai San Fu Ming Electronic Materials Co., Ltd.	- (Note 1)	50.00%	-	-	- (Note 1)	50.00%
Sino Star Holding Limited	1,867,838	100.00%	-	-	1,867,838	100.00%

Note 1: The Chinese and Vietnamese companies that are indirectly invested in by the Company are limited liability companies and have no stock.

IV. Capital Overview

1. Capital and Shares

(1) Sources of Capital

1. Capital formation

May 06, 2024

Unit: Thousand Shares; Thousand NT\$

Month/Year	Par Value	Authorized Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Invested with Assets Other Than Cash	Other
03/2003	10	100	1,000	100	1,000	Company establishment (cash)	—	Note 1
11/2003	10	80,000	800,000	20,100	201,000	Issuance of NT\$200,000 thousand in new shares from split	—	Note 2
12/2003	10	80,000	800,000	20,110	201,100	Capital increased by NT\$100 thousand in cash	—	Note 3
04/2004	10	80,000	800,000	45,110	451,100	Capital increased by NT\$250,000 thousand in cash	—	Note 4
08/2006	10	80,000	800,000	65,110	651,100	Capital increased by NT\$200,000 thousand in cash	—	Note 5
11/2010	10	120,000	1,200,000	80,000	800,000	Capital increased by NT\$148,900 thousand in cash	—	Note 6
12/2013	10	120,000	1,200,000	88,000	880,000	Capital increased by NT\$80,000 thousand in cash	—	Note 7
11/2014	10	120,000	1,200,000	89,203	892,030	Stock options transferred into NT\$12,030 thousand in shares	—	Note 8
04/2015	10	120,000	1,200,000	89,222	892,220	Stock options transferred into NT\$190 thousand in shares	—	Note 9
05/2015	10	120,000	1,200,000	89,224	892,240	Stock options transferred into NT\$20 thousand in shares	—	Note 10
11/2015	10	120,000	1,200,000	89,791	897,910	Stock options transferred into NT\$5,670 thousand in shares	—	Note 11
03/2016	10	120,000	1,200,000	89,819	898,190	Stock options transferred into NT\$280 thousand in shares	—	Note 12
05/2016	10	120,000	1,200,000	89,835	898,350	Stock options transferred into NT\$160 thousand in shares	—	Note 13
08/2016	10	120,000	1,200,000	89,837	898,370	Stock options transferred into NT\$20 thousand in shares	—	Note 14

Month/Year	Par Value	Authorized Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Invested with Assets Other Than Cash	Other
11/2016	10	120,000	1,200,000	90,483	904,830	Stock options transferred into NT\$6,460 thousand in shares	—	Note 15
03/2017	10	120,000	1,200,000	90,577	905,770	Stock options transferred into NT\$940 thousand in shares	—	Note 16
05/2017	10	120,000	1,200,000	90,694	906,940	Stock options transferred into NT\$1,170 thousand in shares	—	Note 17
08/2017	10	120,000	1,200,000	90,706	907,060	Stock options transferred into NT\$120 thousand in shares	—	Note 18
12/2020	10	120,000	1,200,000	100,706	1,007,060	Capital increased by NT\$100,000 thousand in cash		Note 19

Note 1: Fu-Jian-Shang no. 092063165

Note 2: Fu-Jian-Shang no. 09223597130

Note 3: Fu-Jian-Shang no. 09226739500

Note 4: Fu-Jian-Shang no. 093086689107

Note 5: Jing-Shou-Shang no. 09501187530 dated 08/23/2006

Note 6: Jing-Shou-Shang no. 09901246690 dated 11/05/2010

Note 7: Jing-Shou-Shang no. 10201248420 dated 12/09/2013

Note 8: Jing-Shou-Shang no. 10301238370 dated 11/19/2014

Note 9: Jing-Shou-Shang no. 10401055700 dated 04/01/2015

Note 10: Jing-Shou-Shang no. 10401095360 dated 05/25/2015

Note 11: Jing-Shou-Shang no. 10401240310 dated 11/13/2015

Note 12: Jing-Shou-Shang no. 10501060910 dated 03/31/2016

Note 13: Jing-Shou-Shang no. 10501094780 dated 05/11/2016

Note 14: Jing-Shou-Shang no. 10501205000 dated 08/23/2016

Note 15: Jing-Shou-Shang no. 10501262880 dated 11/09/2016

Note 16: Jing-Shou-Shang no. 10601038670 dated 03/29/2017

Note 17: Jing-Shou-Shang no. 10601064770 dated 05/22/2017

Note 18: Jing-Shou-Shang no. 10601117000 dated 08/15/2017

Note 19: Jing-Shou-Shang no. 10901234110 dated 12/18/2020

2. Types of Issued Shares

May 06, 2024 /Unit: Shares

Type of Shares	Authorized Capital			Remark
	Issued (listed)	Unissued Capital	Total	
Registered common shares	100,706,000	19,294,000	120,000,000	Outstanding circulated shares are listed shares.

(2) Shareholder Composition

April 14, 2024 / Unit: Persons; Shares

Shareholder Composition	Government Institution	Financial Institution	Other Legal Person	Natural Person	Foreign Institutions and Individuals	Total
Quantity						
Number of persons	0	5	54	8,384	80	8,523
Shareholding	0	2,581,000	25,757,060	41,034,337	31,333,603	100,706,000
Shareholding %	0.00%	2.56%	25.58%	40.75%	31.11%	100.00%

(3) Shareholder Dispersion

April 14, 2024

Shareholding bracket	No. of Shareholders	Shares Held	%
1~999	2,583	359,480	0.36%
1,000~5,000	5,200	8,833,323	8.77%
5,001~10,000	371	2,884,277	2.86%
10,001~15,000	84	1,075,152	1.07%
15,001~20,000	75	1,356,788	1.35%
20,001~30,000	65	1,651,884	1.64%
30,001~40,000	37	1,312,356	1.30%
40,001~50,000	12	540,340	0.54%
50,001~100,000	39	2,709,229	2.69%
100,001~200,000	21	3,076,703	3.05%
200,001~400,000	20	5,666,763	5.63%
400,001~600,000	2	914,168	0.91%
600,001~800,000	0	0	0.00%
800,001~1,000,000	4	3,564,355	3.54%
Over 1,000,001	10	66,761,182	66.29%
Total	8,523	100,706,000	100.00%

Note: All of the above are common stock

(4) List of Major Shareholders

April 14, 2024 /Unit: Shares

Shares	Shareholding	%
Name of Major Shareholder		
San Fu Global Ltd.	24,067,315	23.90%
Pilot Keymark SDN.BHD.	19,929,000	19.79%
Fang Hong-Yuan	4,172,952	4.14%
Wu Hsin-Hung	3,680,010	3.65%
Zhang, Xi-Wen	3,569,286	3.54%
Fortune Continent Trade Limited	3,302,722	3.28%
Wu Dong-Bai	2,952,013	2.93%
Zhang Chen Shu-Li	2,502,884	2.49%
Wu Mei-Jun	1,526,000	1.52%
TU, Shui-Chen	1,059,000	1.05%

(5) Market Price, Net Value, Earnings and Dividend per Share and Other Related Information in the last two years

Unit: NT\$; Thousand shares

Item	Year	2023	2022	As of May 06, 2024	
Market price per share	Highest	169.00	241.50	166.50	
	Lowest	113.50	102.00	120.00	
	Average	132.40	149.72	147.99	
Net value per share	Before distribution	43.83	45.56	43.28	
	After distribution	(Note 1)	39.66	N/A	
Earnings per share (EPS)	Weighted average no. of shares	100,706	100,706	100,706	
	EPS	4.41	8.43	1.10	
Dividend per share	Cash dividend	(Note 1)	5.9	N/A	
	Stock dividend	From retained earnings	0	0	N/A
		From capital reserve	0	0	N/A
	Cumulative unpaid dividend	0	0	N/A	
Return on Investment (ROI) Analysis	Price-Earnings Ratio	30.02	17.76	N/A	
	Price-Dividend Ratio	(Note 1)	25.38	N/A	
	Dividend Yield	(Note 1)	3.94%	N/A	

Note 1: Determined after resolution by the June 12, 2024 Shareholders' Meeting

Note 2: The net asset value per share and the earnings per share are based on the financial information as of March 31, 2024 reviewed and approved by certified accountants.

(6) Dividend Policy and Execution Status:

When there are earnings for the fiscal year, the Company shall first cover its accumulated losses of previous years (including adjusted undistributed earnings) and set aside 10% as a legal reserve in accordance with the law. However, it is not necessary to allocate earnings towards the legal reserve if the legal reserve has already reached the total paid-in capital of the Company. The Company may also need to set aside a special reserve in accordance with the law or competent authority regulations. The balance together with the remaining undistributed earnings at the beginning of the fiscal year (including adjusted undistributed earnings) is available for distribution as shareholder dividends as stipulated by the Board of Directors earnings distribution plan submitted for approval by the Shareholders' Meeting. The Company's profit distribution or loss compensation shall be made after the end of each fiscal year. The Company authorizes the Board of Directors to make a special resolution to distribute all or part of the dividends and bonuses in cash and report to the shareholders' meeting.

Distribution of Company's dividends depends on the earnings status for that year. The Company tries to keep dividends stable. Except for special circumstances, the dividend will not exceed 80% of net income for that year, and the ratio of cash dividend to stock dividend is 100:1. The Company is currently in its growth stage so future capital requirements and long-term financial planning of the Company must be taken into consideration. The cash dividend may not be less than 5% of the total dividend but the amount may be adjusted by resolution at the Shareholders' Meeting based on actual profitability and future capital planning.

In the Company's Meeting of Board of Directors held on February 27, 2024, it was proposed that the distribution of Earnings per share (EPS) in the year of 2023 should be NT\$2.0 and NT \$1.5 per share of capital reserve. The allotment of capital reserve shares will be handled in accordance with the relevant provisions after adoption of the resolution of the annual shareholders' meeting made on June 12, 2024.

(7) The effect of the stock dividend as proposed to the Shareholders' Meeting on operating performance and earnings per share: There is no stock dividend proposal to the Shareholders' Meeting, so it is not applicable.

(8) Employee, Director and Supervisor Remuneration:

1. Percentage or range of employee, director and supervisor remuneration
According to the Company's Articles of Incorporation, 1% -3% of the current year's earnings are allocated for employee remuneration and no more than 3% is allocated for director and supervisor remuneration. The employee remuneration policy is based on the Company's overall operating net profit after tax, and the amount of payment is calculated according to the performance evaluation result and contribution.
2. Estimate foundation of employee, director and supervisor remuneration, stock dividend distribution and accounting treatment for differences in the actual amount distributed and the estimated amounts:
When there is a difference in the employee, director and supervisor remuneration estimate foundation and actual distribution amounts for the period, the difference is to be adjusted in the first quarter of 2024.
3. Information on the remuneration distribution approved by the Board of Directors:
 - (1) The Company's 2023 earnings distribution plan was approved at the February 27, 2024 meeting of the Board of Directors and the employee and director remuneration distribution was as follows:
 - A. Employee cash remuneration amount: NT\$11,626,200 in employee bonuses were approved

for distribution.

B. Employee stock option amount: There is no proposal to distribute shares for this Shareholders' Meeting so it is not applicable.

C. Director and supervisor remuneration: NT\$11,626,200 in director and supervisor remuneration was approved for distribution.

The amount difference of the recognized expenses in the current period is NT\$652,400, and the difference has been adjusted and recorded in the first quarter of 2024.

(2) Employee remuneration amount as stock dividend as a percentage of the period's individual financial statement's net income and total employee remuneration:

The Company has not proposed to distribute employee stock options so it is not applicable.

4. Actual Employee, Director and Supervisor Remuneration Distribution for the Previous Year:

The Company's 2022 earnings distribution plan was approved at the meeting of the Board of Directors on February 24, 2023 and the employee, director and supervisor remuneration distribution was as follows:

A. Employee cash remuneration amount: NT\$21,457,000 in employee bonuses were approved for distribution.

B. Employee stock option amount: There is no proposal to distribute shares for this Shareholders' Meeting so it is not applicable.

C. Director and supervisor remuneration: The Board of Directors approved to distribute NT\$21,457,000 in director and supervisor remuneration.

The difference between estimated and recognized expenses of the previous year was NTD 1,914,000, which was adjusted and recorded in the first quarter of 2023.

(9) 1. Buyback of Company Shares: None

2. Issuance of Corporate Bonds: None

3. Issuance of Preferred Stock: None

4. Issuance of Overseas Depository Receipts: None

5. Issuance of Employee Stock Options: None

6. Issuance of New Restricted Employee Shares: None

7. New Shares Issued for Mergers with or Acquisition of Shares of Other Companies: None

8. Capital Utilization Plan Execution Status: None

V. Operation Review

1. Business Activities

(1) Scope of Business

1. Major scope of business

1. F401010 International Trade
2. F207200 Retail Sale of Chemistry Raw Material
3. C801010 Basic Industrial Chemical Manufacturing
4. F107200 Wholesale of Chemistry Raw Material
5. C801020 Petrochemical Manufacturing
6. F107060 Wholesale of Virulence Chemical Substance
7. F107990 Wholesale of Other Chemical Products
8. C802200 Paints, Varnishes, Lacquers, Dyeing Mills and Dyestuff Manufacturing
9. F107020 Wholesale of Dyeing Mills and Dyestuff
10. F207020 Retail Sale of Dyeing Mills and Dyestuff
11. C802100 Cosmetics Manufacturing
12. F108040 Wholesale of Cosmetics
13. C109010 Seasoning Manufacturing
14. F102170 Wholesale of Food and Grocery
15. C801100 Synthetic Resin & Plastic Manufacturing
16. C901020 Glass and Glass Made Products Manufacturing
17. CA04010 Metal Surface Treatment.
18. C199990 Other Food Manufacturing Not Elsewhere Classified
19. C114010 Food Additives Manufacturing
20. F121010 Wholesale of Food Additives.
21. F221010 Retail of Food Additives
22. J101030 Waste Disposal
23. J101090 Waste Collecting and Disposing
24. F108031 Wholesale of Drugs, Medical Goods
25. F208031 Retail Sales of Medical Equipment
26. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Major business categories and their percentages:

Company revenues and product category percentages for the past two years are as follows:

Unit: Thousand NT\$

Item \ Year	2023		2022	
	Amount	%	Amount	%
Fine chemicals	3,947,407	79.09	4,389,310	78.12
Basic chemicals	1,043,554	20.91	1,229,290	21.88
Total	4,990,961	100.00	5,618,600	100.00

3. Current product (service) items:

Product type	Current products	Description
Fine chemicals	Developing solution, etching solution, stripping solution, solvents, cleaners	Main products include TMAH, KOH, NaOH, ITO etchant, aqua regia etchant, Al etchant (phosphoric acid, nitric acid, acetic acid), Cu etchant, HF (hydrofluoric acid), HCl (hydrochloric acid), BM-73 (BDG/MEA), MD-73 (MEA/DMSO), DMSO (Dimethyl sulfoxide), BDG (Diethylene glycol monobutyl ether), MEA (Monoethanolamine), HMDS (Hexamethyldisilazane), RGB rework, ITO rework, Cu stripper, seal stripper, benzyl alcohol, EBR (edge bead remover), etc.
	VMT	Slurry OEM
	TMAH recovery	Waste developing solution recovery
Basic chemicals	Chemical raw materials	Benzoic acid (Na), sulfamic acid, cyclohexylamine, dicyclohexylamine, aniline, 4-Hydroxybenzoic acid, paraben, oxalic acid, sodium gluconate, sodium hexametaphosphate, isophthalic acid.
	Food additives	Sweeteners: Sorbitol, mannitol, sucralose, acesulfame-K, neotame, saccharin sodium, cyclamate, stevioside. Sour agent: citric acid (monohydrate/anhydrous), sodium citrate (potassium), lactic acid, sodium lactate (calcium). Preservatives: Benzoic acid (Na), potassium sorbate. Other: Calcium chloride, anhydrous, sodium bicarbonate (baking soda), phosphoric acid.
	Food raw materials	Glucose (monohydrate/anhydrous), maltodextrin, trehalose, high maltose powder, corn starch.

4. New products (services) planned for development

- A. Electronic chemicals for touch panels
- B. Specialty chemicals for high-end TFT-LCD panels (3D, OLED and AMOLED)
- C. Electronic chemicals for IC nanometer-processes
 - (1) TMAH recycle and reuse technologies and products.
 - (2) Chemical (bumping stripper) recycle and reuse technologies and products
 - (3) Development of special chemicals: Adhesive, detergent, special mixed acid, and rework cleaner.
 - (4) Electronics-grade chemicals for export (Developing the market in countries other than China and Southeast Asian countries).

(2) Current Industry Status and Development

1. Current Industry Status

(1) Fine chemicals

Petrochemical products are generally divided into commodity chemicals and fine chemicals. Commodity chemicals are also called bulk chemicals. Fine chemicals are often referred to as performance chemicals or specialty chemicals. Performance chemicals are mainly used in manufacturing processes or on final products to improve product characteristics. Most are high value-added products. The Company's products include a broad range of specialty

chemicals including developers, etchants, strippers, solvents and cleaners.

The specialty chemical field includes the ‘two trillion and three star’ industries. One of the key manufacturing processes of the wafer foundry and display panel industries is generating specific thin-film patterns on wafers or glass panels. The thin-film material can be insulating silicon dioxide or polysilicon. Regardless of what kind of material is used as the thin-film, a layer of photo resist must first be coated on the wafer or glass panel. After passing through curing, exposure, developing processes, the desired pattern is then etched on it. Last, the pattern is completed on the thin-film by photo resist removal. There are organic and non-organic base developing solutions combined with photo resist developing which provide excellent developing capabilities and high contract characteristics. Etchants are mainly used in ITO or metal layer etching processes for silicon wafers, LCD panels, touch panels and solar cells. Lithography is used in the etching process to define the pattern on the substrate and then chemical corrosion, physical impact or a combination of the two is used to remove a portion of the material and leave behind the electrical circuit pattern. Strippers are used after the etching process to strip away the photo resist from the TFT-LCD metal or semiconductor thin-film circuits. Solvents are mainly used to remove excess photo resist from the edges of the substrate after panel photo resist coating. Cleaners have these applications: 1. Glass recovery after color filter process failure 2. Cleaning before substrate enters the machine 3. Cleaning of photo resist coating fixtures.

As the semiconductor and optoelectronic industries continue to develop in Taiwan, demand for electronic chemicals shall steadily increase and quality requirements for electronic chemicals shall become stricter. Therefore, process efficiency development and quality improvement are key aspects of future industry development. With the introduction of new generation products applied to electric vehicles, 5G, HPC, IoT, flexible displays and new generation technology and process refinements such as 1x nanometer, FinFET, 3D stacking, AMOLED, IGZO, LTPS and copper processes are developed, the production value and growth rate of the global specialty chemical industry will steadily rise year after year. Every process will use different types of chemicals so research and development of a new generation of chemicals will be the future development trend for the industry.

(2) Basic chemicals

Basic chemicals mainly consist of food additives. Food additives are a result of human technological process and a desire to have a higher quality of life. In the past, our ancestors only thought of food as a way to avoid hunger. Nowadays, people care about color, smell, taste and nutrition of food. Food is also considered to be a form of art. Simply put, food additives are ingredients other than seasonings like garlic, onions and ginger that are added to foods. Countries usually have lists of legal additives which can be used depending on the food laws and regulations enacted in each country. Foods that are manufactured with under the specified amount of additives will not harm the health of consumers. The Food and Agriculture Organization (FAO) and World Health Organization (WHO) have jointly established the Codex Alimentarius to draft food additive definitions, specifications and standards which may be followed internationally. Still, there are many inconsistencies in food additive definitions and management in countries around the world. For example, the U.S. does not recognize colorings as food additives. The Codex Alimentarius does not recognize pollutants and food additives added to food to improve their nutrition or quality. Article 3 of Taiwan’s Act Governing Food Safety and Sanitation defines food additives as substances that are added to or brought into contact with foods for the purpose of coloring, seasoning, preserving, bleaching, emulsifying, flavoring, stabilizing quality, enhancing fermentation, increasing viscosity, enriching nutritional value, preventing oxidation or other necessary purpose in the manufacture, processing, preparation, packaging, transportation, storage of foods.

Cyclohexylamine (CHA) is a specialty chemical used in the production of sodium cyclamate. Sodium cyclamate is a type of artificial sweetener that provides the same sweetness as sugar

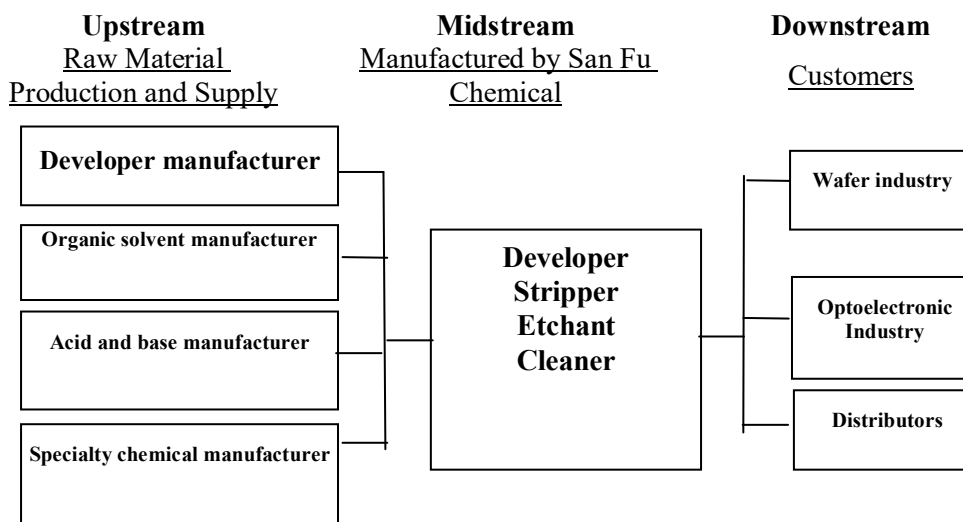
but does not contain compounds with the same caloric value. It is 30 to 8000 times sweeter than sugar. As a result, products that are manufactured with it have much fewer calories than those products made with cane sugar. Commonly used as a substitute for corn syrup and cane sugar, it is added to many kinds of sodas and sweetened drinks. Artificial sweeteners can be used as a substitute for sugar in chocolate, jams, chewing gum, ice creams and beverages. Another use for CHA is as a corrosion inhibitor in water treatment agents. Dicyclohexylamine is mainly used as iron corrosion inhibitor. Citric acid monohydrate (CAM) is used as a sour agent and antistaling agent in the food and beverage industry. Sodium benzoate (BNA) is a type of preservative. Countries around the world including Taiwan allow its addition to food. It is commonly seen in carbonated beverages, candied fruit and snack foods. Paraben is a preservative that is widely used in drugs and cosmetics.

The public has developed a heightened awareness of food hygiene, safety and quality due to the series of food hygiene and safety incidents (melamine, plasticizer, ractopamine) that have occurred over the years. Due to rising health consciousness among consumers, hygiene, safety and quality control will become major factors in food market development.

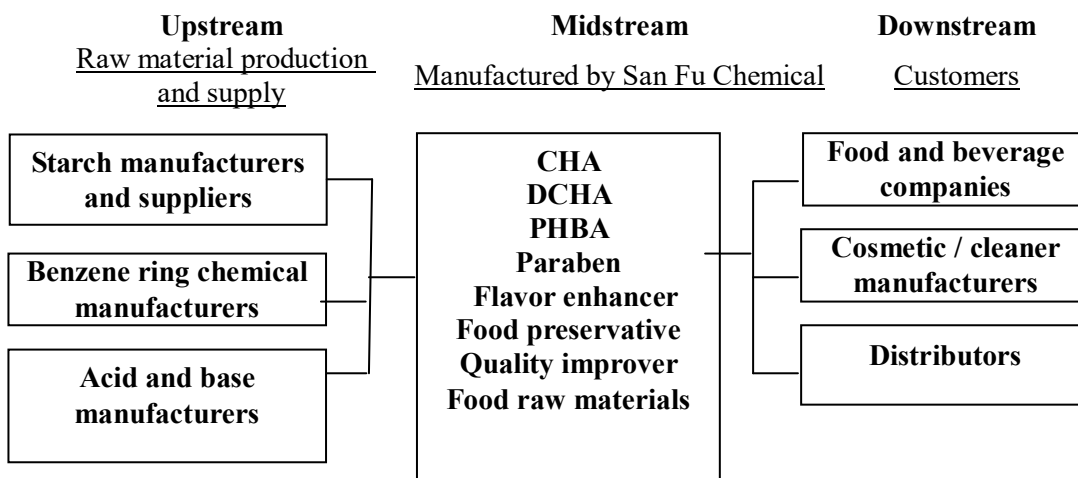
2. Industry upstream, midstream and downstream relationship

(1) Fine chemicals

The Company plays the role of a midstream manufacturer in the overall industry supply chain. Currently, the upstream part of the industry is primarily made up of raw material suppliers which supply developed, organic solvent, base and acid chemicals and specialty chemicals. Being in the midstream of the industry, San Fu manufactures chemical raw materials into the developers, strippers, etchants and cleaners required by downstream companies using formulation, purification, dilution and other processes. The downstream is made up of electronics industry including the wafer foundry and optoelectronic industries. The small subpackaging part of our business is handled by distributors to expand the range of industry categories. The relationship between the upstream, midstream and downstream parts of the industry is as follows:



(2) Basic chemicals



3. Product development trends and competitors:

(1) Product development trends

A. Development trends

The Company's products are currently used by the TFT-LCD display and semiconductor, LED, solar power, green energy and food & beverage industries. Most are key specialty chemicals and basic chemicals used in downstream Company production processes. New products are developed by product adjustment, improvement and customization to respond to the ever-changing requirements of new processes developed with cutting-edge technology. Future industry development and downstream application industry are closely linked. The following is a description of the future development trends of downstream application industry for the Company's products.

(A)TFT-LCD industry

In the first half of 2023, due to environmental factors such as overall economic conditions, inflation, and regional conflicts, the utilization rates of various clients were lower than expected, leading to situations where some plants were closed. However, starting from the second half of the year, the replenishment of product inventory gradually strengthened, and the arrival of major sports events, breakthroughs in AI PC-related applications, and packaging technologies provided new opportunities for the panel industry. Consequently, the prices of end products bottomed out and rebounded, coupled with the optimization of production capacity and the arrival of the traditional peak season cycle, indicating the possibility of recovery and warming in 2024.

(B) Semiconductor industry

In 2023, the global semiconductor market faced headwinds due to multiple uncertainties such as geopolitical tensions and macroeconomic factors. Research estimates indicate that the global semiconductor industry's revenue reached \$523 billion, a decrease of 8.9% compared to 2022. Looking ahead to 2024, with the assistance of demand for AI

application chips and memory, other non-AI applications will continue to drive related chip demand. Shipments of technology products such as smart phones, laptops/personal computers, and servers are also expected to rebound. Global semiconductor revenue is forecasted to surpass \$600 billion, with a growth rate of 17%, returning to a growth trajectory.

Additionally, in Taiwan, research estimates indicate that the semiconductor industry's output value will grow by 15.4% from the low point of NT\$4.29 trillion in 2023 to NT\$5.01 trillion in 2024. This not only sets a new record high but also shakes off the shadow of decline in 2023. Among them, leading wafer foundries are expected to drive strong growth, with a growth rate of 20-25% for advanced processes like 2nm and CoWoS packaging, surpassing the global semiconductor year-on-year growth rate and demonstrating growth momentum far above the global average.

(C) Food industry

“Health, Happiness, Convenience and Environmental Protection & Ethics” are the four main components of demand for global consumers and the main drivers of food industry innovation and R&D. In order to respond to health demands of consumers, food companies need to strike a balance between texture, taste, healthiness and safety through technology, formulation and process improvements to lighten the burden on consumers by lowering calories, reducing allergens and downsizing packaging. Due to the series of food safety incidents such as melamine, plasticizer and tainted starch that have over recent years, consumers have a much higher awareness towards food safety so food companies are more highly concerned about raw material sources and quality.

(2) Product competition

Competition has been increasing in recent years due to factors such as aggressive moves by foreign suppliers to enter Taiwan’s market due to greater information transparency and ease of obtaining raw materials. However, the Company has been able to maintain its competitive advantage. Compared to foreign suppliers, San Fu enjoys the advantages of proximity and price. As for local suppliers, the Company offers higher quality, customized services and close technical support. As a result, the Company can steadily grow year after year.

(3) Technology and R&D

1. Annual R&D Expenditures in Recent Years

Unit: Thousand NT\$

Item \ Year	2023	2022	Jan. – Mar. 2024
R&D expenditures	80,609	63,301	22,583
Revenue	4,990,961	5,618,600	1,132,113
R&D expenditures as a percentage of revenues	1.62%	1.13%	1.99%

2. Successfully Developed Technologies or Products in Recent years:

Year	R&D Accomplishments
2018	1. Established paraben high recovery green esterification process 2. Developed use of liquid crystal polymer intermediates (LCP) in parabens process for 5G flexible panels
2019	1.The recovered TMAH developer was purified to IC level, and the laboratory verification was completed. 2.Development of stripper for IC bump process.
2020	1. Recycle TMAH developer solution to a purity up to IC scale, and complete the construction of pilot plant, and it is at the stage of inspection for acceptance by customers. 2. Develop Non NMP/DMSO photo resist stripper.
2021	1. Develop the formula of recyclable etching solution and its recycling system for LCD copper process 2. Apply colloidal electrolytes with high ionic conductivity in lithium batteries
2022	1. Recycle device and method for waste solutions containing tetramethylammonium hydroxide and other nitrogen-containing compounds. 2. Composition of etchant solution for transparent conductive oxide and its etching method.
2023	1. Development of next-generation CMP abrasive silicon dioxide nano colloids. 2. Completed construction of a new production facility for recycling and purifying TMAH photo resist developer to IC-grade standards, and entering the customer validation phase.

(4) Long-term and short-term business development plan

1. Short-term business development plan

(1) Fine chemicals

A. Marketing strategy

- (A) Strengthen customer service quality, regularly visit customers, understand and quickly handle customer reactions, set up two-way communication channels between the Company and customers, resolve any difficulties, raise service quality and efficiency, strive to reach customer service system and customer satisfaction goals to establish customer reputation and build Company image.
- (B) Consolidate and expand customer base in market, link and extend upstream and downstream chemical applications for current customers, actively develop and search for new domestic and international customers, seek out cooperation opportunities with major international companies to expand business range, increase economic effectiveness of products and reduce risk.
- (C) Strengthen professional training for employees and improve appearance of tanker trucks, product packaging and website design to raise San Fu's brand value and customer loyalty.

- B. R&D Strategy
 - (A) Continue to raise process efficiency, production volume and product quality, reduce total wastewater and waste amounts.
 - (B) In addition to satisfying the chemical quality requirements of customers and providing stable supplies, the Company will work to adjust and improve its products and develop new customized products based on the differing requirements of customers to respond to ever-changing high-tech processes.
 - C. Production strategy
 - (A) Strengthen interactions with raw material suppliers, engage in supply chain deployment, diversify concentrated risks and continually raise technical capabilities.
 - (B) Establish a strict management system, implement stringent quality requirements and provide excellent quality products to customers.
 - D. Operation and management
 - (A) Establish a sound management system, strengthen management performance, put Company business philosophy into practice and improve Company image in line with Company development.
 - (B) Strengthen employee education and training, make human resources the most important asset for corporate competitiveness. Combine Company organization, business development requirements and employee career planning to arrange internal and external education and training programs for each department to improve employee occupational know-hoe and management skills and upgrade mid to long-term competitiveness of the Company.
 - (C) Strengthen financial structure and health, use sound financial planning and operation management to get maximum overall benefit from Company resources.
- (2) Basic chemicals
- A. Actively consolidate current customers and gradually eliminate customers with poor credit. Then further leverage our quality and technical service advantages to win the trust of potential and current customers to increase Company revenue and expand our niche businesses.
 - B. Strengthen purchasing capability, keep track on the market conditions and currency rate changes to reduce product costs, increase Company competitiveness and profit.
 - C. Focus on new product R&D, raising product quality and developing sales channels. Build up corporate image and recognition to gain advantages in marketing.
2. Long-term business development plan
- A. Marketing strategy
 - (A) Strategic alliance: Respond to rapidly changing market environment and competitor compression by linking up with upstream suppliers and downstream customers. Develop product strategies in tandem to increase competitiveness and achieve the goals of resource sharing, cost reductions and market expansion.
 - (B) Diversification of operation risk: Respond to market demand and industry development trends, diversify product line, avoid operation risk of overconcentration on a single product or a single product being affected by economic factors.
 - (C) Seek out international opportunities: Seek out more overseas customers, expand globally, develop emerging markets and achieve market diversification goals.
 - (D) Actively cultivate professional sales talent: Encourage identification with corporate culture throughout the organization to meet the future development requirements of the Company. Build common values and solidarity around the Company. Seek up cooperative opportunities with world-class corporations to raise our Company profile and market share.

B. R&D strategy

- (A) Continue to raise process efficiency, production volume and product quality, reduce total wastewater and waste amounts.
- (B) In addition to satisfying the chemical quality requirements of customers and providing stable supplies, the Company will work to adjust and improve its products and develop new customized products based on the differing requirements of customers to respond to ever-changing high-tech processes.

C. Production strategy

- (A) Continue to expand production scale and capacity, reduce production cost of products.
- (B) Raise product quality and added value to expand market share.
- (C) Keep track of market conditions, continually innovate, develop various new products, meet market requirements, create production scale for product lines and raise Company competitiveness.
- (D) Long-term backbone of business is health, safety and quality, fulfill mission of offering people a healthy life and high standard of living.

D. Operation management

- (A) Execute investment plan in tandem with the growth of the Company's scale of operations in line with future Company development and market requirements.
- (B) Create a sound and reasonable human resource and welfare system, improve employee cohesion, improve operation performance to raise overall employee efficiency and operating capacity.
- (C) Strengthen existing and potential customer management capabilities including use of financial status and payment surveys to serve as a basis for customer credit ratings in order to gain and keep excellent customers and prevent uncollectable accounts from occurring.

2. Market, Production and Sales Overview

(1) Market analysis

1. Sales regions for major products (services)

Unit: Thousand NT\$

Year Sales Region	2023		2022	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Asia	4,935,293	98.88%	5,470,941	97.37%
America	55,667	1.12%	144,007	2.56%
Other	-	-	3,652	0.07%
Total	4,990,961	100%	5,618,600	100.00%

2. Market share, future supply and demand conditions and growth prospects

(1) Fine chemicals

Since the fine chemicals divisions was established in 2004, our efforts have been focused on R&D and sale of chemicals to high-tech industries which has brought steady business growth. Presently, our chemicals are sold to the IC, TFT-LCD, LED, solar and other optoelectronic industries and include many major companies in high-tech industries such as TSMC, UMC, PSMC, VIS (formerly Nanya Technology Corporation), PTI, AUO, Innolux (formerly Chi Mei Optoelectronics), Hann Star, Epistar, and URE. In recent years, the Company has entered into the specialty chemical field for semiconductor wafers / packaging and testing and solar wafers and has become one of the major suppliers of electronic chemicals for the domestic TFT-LCD industry.

Our Company is mainly engaged in the R & D, production and sales of precision chemicals and basic chemicals. After years of efforts, we have established a professional position in the industry.

Looking back at 2023, the impact of the end of the COVID-19 pandemic, the US-China trade war, and the outbreak of the Ukraine-Russia war caused inflation, gas and food crises, affecting industrial development and crude oil prices. Global chemical demand has been affected by the downturn in the economy, and the market is now focusing on ESG, low carbon emissions, low toxicity, environmental friendliness, and recycling. “Circular economy” is currently an important global development model as well as an important development direction for San Fu. With the introduction of new concepts, it will impact all aspects of our lives, from food, clothing, housing, transportation, to production and manufacturing. San Fu continues to move forward towards the development in two advantageous directions: recycling and reusing waste liquid, and bringing a green transformation to specialty chemicals.

The Company’s fine chemical division offers a broad range of products. It includes developers, etchants, photo resist cleaner and RGB regenerants which can fulfill the total chemical requirements of customers.

(2) Basic chemicals

Over the years, the Company has insisted on providing the best products to our customers to develop a healthy and high quality image, earn customer trust and support and become a

market leading brand.

The public has developed a heightened awareness of food hygiene, safety and quality due to the series of food hygiene and safety incidents that have occurred over the years and brand identity has increased as a result. So, the market for safe and high quality products should enjoy stable growth.

3. Competitive niche

A. Possess outstanding R&D capabilities

The Company has a professional R&D team and TAF laboratory. With regard to special customer requirements and development of total solutions, ideal customized products are formulated based on the customer's process conditions and using technical personnel that have process experience in downstream application industries. As for customer process requirement R&D, customer certification is effectively reduced which raises the market competitiveness of our customers.

B. Provide quality and value services

The Company provides new quality and value products and services to our customers. Over the years, the Company has continued incorporated the most advanced equipment into our production facilities including ICP Mass, clean rooms and pilot plant to help customers with production process report data analysis, identify the material characteristics required for customer manufacturing processes and provide timely solutions so the Company can maintain excellent long-term cooperative relations with our customers.

C. Steady development of new products and technologies

The Company is always searching out related industry technology, keeps informed about market conditions, constantly innovates and develops a wide range of new products that meeting market requirements. In addition, the Company is actively engaged in the development specialty chemical recovery technology such as TMAH and etchant recovery. The Company is able to prosper alongside the flourishing TFT-LCD, semiconductor, LED and solar energy industries, satisfy green environmental protection requirements and strengthen its leadership position in its core competency.

4. Advantageous and disadvantageous factors for development prospects and countermeasures

A. Advantageous factors

With the continued growth of the global optoelectronics and green energy industries, there is high potential for overall industry development. TFT-LCD and green energy will be the mainstays supporting the growth trajectory of our Company's precision chemicals. Firstly, in recent years, capital expenditures of TFT-LCD enterprises have shifted towards product upgrades. Meanwhile, the chemicals supplied to customers are no longer meeting the specifications required for end products. Benefiting from the advancement of its own R&D team and long-term business strategy, the company has added several next-generation chemicals to meet customer product requirements.

Thanks to our in-house R&D team's continuous improvement and long-term strategic planning, our Company has successfully introduced several next-generation chemicals tailored to meet the requirements of customer products.

Our offer includes a variety of etchants for metals and alloys, advanced packaging wet process chemicals, and purification of recycled products required for the circular economy. In terms of green energy, the burgeoning new energy industry in Taiwan has

been thriving lately. Leveraging our extensive experience in the green energy sector and our familiarity with key materials and the chemical market domestically and internationally, we have engaged in pre-production stage R&D discussions with several manufacturers. Collaboratively, we are defining specifications for mass-produced products. This strategic move positions us to make significant contributions to our revenue growth once these enterprises commence formal operations.

The global semiconductor market is poised for significant growth, particularly in product applications such as advanced process wafer fabrication, ASIC, IP, AI consumer ICs, 5G, HPC, and heterogeneous integration in packaging and testing. The AI application segment, in particular, is experiencing tremendous growth, with future focus shifting from enterprise applications to personal AI usage, promising explosive growth beyond imagination.

Our Company holds a leading position in the advanced packaging sector, positioning us to benefit from customer capacity/plant expansions in the future.

B. Disadvantageous factors

(A) Competition between international and Chinese manufacturers

Most electronic specialty chemicals are supplied by foreign companies. Japanese manufacturers still lead the industry in their technical capabilities. In response to Taiwan companies breaking into supply chain, Japanese companies are working harder to hold on to their existing customers. In addition, Chinese electronic specialty chemical manufacturers have started to emerge grabbing market share with lower prices. This will intensify competition between companies.

Counter Measures:

The Company continually develops new technology and processes for chemical products to maintain our distinctness and reduce the chance of being replaced by other competitors.

(B) Price reduction pressure from customer-end

The Company's major customers are bellwethers in the market. In order to win customers, other competitors may adopt a low-price strategy to raise customer purchasing intent. In addition, current major customers are facing a certain amount of pressure to trim overall product costs. So, these customers will ask their suppliers to cooperate by lower prices. Lower sales will decrease Company profitability.

Counter Measures:

Through development of new chemical technologies and processes, the Company can offer new products in conjunction with customer process changes to increase differentiation with competitors and maintain product unit prices and profits. The purchasing end determines supply and price negotiation strategy based on the product category to reduce the pressure of raw material price hikes and customer price reduction requests in recent years.

(C) Environmental protection pressure

There is a waste solution problem with the chemicals used by our customers. As environmental awareness has risen in Taiwan in recent years, customers are not only facing protests over odors but there has been reexamination of many existing chemicals as waste reduction, discharge and transportation costs increase greatly.

Counter Measures:

The Company has shifted its thinking from viewpoint of the cyclical economy. Chemical development is done from perspective of recycle, reuse and green. The Company has confidence that this will increase the willingness of customers to cooperate with San Fu and extract us from the swamp of price reduction and red water. The Company develops odorless chemicals and chemicals that allow reuse of waste solution. In the last two years, San Fu has won over customers with IC formulated chemicals and TMAH-R that were developed using this thinking.

(2) Fields of Application of major products and production processes:

1. Primary uses of major products:

(1) Fine chemicals

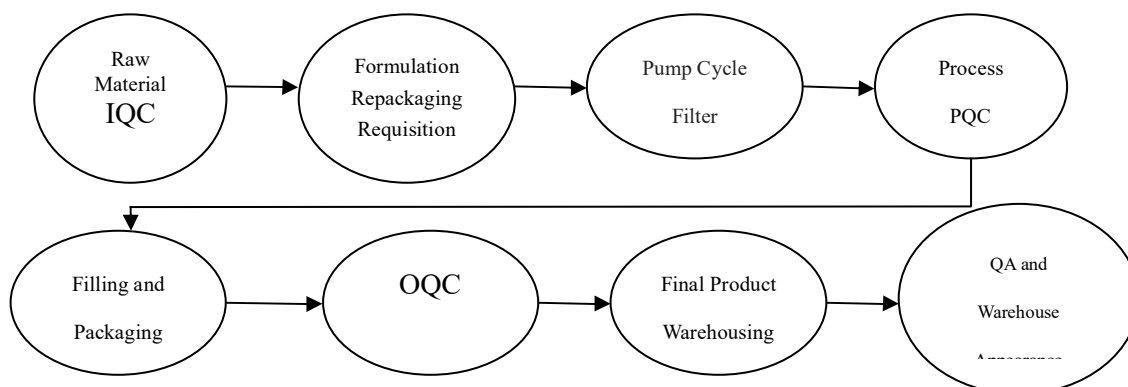
- A. Developer: Base developing solution is used to neutralize and strip away the organic acid formed after exposure of the photo resist (PR) in the semiconductor or panel process leaving the unreacted PR behind.
- B. Etchant: Acidic etchant is used to etch away the metal not protected by PR in the semiconductor or panel process leaving behind the metal circuit pattern protected by the PR.
- C. Stripper: Remove the etched away PR to expose the metal circuit pattern protected by the PR.
- D. Solvent: Use to dilute or clean the PR before PR unpolymerization.
- E. Cleaner: Restore defective glass from the panel manufacturing process to blank glass substrate.

(2) Basic chemicals:

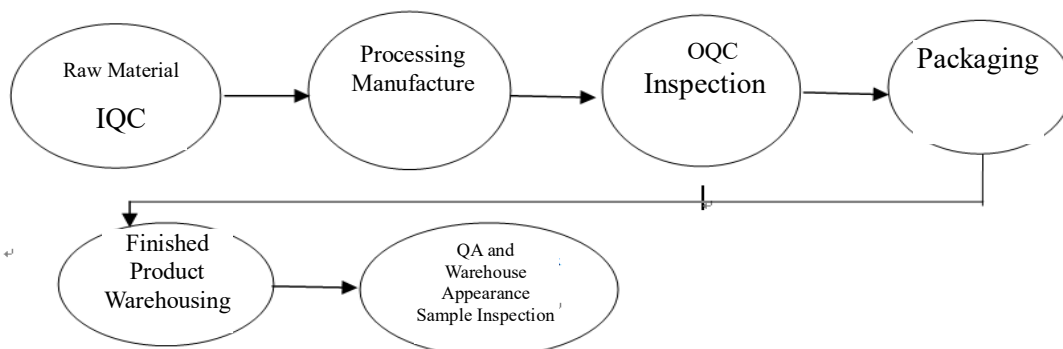
- A. Food additives: Necessary for food manufacturing and processing
- B. Paraben, sorbitol: Personal care products and cosmetics.
- C. Food raw materials: Used in the production process for processed foods.

2. Production process of major products:

(1) Fine chemicals



(2) Basic chemicals



(3) Major raw material suppliers:

The Company has stable supply channels to acquire raw materials. With regard to special raw materials, the Company has adopted cooperation through shareholding approach to gain control over raw material provision. If there is a shortage of raw materials in the market, the Company is given priority. For other raw materials, two or more suppliers are kept to maintain stable delivery. Excellent relations are maintained between the Company and suppliers and a risk diversification strategy has been adopted.

Type	Major raw materials	Major supplier	Supply conditions
Fine chemicals	Phosphoric acid	Jui Chin	Excellent
	TMAH	Organo Technology	Excellent
Basic chemicals	Industrial grade benzoic acid	KALAMA	Excellent
	Glucose	ROQUETTE	Excellent

(4) The name, purchase (sale) amount and ratio of the customers that accounted for over 10% of total purchases (sales) in one of two recent years and the reason for the changes:

1. Major customers

Unit: Thousand NT\$

Item	2023				2022				2024 Q1			
	Name	Amount	%	Relation with issuer	Name	Amount	%	Relation with issuer	Name	Amount	%	Relation with issuer
1	Company A	1,606,529	32.19	None	Company A	1,854,561	33.01	None	Company A	336,572	29.73	None
2	Other	3,384,432	67.81		Other	3,764,039	66.99		Company B	124,259	10.98	None
3									Other	671,282	59.29	
-	Net sale amount	4,990,961	100.00		Net sale amount	5,618,600	100.00		Net sale amount	1,132,113	100.00	

There are no significant changes in our major customers for sales in 2023 compared to 2022.

2. Major suppliers

Unit: Thousand NT\$

Item	2023				2022				2024 Q1			
	Name	Amount	%	Relation with issuer	Name	Amount	%	Relation with issuer	Name	Amount	%	Relation with issuer
1	Supplier A	330,821	11.91	None	Supplier A -	431,026	13.47	None	Other	584,539	100.00	None
-	Other	2,446,175	88.19	-	Other	2,769,891	86.53	None	-	-	-	-
	Purchase	2,776,996	100.00	None	Net Purchase	3,200,917	100.00	-	Net Purchase	584,539	100.00	-

(5) Production Value over Recent Two Years

Unit: Tons / Thousand NT\$

Major product	Year Amount/value	2023			2022		
		Capacity	Production amount	Production value	Capacity	Production amount	Production value
Fine chemicals		61,545	52,395	1,657,289	38,839	36,630	1,641,902
Basic chemicals		7,113	2,394	210,558	8,765	4,441	456,231
Total		68,658	54,789	1,867,847	47,604	41,071	2,098,133

(6) Sales Volume and Value over Recent Two Years

Unit: Tons / Thousand NT\$

Major product	Year Amount/value	2023				2022			
		Domestic		Export		Domestic		Export	
		Amount	Value	Amount	Value	Amount	Value	Amount	Value
Fine chemicals		67,210	3,871,424	825	75,983	65,744	4,224,321	920	164,989
Basic chemicals		57,005	777,751	2,734	265,803	25,531	796,568	3,577	432,722
Total		124,215	4,649,175	3,559	341,786	91,275	5,020,889	4,497	597,711

3. Employees

May 06, 2024

Year		2023	2022	As of May 06, 2024
Number of Employees	Management	48	48	50
	Support staff	335	335	306
	Total	383	383	356
Average Age		41	41.39	42.35
Average Years of Service		10.5	10.5	9.42
EDUCATION	Doctorate	0.82%	0.52%	0.56%
	Masters	19.35%	17.75%	19.10%
	University	57.22%	60.84%	58.99%
	High School (Vocational)	20.98%	19.32%	20.51%
	Below high school (vocational)	1.63%	1.57%	0.84%

4. Environmental Protection Expenditures

(1) Total damages (including compensation) and disposal caused by environmental pollution:

Year Item	2023	2022	As of May 06, 2024
Date	Feb. 01, 2023	Mar. 18, 2022	May 06, 2024
Penalty Ref. No.	Environmental audit- No. 1120010366	Kaohsiung City-EPA-audit-No.11131879100	Kaohsiung City-EPA-audit-No.1130053615
Pollution condition	Violation of Item 4, Article 34 of the Air Pollution Control Act and Article 20 and Item 1, Paragraph 8 of Article 20 of the Regulations and Rules Governing the Establishment of the Administration unit and staffs of the Air Pollution Control Act	Violation of Item 1, Article 20 of the Air Pollution Control Act and Article 2 of the Air Pollutant Emission Standards for Stationary Pollution Sources	Violation of Item 1, Article 14 and Item 1, Article 7 of the Water Pollution Control Act and Article 2 and Item 1 of Article 28 of the Water Discharge Standard.
Violation of content	(Note 1)		
Penalty Amount	NTD200,000	NTD960,000	NTD 4,362,000

(Note 1) Explanation of Violation of Regulations:

03.18.2023

The Environmental Protection Agency, together with inspection companies, dispatched staffs to the plant in Kaohsiung. They collected one set of samples of odor pollutants at the fixed emission point of the pollution source. The detected value of odor pollutants was 17,400 ppm, exceeding the emission standard of 2,000 ppm for odor pollutants in the "emission pipe" stipulated in the "Air Pollutant Emission Standards for Fixed Pollution Sources".

- 02.01.2023 According to the letter Reference No. 1111090092 issued by the Environmental Protection Agency of the Executive Yuan on July 6, 2022, concerning the list of suspected dual-role personnel responsible for air pollution prevention, the Environmental Protection Bureau of Tainan City dispatched personnel to inspect the Shan-Hua Plant. Upon investigation, it was found that Ms. Zhang x-Xin served as the Class A air pollution prevention specialist and concurrently held the position of Class A occupational safety and health manager from March 16, 2020, to July 21, 2022. Therefore, the fact of illegal dual roles for violating the environmental regulations as stipulated for other designated personnel is confirmed.
- 05.06.2024 On February 2, 2024 (Friday), the Tainan City Government Environmental Protection Bureau conducted a special inspection during holidays/nighttime to strengthen enforcement. Around 9:55 PM, they entered the Shan-Hua Plant. The security guard immediately notified the on-duty personnel, Mr. Chen, who accompanied them to the motorcycle shed for sampling. Subsequently, the head of the public utility department and the supervisor arrived at the plant around 10:20 PM. The head of the department accompanied the Environmental Protection Bureau personnel (total 10 people) for a comprehensive inspection of the entire plant area and confirmed that wastewater was flowing out of the plant through the Rain Water Sewer System. As the water sample exceeded the regulatory standards, a notice to rectify or correct the violation of the Water Pollution Control Act was issued.
- (2) Estimated amounts and response measures for current and future occurrences: The potential fines that the Company may face in the future cannot be estimated reasonably due to the determination of the penalty based made by authorities on the actual circumstances of the event. The Company's currently countermeasure is to promote the drafting and preparation of ESG reports and implement stricter environmental control measures, such as lowering air pollution, improving wastewater treatment and reducing waste. In the future, we will focus on energy-saving, carbon reduction, and green environmental work to minimize pollution risks.

5. Labor-Management Relations

- (1) List the employee welfare, continuing education, training, pension system and other measures adopted by the Company, labor-management negotiations and measures taken to uphold employee rights:

1. Employee welfare measures, continuing education, training and implementation status

The Employee welfare items are fully promoted and implemented by the Company. The employee welfare measures being currently implemented are as follows:

Two day weekend, competitive salary levels, Employee education and training, employee medical checkup, employee proposal bonus, advance special leave system, childcare allowance, cash gifts for birthday, maternity allowance, wedding and funeral allowance, hospitalization consolation gift, community allowance, children's education allowance, cash gifts for annual festivals, outdoor activity allowance, and employee travel.

2. Continuing education and training

Regarding the management level and management cadres, the Company introduced the Balanced Scorecard as a medium and long-term strategic operation and objective management tool since 2018, showing the determination of execution and sustainable operation. Management mechanism is enhanced every year in the management and executive training courses for strategy and business performance and regular tracking of results.

The average time per person for participating in education and training in 2023 was 26.81 hours, a significant increase of 130% compared to that in the year of 2022. We provide equal education and training opportunities for all employees regardless of gender. However, on average, male

employees receive 22.99 hours of training per year while female employees receive 55.47 hours, due to the majority of shift workers being male, and thus male employees receive slightly longer training hours than women employees for the need of occupational safety and health certification. However, in terms of online course hours this year, women's training hours increased by 625.96 hours compared to last year, indicating that the Company provides more flexible and diverse learning arrangements in education and training.

The Company pays special attention to personal planning and talent cultivation, and actively encourages employees to participate in various training courses including Company internal and external training courses. The Company's 2023 training hour statistics are shown in the table below:

Description		Male	Female	Total	
Management	Actual number of people during reporting period	38	5	43	
	Hours of training received during the reporting period (practical course)	514	55	569	
	Hours of training received during the reporting period (on-line course)	493.98	150.4	644.38	
	Average hours of training received during the reporting period	26.53	41.08	28.22	
Non-management	Actual number of people during reporting period (practical course)	254	69	323	
	Hours of training received during the reporting period (on-line course)	2511	980	3491	
	Hours of training received during reporting period (on-line course)	3,907.04	1,199.86	5,106.9	
	Average hours of training received during the reporting period	25.27	31.59	26.62	
Total		No.	323	43	366
		Hrs	7,426.02	2,385.26	9,811.28
Total number of employees at the end of the reporting period		No.	323	43	366
Average hours of training received by each employee		Hrs	22.99	55.47	26.81

Since the launch of online learning system in the second quarter of 2018, the convenience of learning courses for colleagues has been increased, so that colleagues can continue to learn and grow, so as to expand their personal potential, enrich career planning and promote self-realization. Online training is divided into six categories: basic training, functional professional skills, advanced work skills, general management functions and senior executive leadership training courses. During the 2023 period, the effectiveness of e-learning platform can be divided into three parts:

- (1) Online new employee training: a total of 21 sessions, that is, to save the time cost of internal lecturer face-to-face teaching, a total of 168 hours.
- (2) Online face-to-face courses: there are 20 courses, including the hazard identification and risk assessment education and training in accordance with the ISO45001 Occupational Health and Safety Standard, seven techniques of quality control, GHP food good hygiene standards, integrity operation procedures and conduct guidelines, SPC statistical process control, FMEA failure mode & effect analysis, safety and health education and training for employees, hazardous chemicals and fire general education and training, seven habits of high-performance professionals, Eight Disciplines (8D) problem solving and analysis

courses, internal employee education and training, BPM basic operation/batch import teaching/DCC training, TSMC product/process change notification education and training, organizational growth and Company development, and concepts of developing correct investment and financial management, for OKR goals and key results, and workplace bullying (no one can stay out of it), hazard general education training (new personnel), RBA overview, and the ISO 50001 energy management system overview.

- (3) Health promotion teaching materials: 18 courses in total, including TCM acupoint massage, weight reduction course, heat injury and prevention, colorectal cancer, hypertension health education lecture, ergonomics concept, stroke, enterovirus and other health knowledge and promotion methods, new COVID-19 prevention guide, diabetes, emergency first aid training, noise hazard prevention, awareness of triglycerides, and awareness of thyroid, tips for maintaining mental health during COVID-19, how to cope with stress, boosting immunity and environmental immunity, and metabolic syndrome, learn how to prevent noise hazards, gastrointestinal diseases, CPR first aid course, importance of health, and dengue fever etc.

The online learning platform is fully and effectively utilized, so that the learning of all colleagues of San Fu is not limited by the environment, and the course content comprises corporate management to daily living, which fully reflects the corporate culture that San Fu Chemical attaches importance to the quality of life of its employees.

3. Pension system and implementation status

The old system retirement pension is based on the “Labor Standards Act”, while new system retirement pension is based on the “Labor Pension Act.” Employers must contribute 6% of monthly wages to the personal account established by the Labor Pension Fund. Employees may also choose to voluntarily contribute up to an additional 6% of their monthly wages to the same account. To ensure the rights and interests of employees' pension benefits, San Fu has also established the “Labor Retirement Preparation Fund Supervisory Committee” to oversee the use of employees’ retirement funds, and commissioned an actuary to regularly conduct retirement fund actuarial assessments and provide evaluation reports to facilitate the Company's allocation of funds to pay employees’ pension in accordance with International Accounting Standard No. 19 (IAS19R). In addition, the Labor Retirement Preparation Fund Supervisory Committee holds meetings periodically and can convene extraordinary meetings as necessary, focusing on the verification of the allocation of funds for the reserve, inspection of fund saving and usage, and ensuring accurate payment of retirement benefits to laborers. Although we have not established a labor union, we still hold regular labor-management meetings in accordance with the government’s labor laws and regulations for two-way communication and collective negotiation.

4. Personnel System and Labor – management Relations

(1) Personnel system

The Company has a comprehensive human resource management system that includes employee recruitment, dismissal, promotion, transfer, education, training, attendance, salary and pensions. Its content covers selection, training, fostering, use and retainment of talent and complies with Company internal controls and ISO requirements.

(2) Labor – management relations

The Company cares about promoting employee welfare and wellness as well as harmonious relations between management and labor and values employee opinions. Labor and management can communicate their ideas by email, opinion boxes or labor-management meetings to maintain excellent relations between both sides.

- (3) Agreement between labor and management and measures for protecting employee rights and interests.

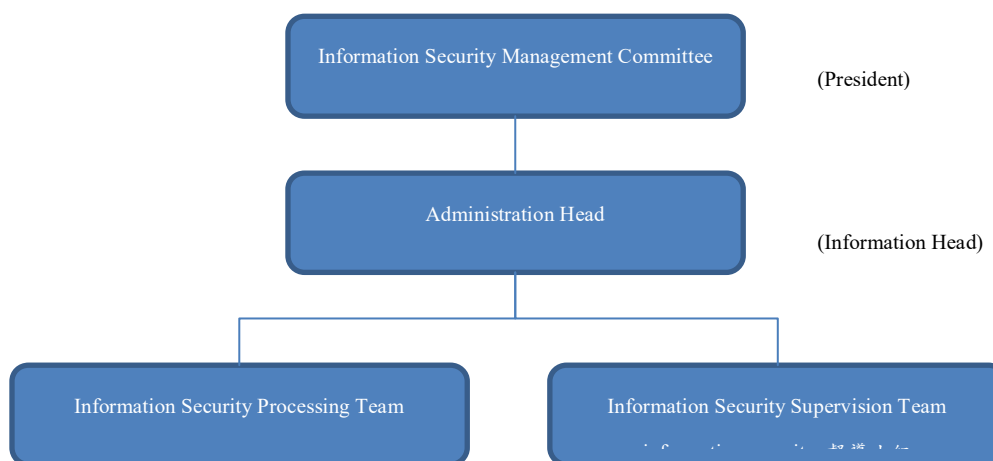
1. Employee rights and interests: The Company holds regular labor-management meetings, and encourages employees' feedbacks and communications for mutual benefits. There is also a workers' welfare committee that actively handles various employee benefits programs, providing a comprehensive range of welfare benefits for employees and their families.
2. Employee Care: Each department manager holds regular communication meetings to establish a good communication atmosphere within the department. In case of emergencies, the HR department or on-site nurse will be notified to provide assistance and care as appropriate. "There is also an employee complaint box, complaint hotline, and e-mail set up. If a complaint is received, it will be investigated and handled according to Company policy, and the results will be communicated back to the employee in a confidential manner.

(2) Estimated Losses for Labor Disputes During the Recent Year and As of the Date of Publication, Disclose Current and Future Estimates of Potential Losses and Counter Measures: None

6. Information Security Management

(1) Information security management strategy and structure:

An information security management committee is set up to strengthen the information security management of the Company and ensure data, system and network security. The committee is convened by the president, and the head of the information center is responsible for implementation and reports to the Board of Directors once a year. This team further includes an information security processing team and an information security supervision team; the information security processing team implements the construction of information security systems, including network management and system management; the information security supervision team cooperates with the Company's Audit Unit to conduct information security audits, including internal and external audits.



(2) Information Security Risk Management Mechanism

Manage and control the access to information room, the security of computer information files, networks, mails and information systems.

(3) Information Security Policy

- Objectives of Information Security:

Establish a safe and reliable computerized operating environment to ensure the security of the Company's data, systems, equipment and networks and protect the Company's interests and the sustainable operation of each unit's information system.

- Scope of Information Security:

(1) Personnel management and information security education and training.

- (2) Computer system security management.
 - (3) Network security management.
 - (4) System access control.
 - (5) System development and maintenance security management.
 - (6) Information asset security management.
 - (7) Physical and environmental security management.
 - (8) Management of information system sustainable operation plan.
 - (9) Auditing of information security.
- Principle and Standard of Information Security:
 - (1) Regularly conduct information security education and training and publicity, including information security policy, information security laws and regulations, information security operating procedure, and methods of properly using information technology facilities, etc., to promote employees to understand the importance of information security, various possible security risks, so as to improve employees' awareness of information security, and comply with information security regulations.
 - (2) To prevent information systems and files from being infected by computer viruses, detection and prevention measures should be taken for computer viruses, and an active intrusion detection system should be established to detect intrusions and malicious attacks and ensure the requirements of computer data security.
 - (3) To prevent the Company from encountering natural disasters or major man-made events, that may cause interruption of important information assets and major business or communication systems, a policy of sustainable operation of information systems should be planned and established.
 - Relevant regulations that employees should follow:
 - (1) After receiving the account application form, the information unit creates a "user ID";
 - (2) Computer data and equipment shall not be arbitrarily destroyed, taken out, borrowed, or improperly modified to maintain data integrity;
 - (3) Use of non-copyrighted software shall be prohibited;
 - (4) After entering the host computer, if the operation ends or the machine is not used for a long time, you should exit the machine, so as to avoid leakage of confidential information, being damaged by others or cause system down;
 - (5) In addition to the principle of convenience, the placement location of computer equipment should be kept away from tea, coffee, sunlight or humid places to prolong the service life of the computer equipment;
 - (6) When resigning or handing over new and old jobs, the Information Department will determine the relevance of data for appropriate disposal;
 - (7) When the computer equipment fails to work normally, the user should immediately notify the Information Department for inspection or maintenance; and
 - (8) Required to receive information security education and training, 2 hours per year.

(4) Specific Information Security Management Plans

Information Security Management Items	Description
Firewall protection	Rules for setting the connection of firewall protection
	An additional application is required for special connection needs
User Online Control Mechanism	An automatic website protection system is used to control user online behavior.
	Users' Internet access to websites that may be linked to Trojans, ransom ware or malicious program will be automatically filtered
Antivirus Software	Antivirus software is used to automatically update the virus patterns to reduce the chance of virus infection.
Operating System Update	The operating system is updated automatically. The information department will assist in updating the system if not updated for some reason.
Email Security Control	There is a protection of automatically scanning emails to prevent unsafe attached files before users receive the emails.
	Expand the scope of protection against phishing emails, spams and malicious links.
	After the personal computer receives an email, the antivirus software scans the email and detects unsafe attached files.
Data Backup Mechanism	The databases of important information systems are backed up daily
Important Files Uploaded to Server.	The Important files of each department of the Company are stored on the server, which is backed up by the Information Department..
Information Security Risk	The Company's customers are mainly corporate customers, and there is no risk of the custody of consumer personal information. After evaluating the coverage of market information security insurance, applicable industries, etc., the Company does not purchase information security insurance policy for the time being, but in response to the challenges faced by information security, software and hardware for relevant information security such as firewall, anti-virus, intrusion prevention system, etc. have been introduced, and the Company continues to pay attention to the changing trend of the information environment, and strengthen our colleagues' awareness of information security crisis and the processing personnel's ability of handling information security.

(5) Resources Invested in Information Security Management

In order to implement the six major information security policies, resources are invested as follows:

- (1) Network hardware devices such as firewalls, mail antivirus, spam filtering, Internet behavior analysis, network management type hub, etc.
- (2) Software systems such as endpoint protection systems, backup management software, VPN authentication and encryption software, etc.
- (3) Telecommunication services such as multiple lines, cloud backup services, intrusion protection services, etc.
- (4) Investing manpower in daily system status check, weekly backup and implementation of backup media offsite, at least two information security education courses a year, annual system disaster recovery drills, annual internal audit of information circulation, auditing by accountants, etc.
- (5) Information security manpower:

The Company's Board of Directors approved the allocation of a dedicated information security manager and at least one dedicated information security staff member on November 6, 2023. At present, one part-time information security supervisor and two part-time information security staff are responsible for the structure and design of information security, the maintenance and monitoring of information security, response and investigation of information security incidents, the review and amendment of the information security policy, and the part-time information security supervisor's reports to the Board of Directors at least once a year.

(6) Information Security Risk and Counter Measures:

The Company has established comprehensive network and computer-related information security protection measures, but the Company still cannot guarantee the computer systems that control or maintain important corporate functions such as the Company's manufacturing operations and accounting are able to completely avoid network attacks from any third-party's paralyzed systems.

These network attacks illegally intrude the Company's internal network system and carry out activities such as damaging the Company's operations and reputation. In worst-case scenario, the Company's important data may be lost and the production lines may be shut down.

The Company continuously reviews and evaluates its information security regulations and procedures to ensure their adequacy and effectiveness, but cannot guarantee that the Company will not be affected by the emerging risks and attacks amid the changing information security threats.

Cyber-attacks may also attempt to steal the Company's trade secrets and other confidential information, such as proprietary information of customers or other stakeholders and the personal data of the Company's employees.

Malicious hackers can also attempt to introduce computer viruses, destructive software or ransom ware into a Company's network systems to interfere with the Company's operations, extort the Company, gain control of computer systems, or spy on confidential information.

These attacks may result in damages to the Company which may have to compensate customers for delayed or interrupted orders; or require a substantial expense to implement remedial and improvement measures to strengthen the Company's cyber security systems; or may result in the Company's involvement in legal cases or regulatory investigations, and significant legal responsibility. due to the leakage of the Company's confidential information or the leakage of confidential information of the Company's employees and customers or a third-party.

The Company has not been attacked in the past for purchasing and installing devices containing malware, and may face similar attacks in the future.

In order to prevent and reduce the damages caused by attacks of this sort, the Company implements relevant improvement measures and continuously updates these measures such as strengthening network firewalls and network control to prevent computer viruses from spreading across plants; building endpoint anti-virus measures according to computer types; importing advanced solutions to detect and handle malware; design and develop security-enhanced PCs for employees' use; design and develop cloud application security policies; introduce new technologies to enhance data protection; enhance phishing email detection; build an integrated automated security, maintain and operate the platform, and regularly conduct employee alertness tests and entrust external experts to perform information security evaluations.

Although the Company continues to strengthen its information security protection measures, there is still no guarantee that the Company is free from malware and hacker attacks.

In addition, the Company needs to share highly sensitive and confidential information to some of the third-party vendors to provide services for the Company and maintain its global relationships in order to obtain related services. Although the Company has signed service contracts with third-party service vendors, they are required to comply with the confidentiality and/or network security regulations. However, there is no guarantee that every third-party service provider will strictly abide by these obligations. For Internal systems and external cloud computing networks maintained by the aforementioned service providers and/or their contractors (such as servers), there is also a risk of cyber-attacks. If the Company or its service providers are unable to resolve the technical issues caused by these cyber-attacks in a timely manner, or ensure that the data integrity and availability of the Company (and its customers or other third parties), or the control of the computer systems of the Company or its service providers, it may seriously affect the Company's commitment to customers and other stakeholders, and the Company's operating results, financial condition, prospects and reputation may also suffer. Significant adverse effects

- (7) Major information security incidents: In the most recent year and as of the publication date of the annual report, there were no major information security incidents that caused the Company to suffer losses or affect its goodwill.

7. Major Contracts:

Nature of Contract	Counterparty	Contract Start Date	Major Contents	Restrictions
Lease	San Fu Global Ltd.	04/01/2012~ 03/31/2032	Land for Liuke Plant	The Company has preemptive right for the land
Sales contract	Ministry of Defense	12/22/2020	New simulated deep diving training cabin	The construction and installation works are expected to be completed within 42 months

VI. Financial Highlights

1. Condensed Balance Sheet and Condensed Statement of Income over the past 5 years

(1) Condensed Balance Sheet and Condensed Statement of Income

(1) Condensed Balance Sheet - Consolidated

Unit: Thousand NT\$

Year		Financial information for most recent five years (Note 1)					As of
Item		2019	2020	2021	2022	2023	March 31, 2024
Current Assets		1,934,710	2,648,020	3,462,476	3,365,724	3,377,906	3,246,852
Financial assets carried at cost, available for sale financial assets and investments accounted for using the equity method		529,595	562,554	543,239	605,755	636,582	609,083
Property, Plant and Equipment		1,446,980	1,776,610	2,278,099	3,018,028	3,415,372	3,446,778
Right-of-use Assets		140,496	141,430	137,211	138,176	128,246	303,078
Intangible Assets						139,458	135,708
Other Assets		173,814	255,810	154,551	93,577	92,056	86,991
Total Assets		4,225,595	5,384,424	6,575,576	7,221,260	7,789,620	7,828,490
Current Liabilities	Before distribution	975,811	1,310,449	2,206,398	2,212,167	2,993,458	3,102,642
	After distribution	1,202,576	1,612,567	2,709,928	2,806,332	Note 2	3,102,642
Noncurrent Liabilities		93,809	281,316	192,589	389,022	350,365	319,562
Total Liabilities	Before distribution	1,069,620	1,591,765	2,398,987	2,601,189	3,343,823	3,422,204
	After distribution	1,296,385	1,893,883	2,902,517	3,195,354	Note 2	3,422,204
Equity Attributable to Shareholders of the Parent Company		3,155,975	3,792,659	4,144,703	4,587,969	4,413,947	4,358,360
Capital Stock		907,060	1,007,060	1,007,060	1,007,060	1,007,060	1,007,060
Capital Surplus	Before distribution	670,626	1,056,191	960,750	762,268	564,657	569,690
	After distribution	643,414	955,485	759,338	560,856	Note 2	569,690
Retained Earnings	Before distribution	1,634,582	1,832,756	2,301,687	2,863,567	2,914,212	2,824,040
	After distribution	1,435,029	1,631,344	1,999,569	2,470,814	Note 2	2,824,040
Exchange Differences on Translation of Financial Statements		-68,651	-127,821	-90,099	-18,377	-45,546	-11,849
Measured at fair value through other comprehensive income		12,358	24,473	-34,695	-26,549	-26,436	-30,581
Non-controlling Interests		-	-	31,886	32,102	31,850	47,926
Total Equity	Before distribution	3,155,975	3,792,659	4,176,589	4,620,071	4,445,797	4,406,286
	After distribution	2,929,210	3,591,247	3,673,059	4,025,906	Note 2	4,406,286

Note 1: The financial information for the above listed years has been verified by independent auditors.

Note 2: The 2023 profit distribution plan was expected to be resolved by the Board of Directors on February 27, 2024 and an amount of NT\$201,412,000 in profit was distributed. The capital reserve allocation was NT\$ 151,059,000, total amount NT\$352,471,000.

(2) Condensed Statement of Comprehensive Income - Consolidated

Unit: Thousand NT\$

Item \ Year	Financial information for most recent five years (Note 1)					As of March 31, 2024
	2019	2020	2021	2022	2023	
Net Revenue	3,936,381	3,818,716	4,779,885	5,618,600	4,990,961	1,132,113
Gross Profit (Loss)	686,856	861,104	1,195,105	1,502,564	1,022,377	257,440
Income (Loss) from Operations	338,636	470,903	721,492	929,822	557,917	130,532
Non-operating Income and Expense	38,329	31,317	107,908	143,051	23,393	24,912
Income before Income Tax	376,965	502,220	829,400	1,072,873	581,310	155,444
Income from Continuing Operation	324,475	399,473	672,710	849,581	443,964	110,381
Loss from Discontinued Operation	-	-	-	-	-	-
Net Income	324,475	399,473	672,710	849,581	443,964	110,381
Other Comprehensive Income	-55,416	-48,801	-24,746	-94,501	-27,874	29,552
Total Comprehensive Income for the Year	269,059	350,672	647,964	944,082	416,090	139,933
Net Income Attributable to Shareholders of the Parent Company	324,475	399,473	673,643	849,365	444,458	111,240
Net Income Attributable to Noncontrolling Interests	-	-	-933	216	-494	-859
Total Comprehensive Income Attributable to Shareholders of the Parent Company	269,059	350,672	648,897	943,866	416,342	140,792
Total Comprehensive Income Attributable to Noncontrolling Interests	-	-	-933	216	-252	-859
Earnings per Share	3.58	4.36	6.69	8.43	4.41	1.1

Note 1: The financial information for the above listed years has been verified by independent auditors.

(3) Condensed Balance Sheet - Unconsolidated

Unit: Thousand NT\$

Year		Financial information for most recent five years (Note 1)				
Item		2019	2020	2021	2022	2023
Current Assets		1,804,099	2,316,628	2,955,555	3,020,303	3,055,607
Financial assets carried at cost, available for sale financial assets and investments accounted for using the equity method		923,069	1,452,102	1,972,393	2,529,314	2,731,696
Property, Plant and Equipment		1,278,879	1,225,180	1,159,071	1,266,309	1,234,098
Right-of-use Assets		72,228	57,252	57,045	61,593	62,271
Other Assets		71,027	136,278	145,835	84,814	88,441
Total Assets		4,149,302	5,187,440	6,289,899	6,962,333	7,172,113
Current Liabilities	Before distribution	899,518	1,128,049	1,968,464	1,993,817	2,476,651
	After distribution	1,126,283	1,430,167	2,471,994	2,587,982	Note 2
Noncurrent Liabilities		93,809	266,732	176,732	380,547	281,515
Total Liabilities	Before distribution	993,327	1,394,781	2,145,196	2,374,364	2,758,166
	After distribution	1,220,092	1,696,899	2,648,726	2,968,529	Note 2
Equity Attributable to Shareholders of the Parent Company		3,155,975	3,792,659	4,144,703	4,587,969	4,413,947
Capital Stock		907,060	1,007,060	1,007,060	1,007,060	1,007,060
Capital Surplus	Before distribution	670,626	1,056,191	960,750	762,268	564,657
	After distribution	634,414	955,485	759,338	560,856	Note 2
Retained Earnings	Before distribution	1,634,582	1,832,756	2,301,687	2,863,567	2,914,212
	After distribution	1,435,029	1,631,344	1,999,569	2,470,814	Note 2
Exchange Differences on Translation of Financial Statements		-68,651	-127,821	-90,099	-18,377	-45,546
Measured at fair value through other comprehensive income		12,358	24,473	-34,695	-26,549	-26,436
Non-controlling Interests		-	-	-	-	-
Total Equity	Before distribution	3,155,975	3,792,659	4,144,703	4,587,969	4,413,947
	After distribution	2,929,210	3,591,247	3,641,173	3,993,439	Note 2

Note 1: The financial information for the above listed years has been verified by independent auditors.

Note 2: The 2023 profit distribution plan was expected to be resolved by the Board of Directors on February 27, 2024 and an amount of NT\$201,412,000 in profit was distributed. The capital reserve allocation was NT\$ 151,059,000, total amount NT\$352,471,000.

(4) Condensed Statement of Comprehensive Income - Unconsolidated

Unit: Thousand NT\$

Item \ Year	Financial information for most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Net Revenue	3,840,853	3,616,758	4,481,607	5,189,273	4,453,473
Gross Profit (Loss)	678,379	827,071	1,146,036	1,460,888	1,003,200
Income (Loss) from Operations	358,652	478,683	746,532	1,015,994	641,983
Nonoperating Income and Expenses	17,918	16,754	73,757	49,061	-69,134
Income before Income Tax	376,570	495,437	820,289	1,065,055	572,849
Income from Continuing Operation	324,475	399,473	673,643	849,365	444,458
Loss from Discontinued Operation	-	-	-	-	-
Net Income	324,475	399,473	399,473	849,365	444,458
Other comprehensive income	-55,416	-48,801	-24,746	94,501	-28,116
Total comprehensive income for the period	269,059	350,672	648,897	943,866	416,342
Basic earnings per share	3.58	4.36	6.69	8.43	4.41

Note 1: The financial information for the above listed years has been verified by independent auditors.

(2) Names of CPAs and their Audit Opinions

1. Names of CPAs and Audit Opinions for the Past Five Years

Year	CPA Firm	Names of CPAs	Audit Opinion
2019	Deloitte Taiwan	Hsu Hsiu-Ming, Wong Ya-Ling	Unqualified opinion
2020	Deloitte Taiwan	Hsu Hsiu-Ming, Wong Ya-Ling	Unqualified opinion
2021	Deloitte Taiwan	Hsu Hsiu-Ming, Wong Ya-Ling	Unqualified opinion
2022	Deloitte Taiwan	Hsu Hsiu-Ming, Wong Ya-Ling	Unqualified conclusion / opinion (significant events or other events)
2023	Deloitte Taiwan	Hsu Hsiu-Ming, Wong Ya-Ling	Unqualified conclusion / opinion (significant events or other events)

2. Five-Year Financial Analysis:

(1) Financial Analysis

(1) Consolidated statement

Item		Financial information for most recent five years (Note 1)					As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt to assets ratio	25.31	29.56	36.48	36.02	42.93	43.71
	Long-term capital to property, plant and equipment ratio	224.59	229.31	191.79	165.97	140.43	137.11
Liquidity Analysis (%)	Current ratio	198.27	202.07	156.93	152.15	112.84	104.65
	Quick ratio	146.70	165.34	112.15	97.62	70.77	63.66
	Interest coverage ratio (times)	52.46	73.47	91.73	57.48	20.56	18.50
Operating Performance	Receivables (times)	3.84	3.66	3.55	3.97	3.85	3.67
	Accounts receivable collecting days	95	100	103	92	95	99
	Inventory turnover (times)	6.51	6.98	6.44	5.73	5.69	5.02
	Average inventory turnover days	56	52	57	64	64	73
	Payables turnover (times)	11.31	12.51	9.45	9.38	9.76	9.45
	Property, plant and equipment turnover (times)	2.53	2.37	2.36	2.12	1.55	1.32
Profitability	Total assets turnover (times)	0.92	0.79	0.80	0.81	0.66	0.58
	Return on assets (%)	7.68	8.43	11.37	12.54	6.23	6.02
	Return on equity (%)	10.33	11.5	16.88	19.32	9.79	9.98
	Pre-tax profit to paid-in capital ratio (%)	41.56	49.87	82.36	106.54	57.72	61.74
	Net margin (%)	8.24	10.46	14.07	15.12	8.9	9.75
	Earnings per share	3.58	4.36	6.69	8.43	4.41	1.10
Cash Flow	Cash flow ratio (%)	58.84	65.25	13.00	52.34	34.93	6.70
	Cash flow adequacy (%)	97.17	96.76	68.14	71.34	74.81	72.78
	Cash flow reinvestment ratio (%)	6.01	9.73	-0.22	8.51	5.84	2.68
Leverage	Operating leverage	3.23	2.89	1.99	1.95	2.56	1.47
	Financial leverage	1.02	1.01	1.01	1.02	1.06	1.07

Explain the reasons for 20% changes in the financial ratios in 2023 and 2022:

1. Current Ratio: The current assets are equivalent to last year's, mainly due to the increase in current liabilities this year compared to last year, resulting in a lower current ratio.
2. Quick Ratio: The quick assets are equivalent to last year's, mainly due to the increase in current liabilities this year compared to last year, resulting in a lower quick ratio.
3. Interest Coverage Ratio: Mainly due to the difference between this year's pre-tax and pre-interest net income and last year's.
4. Fixed Asset Turnover Ratio: Mainly due to the higher average balance of fixed assets, plants, and equipment compared to last year, and the decrease in net sales compared to last year.
5. Total Asset Turnover Ratio: Mainly due to the higher average total asset amount compared to last year, and the decrease in net sales compared to last year.
6. Return on Assets: Mainly due to the increase in total assets compared to last year and the difference in net income after taxes between the two years.
7. Return on Equity: Mainly due to the difference in net income after taxes between the two years.
8. Pre-tax Net Income to Paid-in Capital Ratio: Mainly due to the difference in pre-tax net income between the two years.
9. After-tax Net Profit Margin: Due to the decrease in after-tax net income and operating income compared to last year.
10. Earnings per Share: Mainly due to the difference in net income after taxes between the two years.
11. Operating Cash to Current Liabilities Ratio: Mainly due to the increase in current liabilities this year compared to last year.
12. Cash Reinvestment Ratio: Mainly due to the decrease in net cash flows from operating activities this year compared to last year, and the increase in cash dividends and gross amounts of fixed assets, plants, and equipment compared to last year.
13. Operating Leverage: Mainly due to the decrease in operating profit this year compared to last year.

(2) Unconsolidated statement

Item		Year	Financial information for most recent five years (Note)				
			2019	2020	2021	2022	2023
Capital Structure Analysis (%)	Debts Ratio		23.94	26.89	34.11	34.10	38.46
	Long-Term Fund to Property, Plant and Equipment		254.11	331.33	372.84	392.36	380.48
Liquidity Analysis (%)	Current Ratio		200.56	205.37	150.15	151.48	123.38
	Quick Ratio		151.19	168.62	105.84	97.51	78.26
	Interest coverage ratio (Times)		62.85	88.49	110.93	60.62	21.35
Operating Performance Analysis	Receivables turnover (times)		3.62	3.43	3.44	3.62	3.10
	Accounts receivable collecting days		101	106	106	101	118
	Inventory turnover (times)		6.75	7.50	6.82	5.91	5.75
	Average inventory turnover days		54	49	54	62	63
	Payables turnover (times)		11.13	13.59	11.25	10.56	8.80
	Property, plant and equipment turnover (times)		2.77	2.89	3.76	4.28	3.56
	Total assets turnover (times)		0.91	0.77	0.78	0.78	0.63
Profitability Analysis	Return on Assets (%)		7.8	8.65	11.84	13.03	6.61
	Return on Equity (%)		10.33	11.50	16.97	19.45	9.87
	Pre-tax Income to Paid-in Capital Ratio (%)		41.52	49.20	81.45	105.76	56.88
	Net margin (%)		8.45	11.05	15.03	16.37	9.98
	Earnings per Share		3.58	4.36	6.69	8.43	4.41
Cash Flow	Cash Flow Ratio (%)		54.12	78.09	11.84	60.28	34.52
	Cash Flow Adequacy Ratio (%)		100.61	111.54	84.52	101.47	109.11
	Cash Flow Reinvestment Ratio (%)		4.49	10.33	-1.01	9.27	3.51
Leverage	Operating Leverage		2.99	2.67	1.88	1.77	2.10
	Financial Leverage		1.02	1.01	1.01	1.02	1.05

Explain the reasons for 20% changes in the financial ratios in 2023 and 2022:

1. Quick Ratio: The lower quick ratio is mainly due to an increase in current liabilities in the current year compared to the previous year, while quick assets remain similar to last year.
2. Interest Coverage Ratio (times): The difference in net profit after tax between the current year and the previous year primarily affects this ratio.
3. Total Asset Turnover Ratio (times): The lower total asset turnover ratio is primarily due to an increase in total assets compared to the previous year and the difference in sales amounts between the two years.
4. Return on Assets (ROA): The difference in total assets between the current year and the previous year, as well as the difference in net profit after tax for the two years, primarily affect this ratio.
5. Return on Equity (ROE): The difference in net profit after tax for the two years primarily affects this ratio.
6. Net Profit Margin: The difference in net profit after tax between the current year and the previous year primarily affects this ratio.
7. Earnings Per Share (EPS): The difference in net profit after tax between the current year and the previous year primarily affects this ratio.

Note 1: The financial information for the above listed years has been verified by independent auditors.

Note 2: Cash flows from operating activities was out flowing so it was not calculated.

Note 3: Calculation formulas for financial analysis are as follows:

1. Capital structure analysis

(1) Debt ratio = Total liabilities/ total assets

(2) Long-term fund to property, plant and equipment ratio = (shareholders' equity + noncurrent liabilities) / Net property, plant and equipment

2. Liquidity analysis

(1) Current ratio = Current assets/ current liabilities

(2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities

(3) Times interest earned = Earnings before interest and taxes/ interest expenses

3. Operating performance analysis

(1) Receivables (includes accounts receivable and notes receivables generated from operations) turnover = Net sales/average account receivables (includes accounts receivable and notes receivables generated from operations) balance.

(2) Days sales outstanding = 365/ average collection turnover

(3) Inventory turnover = Cost of sales/ average inventory

(4) Payables (includes accounts payables and notes payables generated from operations) turnover = Cost of goods sold/ average accounts payable (includes accounts payables and notes payables generated from operations) balance.

(5) Average industry turnover days = 365/ inventory turnover

(6) Property, plant and equipment turnover = Net sales/ average net property, plant and equipment

(7) Total assets turnover = New sales/ average total assets

4. Profitability Analysis

(1) Return on assets = [Net income + interest expense × (1 - tax rate)] / average total assets

(2) Return on equity = Net income/ average net equity

(3) Net margin = Net income/ net sales

(4) Earnings per share = (net income attributable to shareholders of the parent Company - preferred stock dividend) / weighted average number of shares outstanding (note 4)

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities/ current liabilities.

(2) Cash flow adequacy ratio = Five-year sum of cash from operations/ five-year sum (capital expenditures + inventory additions + cash dividend).

(3) Cash flow reinvestment ratio = (cash provided by operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other noncurrent assets + working capital) (note 5)

6. Leverage:

(1) Operating leverage = (net sales - variable operating costs and expenses) / income from operations (note 6).

(2) Financial leverage = Income from operations / (income from operations - interest expense).

Note 4: The following items should be given special attention with regard to the formula used for the above earnings per share calculation:

1. It is based on the weighted average number of common stock and not the outstanding shares at year end.
2. Where there is a capital increase by cash or treasury stock transaction, the circulation period should be considered when calculating the weighted average number of shares.
3. Where there is a capital increase from earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, the dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 5: The following items should be given special attention with regard to cash flow analysis:

1. Net cash flow from operating activities is net cash inflow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures is the amount of cash outflows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

3. Audit Committee Members' Report on Financial Reports of the Most Recent Year

San Fu Chemical Co., Ltd. Audit Committee Members' Report

The Board of Directors has prepared the Company's 2023 Business Report, and Financial Statements (including Consolidated Financial Statements). Of these, the financial statements were audited by the CPAs Lilac Shue and Irene Wong Ya-Ling of Deloitte Taiwan and an audit report has been presented.

The above Business Report and Financial Statements were reviewed and determined to be correct and accurate by the Audit Committee Members in accordance with relevant Company regulations and Article 219 of the Company Act and hereby submitted to the Shareholders' Meeting for verification.

2024 Shareholders' Meeting of San Fu Chemical Co., Ltd.

Audit Committee Convener: **Li Zhong-Xi**



March 08, 2024

4. Financial statements for the most recent fiscal year, including an auditor's report prepared by a CPA, a two-year comparative balance sheet and income statement, statement of changes in shareholders' equity, cash flow statement, and any attached notes or appendices: Refer to page. 210-281.
5. Consolidated financial statement for the parent Company and its subsidiaries for the most recent fiscal year, certified by a CPA: Refer to page 145-209.
6. Financial turnover difficulties of the Company and its affiliates: None

VII. Review and Analysis of Financial Conditions and Financial Performance and Risk Items

1. Financial Status

Unit: Thousand NT\$

Item	Year	Dec. 31,2023 Amount	Dec. 31, 2022 Amount	Difference	
				Amount	%
Current assets		3,377,906	3,365,724	12,182	0.36%
Financial assets carried at cost, available for sale financial assets and investments accounted for using the equity method		636,582	605,755	30,827	5.09%
Property, Plant and Equipment		3,415,372	3,018,028	397,344	13.17%
Right-of-use Assets		128,246	138,176	-9,930	-7.19%
Other Intangible Assets		139,458	-	139,458	100.00
Other Assets		92,056	93,577	-1,521	-1.63
Total Assets		7,789,620	7,221,260	568,360	7.87
Current Liabilities		2,993,458	2,212,167	781,291	35.32
Non-current Liabilities		350,365	389,022	-38,657	-9.94
Total Liabilities		3,343,823	2,601,189	742,634	25.88
Capital Stock		1,007,060	1,007,060	0	0.00
Capital Surplus		564,657	762,268	-197,611	-25.92
Retained Earnings		2,914,212	2,863,567	50,645	1.77
Others		-71,982	-44,926	-27,056	-60.22
Non-control Equity		31,850	32,102	-252	-0.78
Total Shareholder Equity		4,445,797	4,620,071	-174,274	-3.77

Explanations for major changes:

1. Other intangible assets mainly consist of the patent rights acquired by subsidiary San Fu Biotech from RIG International Biotech Company in Japan this fiscal year.
2. The changes in current liabilities are primarily due to a 300 million increase in short-term borrowings compared to the previous year, a 220 million increase in contract liabilities - current (advance receipts), and a 200 million increase in other accounts payable.
3. The total liabilities change is mainly attributed to a 190 million increase in borrowings compared to the previous year, a 220 million increase in contract liabilities - current, and a 200 million increase in other accounts payable. Within other accounts payable, the main increases are in engineering retention payables by 100 million and equipment payables by 50 million.
4. The decrease in capital surplus is primarily due to a 200 million reduction resulting from the distribution of capital surplus as dividends.
5. The main change in other equity is attributed to a decrease of 27 million in exchange differences arising from the translation of financial statements of overseas operating entities.

2. Financial Performance

(1) Financial Performance Comparison and Analysis

Unit: Thousand NT\$

Item \ Year	2023	2022	Difference	(%)
Total Revenue	4,990,961	5,618,600	-627,639	-11.17%
Less: Cost of Revenue	3,968,584	4,116,036	-147,452	-3.58%
Gross Profit	1,022,377	1,502,564	-480,187	-31.96%
Income from Operations	557,917	929,822	-371,905	-40.00%
Non-operating Income and Expenses	23,393	143,051	-119,658	-83.65%
Income before Tax	581,310	1,072,873	-491,563	-45.82%
Less: Income Tax Expenses	-137,346	-223,292	85,946	38.49%
Net Income	443,964	849,581	-405,617	-47.74%
Other Comprehensive Income	-27,874	94,501	-122,375	-129.50%
Total Comprehensive Income for the Year	416,090	944,082	-527,992	-55.93%

Analysis of ratio increases or decreases in the last two years:

1. The decrease in gross profit is primarily due to weak demand for panels in the current year and the impact of competitive factors in the market environment.
2. The decrease in net operating profit is mainly due to the reduction in gross profit compared to the same period last year.
3. The decrease in non-operating income is due to a decrease of 50 million in investment income from mainland China and a decrease of 57 million in exchange gains.
4. The variation in pre-tax net profit is primarily due to decreases in both gross profit and non-operating income.
5. The decrease in income tax expense is due to the decrease in pre-tax net profit.
6. The decrease in other comprehensive income is 120 million, with the main reasons as follows:
 - a. A decrease of 81 million in the exchange differences resulting from the translation of financial statements of foreign operations.
 - b. A decrease of 20 million in actuarial gains and losses related to defined benefit plans, primarily due to the impact of increased discount rates and interest rates.
 - c. A decrease of 18 million in the share of other comprehensive income of associates and joint ventures accounted for using the equity method, mainly due to the impact of investments in mainland China.

3. Cash Flow

(1) Cash Flow Analysis for the Recent Year

Unit: Thousand NT\$

Cash Balance at Start of Period	Net Cash Provided by Operating Activities	Net Cash Used for Investment Activities	Net Cash Used for Financing Activities	Effect of Exchange Rate Changes	Cash Balance at End of Period
602,138	1,045,739	(729,962)	(424,147)	(4,546)	489,222

1. Operating activities: Mainly due to the increase in cash inflows of the net profit after tax this year.
2. Investment activities: Mainly due to the cash outflow of NT\$ 775 million for the acquisition of

property, plant and equipment this year.

3. Financing activities: Mainly due to changes in dividend payment, loan and debt payment in this year.

(2) Cash Flow Analysis for the Coming Year

Unit: Thousand NT\$

Cash Balance at Start of Period	Net Cash Provided by Operating Activities in the Year	Cash Outflow in the Year	Cash Inflow in the year	Cash Balance (Shortfall)	Remedy for Liquidity Shortfall	
					Investment Plan	Financing Plan
489,222	1,078,592	(502,880)		1,064,934	-	-

Cash inflow analysis: Mainly attributable to net income, depreciation and amortization.

Cash outflow analysis: The cash outflow is mainly from the estimated capital outflow of Snafu

Chemical, San Fu Vietnam and International Nitto for the year.

Note: The Company's cash flow is currently not experiencing any liquidity issues.

4. Effect of major capital expenditures on finance and business in the recent year: N/A
5. Reinvestment policy in the recent year, major causes of profits and losses, improvement plan and investment plan for the coming year

(1) Reinvestment policy

The Company's management conduct reinvestment based on Company operation or strategy goals. Related units submit professional information which is compiled and submitted to responsible supervisor for evaluation and recommendations. After the investment proposal is written up, an evaluation of the invested companies past and future prospects, market status and health of operations is performed and the proposal is implemented after being passed by the Board of Directors.

(2) Major cause of reinvested enterprise profits or losses and improvement plan

Unit: Thousand NT\$ /12/31/2023

Item \ Description	2023 profit or (loss) of invested Company	Shareholding (%)	Major reason for profit or loss	Improvement plan	Other future investment plans
San Fu Specialty Chemicals Investments Limited (SAMOA)	19,309	100.00	This Company's profits are considered normal.	-	None
VinaSan Fu Industrial Gas Company Limited	(42,080)	100.00	This Company's operations are considered normal.	-	None
VinaSan Fu Material Company Limited	(22,636)	100.00	This Company's operations are considered normal.	-	None
San Fu Biotech Co., Ltd.	236	93.48	This Company's profits are considered normal.	-	None
International Nitto Technology Co., Ltd.	(23,314)	100.00	This Company's operations are considered normal.	---	None
Horng Cherng Enterprise Co., Ltd.	1,957	50.00	This Company's profits are considered normal	-	None
Li Fu Carbonic Acid Co., Ltd.	(3,916)	87.00	This Company's operations are considered normal.	-	None
Shian Yun Joint Stock Company	6,019	33.33	This Company's operations are considered normal	-	None
Sino Star Holding Limited	13	100.00	-	-	None
VinaSan Fu Materials Trading Co., Ltd.	12,694	100.00	This Company's profits are considered normal	-	None

(3) Investment plan for the coming year:

The TMAH-R Phase II plant will be constructed to expand the semiconductor chemical business.

6. Risk items and assessment for the recent year and up to the annual report publication date

- (1) The effect on Company profit or loss of interest and exchange rate fluctuations and changes in the inflation rate and countermeasures:

1. The effect on Company profit or loss of interest rate fluctuations in recent years and future countermeasures:

- (1) Effect on profit or loss

The Company's interest incomes in 2023 and 2022 were NT\$7,506,000 and NT\$6,660,000 and respectively, accounting for 1.29 and 0.62% of the net profit before tax in that year, and the net interest expenses in 2023 and 2022 were NT\$29,721,000 and NT\$18,997,000 and respectively, accounting for 5.11% and 1.77% of the net profit before tax in that year. The risk of interest income and interest expense to the Company's profit and loss is still controllable.

- (2) Future countermeasures

The Company's interest rate risk is mainly from long and short-term bank loans and short-term funds used for operating capital requirements. For significant long-term investments, the planning will include long-term loan interest rates. As for bank loan interest rates, San Fu will stay in close communication with banks to understand interest rate trends in order to receive the most preferential interest rates for our loans and select multiple banks to strive for the most favorable loan interest rates.

2. The effect on Company profit or loss of exchange rate fluctuations in recent years and future countermeasures:

- (1) Effect on profit or loss

The exchange gains and losses of the Company in 2023 and 2022 were NT\$12,112,000 of exchange loss and NT\$44,638,000 of exchange gains, accounting for 2.08% and 4.16 % of the net profit before tax of the year respectively. Most of the Company's products are sold domestically and most of our exported products are priced in US dollars. Some foreign purchases are also priced in US dollars. The offset of account receivables has a certain level of natural hedging effect. So, any significant disadvantageous international exchange rate change may still have a disadvantageous effect on currency exchange.

- (2) Future countermeasures:

- A. Collect market information to determine trends and evaluate risks. Stay in close communication with banks to keep informed about exchange rate trends. Adjust foreign currency positions at appropriate times to avoid current exchange risks.
- B. Consider exchange rate factors in price quotations to maintain Company profits.

3. The effect of inflation rates on Company profit and loss in recent years and future countermeasures:

The Company keeps track of fluctuations in market prices and maintains excellent relations with suppliers and customers. If inflation results in rising purchasing costs, the Company will adjust sales and purchase prices to reduce the effect of inflation on operations.

- (2) Company policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions, main reasons for the profits or losses and future countermeasures:

1. The Company focuses on our core business in line with our guiding principles of stable and practical business operation and has never engaged in high risk / high leverage investment.
2. The Company has set up Loan of Funds to Other Parties procedures to serve as basis for loaning funds to other parties. As of the publication of this Annual Report, the balance of the Company's fund loans to others is NT\$1,210,000,000. The amount used so far is NT\$481,604,250, so the balance is NT\$728,395, 750.
3. The Company has set up Endorsement and Guarantee procedures to serve as a basis for

endorsement and guarantee work. As of the date of publication of this Annual Report, the balance of endorsement and guarantee of the Company is NT\$1,100,000,000, NT\$890,540,000 has been used, so the balance is NT\$209,460,000.

4. The Company's financial risk avoidance strategy is based upon avoiding exchange rate fluctuation risks. Related derivative product transactions are conducted in accordance with the Company's Acquisition or Disposal of Assets procedure and are fully disclosed in our financial statements.

(3) Future R&D programs and expected investment of R&D funds

1. Expanding existing product lines and meeting the material demands of emerging industry trends:
 - a. Leveraging the advantage in reclaiming TMAH developer market share and integrating purification techniques and formulation knowledge to develop IC-grade developers. This enables recycled products to be reused by IC customers, promoting circular economy practices.
 - b. Developing nano-materials to fulfill the demand for localized critical materials in the IC industry, serving as alternatives to imported materials.
 - c. Developing formulations of electronic chemicals to meet the product requirements of LCD, IC packaging, and IC manufacturing customers.
 - d. Collaborating with various universities to research and develop electrolytes and negative electrode materials for lithium batteries, nurturing talent in the battery field and enhancing R&D capabilities.
 - e. Responding to the increasing demand for high-purity chemicals driven by the advancement of the IC industry, developing high-purity chemicals using purification techniques to meet customer needs.
 - f. Continuously improving the processes for existing products such as PHBA, Paraben, CHA, DCHA, and TMAH, making processes more energy-efficient and cost-effective to generate profits. Additionally, the Company is expanding its capabilities by acquiring and updating research and analysis equipment, including anaerobic and anhydrous atmosphere glove boxes, ICP MS/MS, LC-MS Q-TOF, Ion Chromatography (IC), TGA-DSC, and other equipment to meet IC customer requirements for ppt-level detection limits and to serve as tools for the application development and analysis of new chemicals.

2. The R & D investment in 2023 is about NT\$58,000,000. Please refer to the following table for R & D program and plan description:

Recent Annual Plan	Current Progress	Reinvested R&D Funds (Thousand NT\$)	Mass Production Completion Date	Major Factors Affecting Success of Future R&D
The recycled TMAH developer solution is used for purification applications at the semiconductor level.	The IC-grade production plant has been completed and is currently undergoing trial runs and optimization.	20,000	2024 Q1	Purified resin and equipment stability
High-stability gel electrolytes applied in lithium batteries.	Production of gel electrolyte polymer membranes.	4,000	End of 2024	Coordination of colloidal electrolyte with the conditions of positive and negative electrode materials and establishment of detection method
Development of Silica Nano colloids as Next Generation CMP Abrasives.	The synthesis conditions determine the ability to stably control the required particle size,	10,000	End of 2024	Collection of customer verification data
Synthesis and development of novel environmentally-friendly fluorinated surfactants.	Exploration of synthesis conditions and establishment of purification methods.	10,000	End of 2025	Search for suitable reaction mechanism and catalyst
Development of the formula of an LCD recycled copper etchant solution and its recycling system	Already certified by customer	4,000	End of 2024	Compatibility between formula and purified resin
Development of universal formula of the release agent for IC bump process	Already certified by customer, and developing according to customer requirements	10,000	End of 2024	Collection of customer's certification data

(4) Effect of domestic and international policy and legal changes on Company finances and countermeasures:

The Company's finances and business has not been recently affected by domestic or international policy and legal changes. Appropriate measures are taken when there are domestic or international policy and legal changes so they will not have an effect on the Company finances or business.

(5) Effect of changes of technology (including information security risk) and industry on Company finances and countermeasures:

The Company keeps informed of industry technology, developments and changes, closely monitors industry activity and constantly improves its R&D capabilities. In the future, San Fu will actively develop application fields in related markets. Therefore, technology and industry changes will not have a significant effect on Company finances and business. As to information security, we continue investing manpower and resources to strengthen the protection, preservation and prevention of improper and illegal access of customer data. Please refer to Pages 73-76 of the annual report for information on the impacts of information security risks on the Company's financial operations and their countermeasures.

(6) Effect of changes in the corporate image on Company crisis management and countermeasures:
The Company does not seek illicit profit. The business operation model of our professional R&D team is to establish a fresh image in the industry and promote socio-economic development, improve the environment and guarantee employee rights. San Fu strictly follows the laws and regulations of competent authorities. As of now, the Company has maintained an excellent corporate image and no major changes has caused a crisis in corporate management.

(7) Expected benefits and possible risks of mergers and acquisitions: Not applicable

(8) Expected benefits and possible risks of plant expansions:

In recent years, with the thriving development of Taiwan's IC industry, the overall demand for TMAH in this industry has far exceeded that of the panel industry. Currently, over 80% of the raw materials for TMAH recycling plants come from the IC industry. In order to realize the ultimate significance of recycling and achieve the goal of sustainable circulation, San Fu invested heavily two years ago to transform its subsidiary, International Nitto, located in Southern Taiwan Science Park. The aim is to make it a production base for ultra-high-purity IC-grade TMAH recycling. This transformation will refine the received waste solution into finished products of IC grade, which will then be supplied back to customers in the user end.

At the beginning of last year, the electrolysis plant in the first phase was completed and put into operation, continuously producing 25% TMAH initial products with metal ion levels below 1 ppb. In the later part of the fourth quarter, the purification line of the precision plant was completed and put into operation, initiating the purification process of the 25% TMAH initial products from electrolysis. This process aims to reduce the metal ion content in the 25% TMAH product to a level of 10 ppt. The target was achieved early this year, and the quality is currently stable. In line with the continuous production of high-purity products from the purification line, the 2.38% dilution line also commenced trial operation in March of this year. The goal is to achieve all-metal ion levels below 1 ppt for the 2.38% dilution products by the second quarter, meeting the verification requirements of Company T as a top priority.

International Nitto Technology Co., Ltd. plans to continue maximizing the capacity of the first phase this year, with the primary goal of maintaining quality and meeting the verification requirements of Company T. The output of IC-grade products primarily meets the demands of the IC industry, with the remaining products supplied to the panel industry. Once the verification progress with Company T is completed, the Company plans to initiate the second phase.

With the increasing expansion of the IC industry, the development of IC-grade TMAH recycling solution has become imperative. Therefore, whether the recycled products can successfully pass Company T's verification threshold is the biggest challenge. The time required for verification also affects the profit timeline of the group. Currently, the IC-grade 25% TMAH produced by International Nitto Technology Co., Ltd. is sold to the panel industry at a lower price than expected, resulting in lower profits. Therefore, besides Company T, although many IC customers are interested in Nitto's products, accelerating their verification process is crucial to potentially growing Nitto's profits in the short term.

(9) Risks associated with business concentration:

1. Purchase: The Company has stable supply channels to acquire raw materials. The supplier that San Fu cooperates with maintain high standards with regard to quality and quantity. In addition to supplying San Fu, our suppliers supply different customers at various locations. With regard to special raw materials, San Fu has adopted cooperation through shareholding approach to gain control over raw material provision. If there is a shortage of raw materials in the market, the Company is given priority.

for other raw materials, two or more suppliers are kept to maintain stable delivery. Excellent relations are maintained between the Company and suppliers and a risk diversification strategy has been adopted. Due to this strategy, the Company has not yet experienced raw material

shortages or supply disruption.

2. Sale: The Company mainly supplies its fine chemicals to the display industry. In order to avoid overconcentration on display industry customers and bearing its greater effects and risk, San Fu has steadily increased its percentage of sales to the solar industry and is actively crossing over into the wafer foundry and LED industries. In the futures, our sales will be spread across the wafer foundry, display, solar energy and LED industries. With respect to export sales, the Company has sales customers in China, India and Singapore. As demand for chemicals rise sharply in China and other regions, this business will make up an increasingly higher percentage of total sales. In the future, San Fu will greatly increase our business to other industries and countries to effectively diversify sales risk.

(10) Impact or risk associated with large transfers or changes in shareholdings by directors or major shareholders with holdings over 10%: There has been no large transfer of shareholdings by the Company's directors, supervisors or major shareholders with holdings over 10% so there has been no major impact on operations due to large transfers or changes in shareholdings.

(11) The effect of ownership changes on the Company and its risk: The Company has not passed through any ownership change.

(12) Litigious and non-litigious matters that could have a major effect on shareholder equity or security prices: No such events have occurred at the Company in 2023 and as of the publication date.

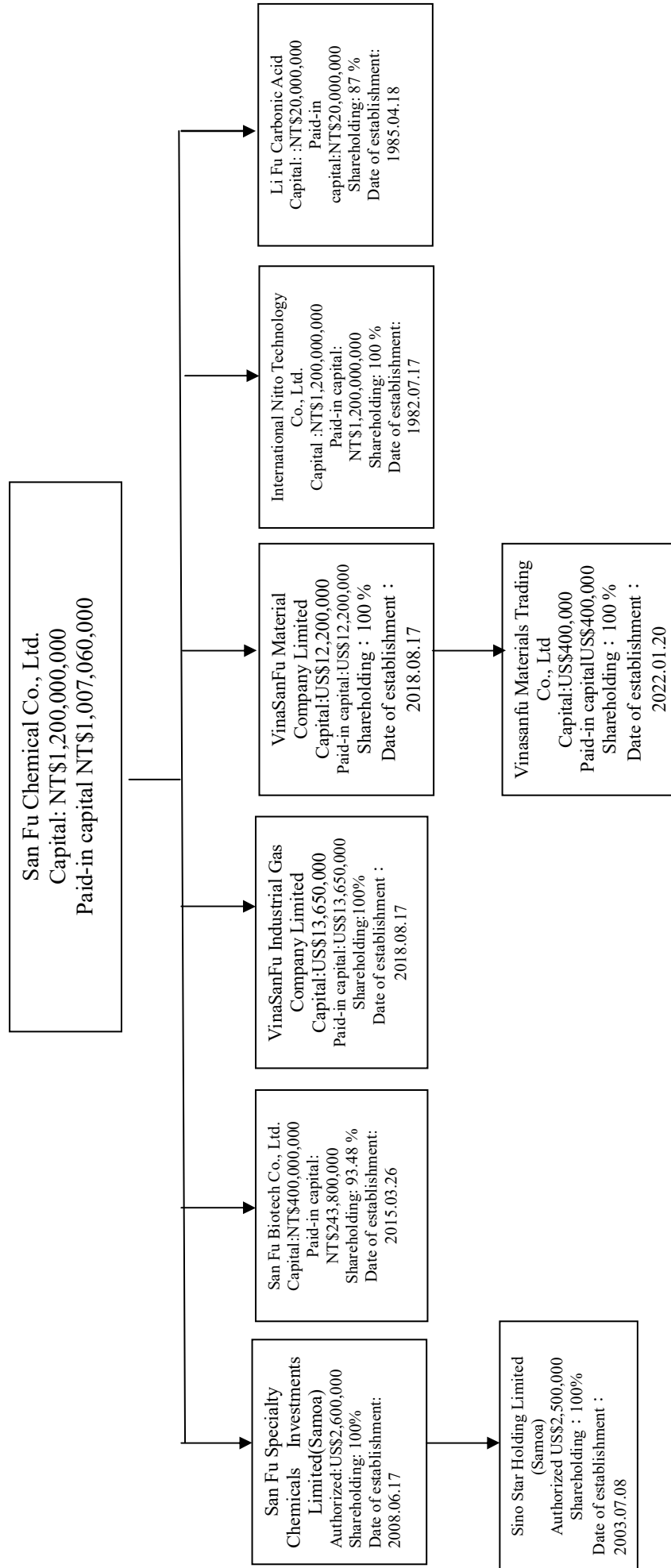
(13) Other important risks: Besides the related information security risk evaluation performed by the Company's Information Department, there were no other significant risks in 2023 and up to the date of annual report publication.

7. Other significant events: None

VIII. Special Disclosures

1. Affiliated Company information

(1) Affiliated Company organization chart



(2) Summary of Affiliated Companies

Company	Date of Establishment	Address	Currency	Paid-in Capital	Main Business or Items Produced	Shareholder percentage	Exchange Rate
San Fu Specialty Chemicals Investments Limited	2008	Portullis TrustNet Chambers, P.or.Box 1225, Apia, SAMOA	USD	2,350,840	General investment	100%	30.705
Sino Star Holding Limited	2008	Portullis TrustNet Chambers, P.or.Box 1225, Apia, SAMOA	USD	1,867,838	General investment	100%	30.705
San Fu Biotech Co., Ltd.	2015	7F, No. 21 Zhongshan N. Rd. Sec. 2, Taipei City	NTD	243,800,000	Manufacturing and sales of food additives	93.48%	1
VinaSan Fu Industrial Gas Company Limited	2018	609 Room, 6F, DMC tower, No 535, Kim Ma street, Ba Dinh district, Ha noi city, Vietnam	USD	13,650,000	Manufacturing and sales of industrial gases	100%	0.001245
VinaSan Fu Material Company Limited	2018	609 Room, 6F, DMC tower, No 535, Kim Ma street, Ba Dinh district, Ha noi city, Vietnam	USD	12,200,000	Manufacturing and sales of electronics chemicals	100%	0.001245
International Nitro Technology Co., Ltd.	2002	No. 26 Huangdong Rd. Sec. 2 Sanhua District, Tainan City Southern Taiwan Science Park	NTD	1,200,000,000	Recycle and re-manufacturing of TMAH	100%	1
Li Fu Carbonic Acid Corp.	1985	No. 447, Zhonghua Rd, 16 th Neighborhood, Luzhu, Tufen City, Miaoli County	NTD	20,000,000	Manufacturing of Carbon dioxide gas and dry ice	87%	1
VinaSan Fu Materials Trading Co., Ltd.	2022	144 No, Phung Phap St., Dang Giang Ward, Ngo Quyen Dist., Hai Phong city, Viet Nam	USD	400,000	Trading of electronics chemicals	100%	0.001245

Note 1: All affiliated companies regardless of their size have been disclosed.

Note 2: The plant name, establishment date, address and major product items manufactured by the Company should be listed if the affiliated Company has plants and the sales value of the products manufactured by the plants exceeds 10% of Company revenues.

Note 3: If the affiliated Company is a foreign Company, the Company name and address should be stated in English, the Western calendar should be used for the establishment date and paid-in capital should be listed in the foreign currency (but the exchange rate on the reporting date should be included).

(3) Companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act: There are no affiliated companies that the Company has a presumed relationship of control and subordination.

(4) If affiliated companies have interlocking businesses, describe their division of work:

1. International Nitro Technology Co., Ltd., VinaSan Fu Material Company Limited and VinaSan Fu Materials Trading Co., Ltd: Production and sales of specialty chemicals and electronic chemicals.
2. Li Fu Carbonic Acid Corporation and VinaSan Fu Gas Company Limited: Production and sales of food additives.
3. San Fu Biotechnology Company: Production and sales of food additives.
4. San Fu Specialty Chemicals Investments Limited and Sino Star Holding Limited: Investment holding.

(5) Name of the directors, supervisors, presidents at each affiliated enterprise, their shareholding and investment:

(5) Name of the directors, supervisors, presidents at each affiliated enterprise, their shareholding and investment:

Company	Title	Name or Representative	Shareholding	
			Shares	%
San Fu Specialty Chemicals Investments Limited	Director	San Fu Chemical Co., Ltd. Representative – Wu Hsin-Hung	2,350,840	100%
Sino Star Holding Limited	Director	San Fu Specialty Chemicals Investments Limited Representative – Wu Hsin-Hung	1,867,838	100%
San Fu Biotech Co., Ltd.	Director	San Fu Chemical Co., Ltd. Representative – Wu Hsin-Hung	22,790,000	100%
VinaSan Fu Industrial Gas Company Limited	President	San Fu Chemical Co., Ltd. Representative – Chen Jie-Yu	-(note)	100%
VinaSan Fu Material Company Limited	President	San Fu Chemical Co., Ltd. Representative – Chen Jie-Yu	-(note)	100%
International Nitto Technology Co., Ltd.	Director	San Fu Chemical Co., Ltd. Representative- Tsai, Chieh Jung	120,000,000	100%
Li Fu Carbonic Acids Corp.	Director	San Fu Chemical Co., Ltd. Representative – Wu Hsin-Hung	1,740	87%
VinaSan Fu Materials Trading Co., Ltd.	President	San Fu Chemical Co., Ltd. Representative – Chen Jie-Yu	-(Note)	100%

Note: Indirect investment by the Company in Vietnamese companies is by limited liability Company so there are no shares.

(6) Operational Highlights of Affiliated Companies

Company Names	San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	San Fu Biotech Co., Ltd.	VinaSan Fu Industrial Gas Company Limited	VinaSan Fu Material Company Limited	International Nitro Technology Co., Ltd.	Li Fu Carbonic Acids Corp.	VinaSan Fu Materials Trading Co., Ltd
Currency	USD	USD	NTD	VND	VND	NTD	NTD	VND
Paid-up Capital	2,350,840	1,867,838	243,800,000	317,573,525,000	283,445,300,000	1,200,000,000	20,000,000	9,309,600,000
Total Assets	19,092,860	1,946,842	508,824,219	421,696,388,992	291,459,617,400	1,549,129,369	21,679,941	46,589,094,480
Total Liabilities	0	0	220,556,641	187,004,371,784	75,777,020,454	417,693,124	4,491,319	27,400,731,624
Net value	19,092,860	1,946,842	288,267,578	234,692,017,208	215,682,596,946	1,131,436,245	17,188,622	19,188,362,856
Operating Revenue	0	0	370,965,958	9,553,430,685	660,087,250	87,212,107	161,099	65,140,279,683
Net Income	0	0	(1,964,643)	(1,683,384,093)	(2,430,658,743)	(35,015,085)	(3,940,091)	12,945,130,362
Profit & loss current period (after tax)	619,799	405	235,634	(2,426,667,226)	(2,564,036,759)	(23,693,523)	(3,915,649)	9,883,758,003
Earnings per share	0.26	0.00	0.01	—(Note 1)	—(Note 1)	(0.20)	(1,957.82)	—(Note 1)

Note 1: Indirect investment by the Company in Mainland China is by limited liability Company so there are no shares.

(7) Consolidated income statements of affiliated companies

The list of companies required to be included in the consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" by the Company in 2023 (January 1, 2023 to December 31, 2023) is identical to the list of companies already included in the consolidated financial statements, prepared in accordance with IFRS 27. Since all information required above has already been disclosed in the consolidated financial statements, the Company would not prepare separate consolidated financial statements for affiliated enterprises.

(8) Affiliated Company reports: Not applicable

2. Private placement of securities in the most recent year and current year up until the publication date of this annual report: None
3. Holdings or disposal of Company shares by subsidiaries in the most recent year and current year up until the publication date of this annual report: None.
4. Other necessary supplementary matters: None

IX In the Most Recent Years and as off to the Date of Publication of the Annual Report, Events Which Have A Material Impact on the Equity of Shareholders or the Price of Securities as Specified in Item 3,2 of Article 36 of the Securities Exchange Law: None

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of San Fu Chemical Co., Ltd. as of and for the year ended December 31, 2023 (from January 01 to December 31, 2023) under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises “ are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements of parent and subsidiary companies. Consequently, San Fu Chemical Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

SAN FU CHEMICAL CO., LTD.

By



SIMON WU
Chairman

March 12, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
San Fu Chemical Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively referred to as the “**Company**”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Occurrence of sales revenue

The operating income of Sanfu Chemical Co., Ltd. and its subsidiaries mainly comes from the sales of fine chemicals, basic chemicals and others. For accounting policies and information related to revenue, please refer to Notes 4, 22 and 29 of the consolidated financial statements. Fine chemical products include the sale of fine chemicals. Domestic sales of fine chemicals are partly transported and delivered by tanker trucks. The actual delivery quantity on the scale or shipping order must be checked to confirm the occurrence of sales transactions. In addition, the revenue of domestic sales of fine chemicals of NT\$3,374,596,000 is the main business item of the Company. Moreover, transactions are frequent, and its revenue in 2023 accounted for approximately 68% of the net operating income in the consolidated financial statements. Therefore, for the domestic sales of fine chemicals, the occurrence of related sales transactions is listed as a key audit matter for this year.

The main audit procedures performed by our accountants on the above matters are as follows:

1. Understand the relevant internal control systems for sales transactions and test their design and implementation effectiveness.
2. Select samples from the sales details of domestic fine chemicals and check them with the scale list or shipping documents to confirm the occurrence of sales transactions, and randomly check the collection records of samples that have expired before the reporting deadline to further prove the occurrence of the income

Other Matter

Among the subsidiaries included in the consolidated financial statements of Sanfu Chemical Co., Ltd. and its subsidiaries, the financial statements of Sanfu Biotech Co., Ltd., VinaSanFu Industrial Gas Company Limited and VinaSanFu Material Company Limited have not been audited by the accountants of the Deloitte & Touche, Taipei, Taiwan, but by other accountants. Therefore, in the opinions expressed by the accountants on the above-mentioned consolidated financial statements, the amounts listed in the aforementioned company's financial statements are based on the audit reports of other accountants. The total assets of these subsidiaries on December 31, 2023 and December 31, 2022 was respectively NT\$ 1,441,415,000 and NT\$1,220,264,000 which represented 19% and 17% of the total consolidated assets. The net operating income from January 1 to December 31, 2023 and from January 1 to December 31, 2022 was respectively NT\$595,363,000 and NT\$460,144,000 which represented respectively 12% and 8% of the consolidated operating income.

We have also audited the standalone financial statements of the Parent Company of the San Fu Chemical Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

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

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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shioh-Ming Shue and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

This is the translation of the financial statements. CPAs do not audit or review on this translation.

Sanofi Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

Code		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
ASSETS					
CURRENT ASSETS					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 489,222	6	\$ 602,138	8
1110	Financial assets at fair value through profit or loss - current (Note 7)	-	-	11,890	-
1136	Financial assets at amortized cost-current (Notes 4 and 9)	193,565	2	238,427	3
1140	Contract asset - current (Notes 4 and 22)	10,347	-	8,173	-
1150	Notes receivable, net (Notes 4 and 10)	37,815	1	43,300	1
1170	Accounts receivable, net (Notes 4 and 10)	1,290,632	17	1,185,450	17
1180	Receivables from related parties (Notes 4 and 29)	12,820	-	10,062	-
130X	Inventories (Notes 4 and 11)	678,661	9	717,450	10
1410	Prepayments (Note 22)	580,764	7	488,861	7
1220	Current tax assets	124	-	79	-
1470	Other current assets	<u>83,956</u>	<u>1</u>	<u>59,894</u>	<u>1</u>
11XX	Total current assets	<u>3,377,906</u>	<u>43</u>	<u>3,365,724</u>	<u>47</u>
NONCURRENT ASSETS					
1517	Financial asset at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	161,197	2	100,851	1
1550	Investments accounted for using equity method (Notes 4 and 13)	475,385	6	504,904	7
1600	Property, plant and equipment (Notes 4 and 14)	3,415,372	44	3,018,028	42
1755	Right-of-use asset (Notes 4 and 15)	128,246	2	138,176	2
1780	Intangible assets (Notes 4 and 16)	139,458	2	-	-
1840	Deferred income tax assets (Notes 4 and 24)	31,614	-	26,589	-
1915	Prepayments for equipment	40,487	1	59,709	1
1920	Refundable deposits	<u>19,955</u>	<u>-</u>	<u>7,279</u>	<u>-</u>
15XX	Total noncurrent assets	<u>4,411,714</u>	<u>57</u>	<u>3,855,536</u>	<u>53</u>
1XXX	TOTAL ASSETS	<u>\$ 7,789,620</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term loans (Note 17)	\$ 1,220,044	16	\$ 926,869	13
2130	Contract liabilities - current (Notes 4 and 22)	481,931	6	260,165	4
2170	Notes and accounts payable (Note 18)	435,007	5	364,719	5
2180	Accounts payable - related parties (Note 29)	5,975	-	7,368	-
2200	Other payables (Note 19)	591,080	8	387,151	5
2230	Current tax liabilities (Notes 4 and 24)	138,753	2	138,291	2
2280	Lease liabilities-current (Notes 4 and 15)	15,026	-	22,485	-
2320	Long-term liabilities - current portion (Note 17)	100,000	1	100,000	2
2399	Other current liabilities	<u>5,642</u>	<u>-</u>	<u>5,119</u>	<u>-</u>
21XX	Total current liabilities	<u>2,993,458</u>	<u>38</u>	<u>2,212,167</u>	<u>31</u>

(Continued)

Sanmin Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

NONCURRENT LIABILITIES					
2540	Long-term loans (Note 17)	225,000	3	325,000	4
2570	Deferred income tax liabilities (Notes 4 and 24)	8,495	-	8,474	-
2580	Lease liabilities-noncurrent (Notes 4 and 15)	48,374	1	47,503	1
2640	Net defined benefit liabilities – noncurrent (Notes 4 and 20)	7,626	-	6,676	-
2670	Other noncurrent liabilities	<u>60,870</u>	<u>1</u>	<u>1,369</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>350,365</u>	<u>5</u>	<u>389,022</u>	<u>5</u>
2XXX	Total liabilities	<u>3,343,823</u>	<u>43</u>	<u>2,601,189</u>	<u>36</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 21)					
Capital Stock					
3110	Ordinary shares	<u>1,007,060</u>	<u>13</u>	<u>1,007,060</u>	<u>14</u>
3200	Capital surplus	<u>564,657</u>	<u>7</u>	<u>762,268</u>	<u>11</u>
Retained earnings					
3310	Legal capital reserve	444,716	6	358,315	5
3320	Special capital reserve	44,926	1	124,794	2
3350	Unappropriated earnings	<u>2,424,570</u>	<u>31</u>	<u>2,380,458</u>	<u>33</u>
3300	Total retained earnings	<u>2,914,212</u>	<u>38</u>	<u>2,863,567</u>	<u>40</u>
Others					
3410	Exchange differences on translating foreign operations	(45,546)	(1)	(18,377)	-
3420	Unrealized evaluation gains and losses of the equity instrument investment benefit measured at fair value through other comprehensive income	(26,436)	=	<u>(26,549)</u>	(<u>1</u>)
3400	Total other equity	(<u>71,982</u>)	(1)	<u>(44,926)</u>	(<u>1</u>)
31XX	Total Equity of the Business Owner	<u>4,413,947</u>	<u>57</u>	<u>4,587,969</u>	<u>64</u>
36XX	Non-controlling interests	<u>31,850</u>	=	<u>32,102</u>	=
3XXX	Total equity	<u>4,445,797</u>	<u>57</u>	<u>4,620,071</u>	<u>64</u>
TOTAL		<u>\$ 7,789,620</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

San-Ei Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	NET REVENUE (Notes 4, 22 and 29)	\$ 4,990,961	100	\$ 5,618,600	100
5000	COST OF REVENUE (Notes 11, 23 and 29)	<u>3,968,584</u>	<u>80</u>	<u>4,116,036</u>	<u>73</u>
5900	GROSS PROFIT	<u>1,022,377</u>	<u>20</u>	<u>1,502,564</u>	<u>27</u>
	OPERATING EXPENSES (Notes 23 and 29)				
6100	Selling and marketing expenses	214,843	4	286,395	5
6200	General and administrative	169,008	3	222,960	4
6300	Research & Development	80,609	2	63,301	1
6450	Expected credit impairment losses	-	-	<u>86</u>	-
6000	Total operating expenses	<u>464,460</u>	<u>9</u>	<u>572,742</u>	<u>10</u>
6900	INCOME FROM OPERATIONS	<u>557,917</u>	<u>11</u>	<u>929,822</u>	<u>17</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Notes 23 and 29)	33,539	1	36,117	-
7020	Other gains and losses (Note 23)	(11,903)	-	45,664	1
7050	Financial Cost (Note 23)	(29,721)	(1)	(18,997)	-
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Notes 4 and 13)	23,972	1	73,607	1
7100	Interest income	<u>7,506</u>	=	<u>6,660</u>	=
7000	Total non-operating income and expenses	<u>23,393</u>	<u>1</u>	<u>143,051</u>	<u>2</u>
7900	INCOME BEFORE INCOME TAX	581,310	12	1,072,873	19
7950	INCOME TAX EXPENSE (Notes 4 and 24)	(<u>137,346</u>)	(<u>3</u>)	(<u>223,292</u>)	(<u>4</u>)
8200	NET INCOMNE	<u>443,964</u>	<u>9</u>	<u>849,581</u>	<u>15</u>

(Continued)

San Chi Chemical Co., Ltd. and Subsidiaries

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	OTHER COMPREHENSIVE GAIN/(LOSS)				
8310	ITEMS THAT WILL NOT BE RECLASSIFIED				
	SUBSEQUENTLY TO PROFIT OR LOSS:				
8311	Re-measured quantity of defined benefit plan	(\$1,325)	-	\$ 18,291	1
8316	Unrealized loss on financial assets at fair value through other comprehensive income (Note 8)	355	-	8,146	-
8349	Income tax related to items that are not reclassified	<u>265</u>	-	(3,658)	-
		(<u>705</u>)	-	<u>22,779</u>	<u>1</u>
8360	Items that may be reclassified to profit and loss in the future				
8361	Exchange differences on translating the financial statements of foreign operations	(20,109)	(1)	61,261	1
8370	Share of the other comprehensive loss of associates and joint ventures using equity method	(7,060)	-	10,461	-
		(<u>27,169</u>)	(<u>1</u>)	<u>71,722</u>	<u>1</u>
8300	Other comprehensive loss for the year, net of income tax	(<u>27,874</u>)	(<u>1</u>)	<u>94,501</u>	<u>2</u>
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 416,090</u>	<u>8</u>	<u>\$ 944,082</u>	<u>17</u>
	NET INCOME ATTRIBUTABLE TO:				
8610	Shareholders of the parent	\$ 444,458	9	\$ 849,365	15
8620	Non-controlling interests	(494)	-	216	-
8600		<u>\$ 443,964</u>	<u>9</u>	<u>\$ 849,581</u>	<u>15</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	\$ 416,342	8	\$ 943,866	17
8720	Non-controlling interests	(252)	-	216	-
8700		<u>\$ 416,090</u>	<u>8</u>	<u>\$ 944,082</u>	<u>17</u>
	EARNINGS PER SHARE (NT\$, Note 24)				
	From continuing business units				
9750	Basic earnings per share	<u>\$ 4.41</u>		<u>\$ 8.43</u>	
9850	Diluted earnings per share	<u>\$ 4.41</u>		<u>\$ 8.42</u>	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

San-Tai Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

	Capital Stock (Note 20)		Equity attributable to the Shareholders of the parent					Other equity		Sub-Total	Non-controlling interests (Notes 21 & 28)
	Shares (In Thousands)	Amount	Capital Surplus (Note 20)	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains (Losses) On Financial Assets at Fair Value Through Other Comprehensive Income			
A1 BALANCE, JANURAY 1, 2022	100,706	1,007,060	\$ 960,750	\$ 291,281	\$ 103,348	\$ 1,907,058	(\$ 90,099)	\$ 34,695	\$ 4,144,703	\$ 31,886	\$ 4,176,589
Appropriation of 2021 Earnings	-	-	-	67,034	-	(67,034)	-	-	-	-	-
B1 Recognized Legal capital reserve	-	-	-	-	-	-	-	-	-	-	-
B3 Recognized Special capital reserve	-	-	-	-	21,446	(21,446)	-	-	-	-	-
B5 Cash Dividend Distributed to Shareholders	-	-	(201,412)	-	-	(302,118)	-	-	(503,530)	-	(503,530)
Other Changes in Equity:											
C3 Donations from Shareholders	-	-	2,900	-	-	-	-	-	2,900	-	2,900
C17 Exercising the right of attribution	-	-	30	-	-	-	-	-	30	216	849,581
D1 NET PROFIT FOR 2022	-	-	-	-	-	849,365	-	-	849,365	-	849,581
D3 Other Comprehensive Profit & Loss After Tax for 2022	-	-	-	-	-	-	-	-	-	-	-
D5 Total Comprehensive Income for 2022	-	-	-	-	-	14,633	-	8,146	94,501	-	94,501
Z1 BALANCE, DECEMBER 31, 2022	100,706	1,007,060	762,268	358,315	124,794	2,380,458	(18,377)	(26,549)	4,587,969	32,102	4,620,071
Distribution of Available Earnings for 2022											
B1 Recognized Legal capital reserve	-	-	(201,412)	-	(79,868)	(392,753)	-	-	(594,165)	-	(594,165)
B5 Cash Dividend Distributed to Shareholders	-	-	-	-	-	79,868	-	-	-	-	-
B17 Reversal of special capital reserve	-	-	-	-	-	-	-	-	-	-	-
Other Changes in Capital Surplus	-	-	-	-	-	-	-	-	-	-	-
C3 Donations from Shareholders	-	-	3,801	-	-	444,458	-	-	3,801	(494)	3,801
D1 Net Income in 2023	-	-	-	-	-	-	-	-	444,458	-	443,964
D3 Other comprehensive income (loss) in 2023	-	-	-	-	-	(1,060)	(27,169)	113	(28,116)	242	(27,894)
D5 Total Comprehensive Income (loss) in 2023	-	-	-	-	-	443,398	(27,169)	113	416,342	(252)	416,090
Z1 BALANCE DECEMBER 31, 2023	100,706	1,007,060	\$ 564,657	\$ 444,716	\$ 44,926	\$ 2,424,570	(\$ 45,546)	(\$ 26,436)	\$ 4,413,947	\$ 31,850	\$ 4,445,797

The accompanying notes are an integral part of the consolidated financial statements.



San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed in thousands of New Taiwan Dollars)

C o d e		<u>2023</u>	<u>2022</u>
	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
A10000	Net income before income tax	\$ 581,310	\$ 1,072,873
A20010	Adjustments for:		
A20100	Depreciation expenses	382,695	311,823
A20200	Amortized cost	10,542	-
A20300	Expected credit impairment losses	-	86
A20400	Gain on operating assets and liabilities at FVRPL, net	(650)	(4,072)
A20900	Finance costs	29,721	18,997
A21200	Interest income	(7,506)	(6,660)
A21300	Investment Income - Dividend	(2,395)	(2,697)
A22300	Gain/Loss of associates and joint ventures using equity method	(23,972)	(73,607)
A22500	Loss from disposal of property, plant and equipment	(127)	(6)
A22600	Transfer fee from property, plant and equipment	100	164
A23800	Loss for market price decline and obsolete and slow-moving inventories	4,794	571
A24100	Unrealized foreign currency exchange (gain) loss	19,885	(9,729)
A29900	Lease modification benefits	(568)	(693)
A30000	Change in operating assets and liabilities		
A31125	Contract Assets - Current	(2,174)	27
A31130	Notes receivable	5,485	13,333
A31150	Accounts receivable	(116,713)	327,445
A31160	Accounts receivable – related parties	(11,719)	13,443
A31200	Inventories	33,008	2,597
A31230	Prepayments	(92,840)	(219,545)
A31240	Other current assets	(24,735)	41,593
A32125	Contract liability	221,766	56,934
A32150	Notes & Accounts payable	70,191	(144,042)
A32160	Accounts payable - related parties	9,677	(2,695)
A32180	Other payables	113,159	(37,953)
A32230	Other current liabilities	523	357
A32240	Net defined benefit liabilities - noncurrent	(375)	(2,824)
A32990	Other noncurrent liabilities	(499)	(1,085)
A33000	Cash generated from operations	1,198,583	1,354,635
A33100	Interest received	7,506	6,660
A33200	Dividend received	2,395	2,697
A33300	Interest paid	(25,846)	(17,141)
A33500	Income tax paid	(141,621)	(189,111)
AAA	Net Cash Inflow From Operating Activities	<u>1,041,017</u>	<u>1,157,740</u>

(Continued)

SAN-FU CHEMICAL CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
(Expressed in thousands of New Taiwan Dollars)

C o d e	2023	2022 .
CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	-	(7,818)
B00010	(60,000)	-
B00040	44,820	(2,159)
B00200	12,540	-
B02700	(691,310)	(775,440)
B02800	1,231	24
B03700	(12,676)	(1,463)
B04500	(30,000)	-
B07100	(35,178)	(62,404)
B07600	45,332	37,744
BBBB	(<u>725,241</u>)	(<u>811,516</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	294,621	-
C00200	-	(4,906)
C01700	(100,000)	230,498
C04020	(28,404)	(26,367)
C04500	(594,165)	(503,530)
C09900	3,801	2,900
	=	<u>30</u>
CCCC	(<u>424,147</u>)	(<u>301,375</u>)
DDDD	(<u>4,545</u>)	<u>4,523</u>
EEEE	(112,916)	49,372
E00100	<u>602,138</u>	<u>552,766</u>
E00200	<u>\$ 489,222</u>	<u>\$ 602,138</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements

San Fu Chemical Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

San Fu Chemical Corporation (SFCC) was incorporated in the Republic of China (“ROC”) on March 17, 2003. The Company is engaged mainly manufactures and sales of various chemical products. The major shareholders as follow: San Fu Global Co., Ltd. (owned 23.89%), Pilot Keymark SDN. BHD. (owned 19.78%), and other individual shareholders.

The consolidated financial statements comprise the company and its subsidiaries as described in Note 12 (collectively referred to as “**the Company**”). The Company is engaged mainly in the production and sale of industrial gases, chemical materials and food additives.

The Company’s shares started to be traded on the Taiwan Stock Exchange (“TWSE”) on November 27, 2013.

The consolidated financial statements are presented in the New Taiwan dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 27, 2024

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amended Amendments to IAS 1 “Disclosure of Accounting Policies”, Amendments to IAS 8 “Definition of Accounting Estimates”, Amendments to IAS 12 “Deferred income tax related to Assets and Liabilities arising from a Single Transaction” and the Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules” endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Boards (IASB) and endorsed by the FSC with effective date starting 2024

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendment to IFRS 16 - Leases and other financial reporting matters Amends IAS 1 to clarify the classification of liabilities as current or non-current	January 1, 2024 (Note 2)
IASB issues amendments to IAS 1 regarding the classification of liabilities with covenants	January 1, 2024
IASB amends IAS 7 and IFRS 7 to address supplier finance arrangements	January 1, 2024 (Note 3)

- Note 1: Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after each respective date.
- Note 2: A seller and lessee shall measure all sale and leaseback transactions in accordance with the 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' and this amendment is applicable to transactions occurring after January 1, 2024.
- Note 3: When this amendment is applied for the first time, some disclosure requirements are exempted.

As of the date the accompanying consolidated financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation .

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 ”Comparison information between initial application of IFRS 17 and IFRS 9”	January 1, 2023
Amendments to IAS 21 to clarify when a currency is exchangeable and how to determine the exchange rate when it is not	January 1, 2025 (Note 2)

Note 1: Unless Specified Otherwise, the above New, Amended and Revised Standards and Interpretations of the IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount shall be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date the accompanying consolidated financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation .

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

b. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities,
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the assets are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities due to be settled within 12 months after the reporting period; and
- 2) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Basis of consolidation

The accompanying consolidated financial statements incorporate the financial statements of the Company and the entities (its subsidiaries) controlled by the Company. Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent. When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- a. the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and
- b. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

The Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

For further information, please see Note 12 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Mergers and Acquisition

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquire over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net amount of identifiable assets acquired and liabilities assumed on acquisition date still exceeds the aggregate of the consideration for transfer and the fair value of the acquirer's previously held interest in the acquire on the acquisition date, the difference is a bargain purchase benefit and immediately recognized as profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquirer is measured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Company.

f. Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Company entities (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in

equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, semi-finished goods, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Company uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture. The Company also recognizes the changes in the Company's share of the equity of associates and joint ventures attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Company's net investment in the associate and joint venture), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to use equity method and does not measure the retained interest.

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Company's consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Company.

i. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible Assets

1. Acquired separately

Intangible assets with limited useful life (patent rights) acquired separately are initially measured at cost, and subsequently measured at cost less accumulated amortization. The Merged Company amortizes the assets over the estimated useful life (10 years) on a straight-line basis, and reviews the estimated useful life, residual value and amortization method at least at the end of each year. The residual value of an intangible asset with a finite useful life is estimated to be zero, except when the Merged Company expects to dispose of the intangible asset before its economic life expires. The impact of changes in accounting estimates is dealt with on a deferred basis.

2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the book amount of the asset is recognized in the current profit and loss.

k. Impairment of property, plant and equipment, right-of-use asset, and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, and right-of-use asset to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units/the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Category of financial assets and measurement

Financial assets held by the consolidated company are classified into the following categories: financial assets measured at fair value through profit or loss (FVTPL), financial assets measured at amortized cost, and investment in equity instrument measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at FVTPL

Financial assets measured at fair value through profit or loss (FVTPL) are financial assets that are mandatory to be measured at fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include equity instrument investments that are not designated as measured at fair value through other comprehensive profit or loss, and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss are measured at fair value. Please refer to Note 7.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost - current, notes and accounts receivable, and receivable from related parties, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method except the interest from accounts payable and other payables which measured at amortized cost using the effective interest method is not significant.

b) Derecognition of financial liabilities

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

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of fine chemicals and basic chemicals. Sales of fine chemicals and basic chemicals are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer [has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers. Accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

3) Construction contract revenue

Customers control properties while they are construction in progress, and thus, the Company recognizes revenue over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to accounts receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

When it is not able to reasonably measure the Company's progress toward satisfaction of the performance obligation but expects to recover costs, the Company recognizes revenue only to the extent of costs incurred.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as Lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than the costs stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

1) Employee stock options granted to employees and others providing similar services

The fair value at the grant date of the employee stock options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee stock options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the Board of Directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in

profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

2) Issuance ordinary shares for cash which retains portion for employee stock options

The fair value of the stock option is calculated on the date of the grant, and is recognized as an increase in salary expenses and capital surplus. If the employee stock options do not reach the original share reserved for employee to subscribe, the Company will only make adjustment to the capital surplus since the share option has been vested.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for taxable temporary differences. deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. The deferred tax asset which originally not unrecognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY**

In the application of the aforementioned Company's accounting policies, the Company is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has considered the possible impact on critical accounting estimates, and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Key Sources of Estimation and Uncertainty

Valuation of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. **CASH AND CASH EQUIVALENTS**

	December 31	
	2023	2022
Cash on hand	\$ 681	\$ 516
Demand deposits in banks	488,541	446,796
Time deposits in banks	-	154,826
	<u>\$ 489,222</u>	<u>\$ 602,138</u>

The market rate intervals of cash in the bank, at the end of the reporting period were as follows:

	December 31	
	2023	2022
Demand deposits in banks	0.001% ~ 1.45%	0.01% ~ 1.05%
Time deposits in banks	-	4.45% ~ 4.64%

7. **FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT**

	December 31	
	2023	2022
Mandatory fair value through profit or loss		
Derivatives (unspecified hedging)		
– Foreign Exchange Option Contract	\$ _____	<u>\$11,890</u>

On the balance sheet date, the foreign exchange option contracts that do not apply hedging accounting and have not yet expired are as follows:

December 31, 2022

	Currency	Maturity Date	Contract Amount (Unit: \$1000)
Buy foreign exchange options	USD : NTD	March 01, 2023	USD3,000/TWD 79,500

The purpose of the merged company to engage in foreign exchange option transactions is mainly to avoid the risks of foreign currency assets and liabilities due to exchange rate fluctuations. The foreign exchange option contract held by the Company does not meet the effective hedging conditions, so hedging accounting is not applicable.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>December 31</u>	
	2023	2022
Domestic investments		
Listed shares	\$ 32,085	\$ 35,444
Unlisted shares	<u>70,412</u>	<u>6,698</u>
	<u>102,497</u>	<u>42,142</u>
Foreign investments		
Unlisted shares	<u>58,700</u>	<u>58,709</u>
	<u>\$ 161,197</u>	<u>\$ 100,851</u>

The merged company invests in the above-mentioned domestic and foreign stocks for medium and long-term strategic purposes, and expects to make profits through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments of equity instruments were classified as financial assets at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 68,165	\$ 66,027
Restricted demand deposits	<u>125,400</u>	<u>172,400</u>
	<u>\$ 193,565</u>	<u>\$ 238,427</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.62 ~ 4.00% and 0.495% ~ 3.50% per annum as of December 31, 2023 and 2022, respectively.

Refer to Note 30 for information related to investments in financial assets at amortized cost pledge as security.

10. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 37,815</u>	<u>\$ 43,300</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,296,342	\$ 1,191,650
Less: Allowance for impairment loss	<u>(5,710)</u>	<u>(6,200)</u>
	<u>\$ 1,290,632</u>	<u>\$ 1,185,450</u>

The average credit period of sales of goods was 30 to 120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The Company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has declared bankruptcy and also reported to the court. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Aging analysis of notes and accounts receivable

December 31, 2023

	Not Past Due	1 to 90 Days	90 to 180 Days	181 to 365 Days	Over 365 Days	Indication of Default	Total
Expected credit loss rate	-	-	-	50%	100%	100%	-
Gross carrying amount	\$1,281,807	\$ 8,744	\$ 81	\$ -	\$ 5,710	\$ -	\$1,296,342
Loss allowance (Lifetime ECL)	-	-	-	-	(5,710)	-	(5,710)
Amortized cost	<u>\$1,281,807</u>	<u>\$ 8,744</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,290,632</u>

December 31, 2022

	Not Past Due	1 to 90 Days	90 to 180 Days	181 to 365 Days	Over 365 Days	Indication of Default	Total
Expected credit loss rate	-	-	-	50%	100%	100%	-
Gross carrying amount	\$ 1,146,906	\$ 2,137	\$ 36,407	\$ -	\$ 6,200	\$ -	\$ 1,191,650
Loss allowance (Lifetime ECL)	-	-	-	-	(6,200)	-	(6,200)
Amortized cost	<u>\$ 1,146,906</u>	<u>\$ 2,137</u>	<u>\$ 36,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,450</u>

Movements of the loss allowance for accounts receivable

	Years Ended December 31	
	2023	2022
Balance, Beginning of year	\$ 6,200	\$ 6,200
Add : Impairment losses for the year	-	86
Less : Actual write-offs for the year	(490)	(86)
Balance, end of year	<u>\$ 5,710</u>	<u>\$ 6,200</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Merchandise	\$ 40,739	\$ 7,270
Finished goods	248,095	326,504
Work in progress	6,988	13,949
Semi-finished goods	1,538	1,894
Supplies and Spare Parts	340,055	334,334
Raw materials	<u>41,246</u>	<u>33,499</u>
	<u>\$ 678,661</u>	<u>\$ 717,450</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the years ended December 31, 2023 and 2022 was \$3,968,584,000 and \$4,116,036,000 respectively.

The cost of goods sold in 2023 and 2022 included losses of NT\$4,794,000 and NT\$571,000 respectively on Price Decline in Inventories.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership (%)</u>	
			<u>2023</u>	<u>2022</u>
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%
	VinaSanFu Material Company Limited	Production of chemicals	100%	100%
	San Fu Biotech Co., Ltd.	Sales and production of food additives	93%	93%
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%
	Lifu Carbonate Co., Ltd.	Production of chemicals	87%	87%
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd	Production of chemicals	100%(Note 1)	100%

Note 1: The company was established in March 2022.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in associates	\$ 56,764	\$ 56,517
Investments in joint ventures	<u>418,621</u>	<u>448,387</u>
	<u>\$ 475,385</u>	<u>\$ 504,904</u>

The share of total comprehensive income for the years ended December 31, 2023 and 2022 was at \$23,972,000 and \$73,607,000, respectively.

a. Investments in associates

	<u>December 31</u>	
	2023	2022
Associates that are not individually material	<u>\$ 56,764</u>	<u>\$ 56,517</u>

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	2023	2022
The Company's share of:		
Net profit for the year	\$ 2,985	\$ 3,608
Other comprehensive (loss) income	(1,099)	2,253
Total comprehensive income for the year	<u>\$ 1,886</u>	<u>\$ 5,861</u>

Except for one associate that are not individually material, other investments of associates that are not individually material accounted for using equity method and the Company's share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. The Company's management believes there will be no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of those investments which have not been audited.

b. Investments in joint ventures

	<u>December 31</u>	
	2023	2022
Material joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>\$ 418,621</u>	<u>\$ 448,387</u>

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31 2023	2022
Sanfuming Electronic Material Co., Ltd.	International trading	Shanghai, China	50%	50%

All the joint ventures are accounted for using equity method.

The financial information in respect of each of the Company's material joint ventures is summarized as follows. The summarized financial information below represents the amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Sanfuming Electronic Material Co., Ltd. (in Shanghai)

	<u>December 31</u>	
	2023	2010
Cash and cash equivalents	<u>\$ 322,699</u>	<u>\$ 305,610</u>
Current assets	\$ 728,120	\$ 804,170
Non-current assets	185,060	203,856
Current liabilities	(141,192)	(177,762)
Non-current liabilities	(2,999)	(1,755)
Equity	<u>\$ 768,989</u>	<u>\$ 828,509</u>
Proportion of the Company's ownership	50%	50%
Equity attributable to the Company	\$ 384,494	\$ 414,254
Other adjustments (gain of losing control in subsidiaries)	32,643	32,643
Other adjustments (exchange rate affect)	<u>1,484</u>	<u>1,490</u>
Carrying amount	<u>\$ 418,621</u>	<u>\$ 448,387</u>

For the Year Ended December 31

	2023	2022
Operating revenue	\$ <u>916,085</u>	\$ <u>1,301,275</u>
Depreciation expenses and amortization expenses	\$ <u>19,195</u>	\$ <u>20,350</u>
Interest income	\$ <u>5,746</u>	\$ <u>3,483</u>
Income tax expenses	\$ <u>16,439</u>	\$ <u>48,595</u>
Net profit for the year	\$ <u>41,974</u>	\$ <u>139,998</u>
Other comprehensive income (loss)	(<u>14,120</u>)	<u>20,922</u>
Total comprehensive income for the year	\$ <u>27,854</u>	\$ <u>160,920</u>

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance, January 1, 2023	\$ 162,700	\$ 1,260,299	\$ 2,484,822	\$ 415,203	\$ 464,338	\$ 908,434	\$ 5,695,796
Reclassifications	7,600	182,222	645,043	36,079	9,603	(826,247)	54,300
Additions	-	14,242	84,586	17,909	21,347	581,147	719,231
Disposals	-	(55)	(85,792)	(800)	(2,299)	-	(88,946)
Effect of foreign currency exchange differences	-	(5,890)	(16,570)	(676)	(54)	(326)	(23,516)
Balance, December 31, 2023	<u>\$ 170,300</u>	<u>\$ 1,450,818</u>	<u>\$ 3,112,089</u>	<u>\$ 467,715</u>	<u>\$ 492,935</u>	<u>\$ 663,008</u>	<u>\$ 6,356,865</u>
<u>Accumulated depreciation and impairment</u>							
Balance, January 1, 2023	\$ -	\$ 519,688	\$ 1,488,689	\$ 325,844	\$ 343,547	\$ -	\$ 2,677,768
Depreciation expenses	-	60,812	205,491	31,537	55,419	-	353,259
Disposals	-	(55)	(84,688)	(800)	(2,299)	-	(87,842)
Effect of foreign currency exchange differences	-	(382)	(1,239)	(68)	(3)	-	(1,692)
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 580,063</u>	<u>\$ 1,608,253</u>	<u>\$ 356,513</u>	<u>\$ 396,664</u>	<u>\$ -</u>	<u>\$ 2,941,493</u>
Carrying amounts, December 31, 2023	<u>\$ 170,300</u>	<u>\$ 870,755</u>	<u>\$ 1,503,836</u>	<u>\$ 111,202</u>	<u>\$ 96,271</u>	<u>\$ 663,008</u>	<u>\$ 3,415,372</u>
	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance, January 1, 2022	\$ 162,700	\$ 1,145,606	\$ 2,162,086	\$ 352,833	\$ 417,323	\$ 639,282	\$ 4,879,830
Reclassifications	-	98,800	451,845	28,823	21,587	(484,161)	116,894
Additions	-	11,552	44,776	37,027	37,344	727,878	858,577
Disposals	-	(2,544)	(190,240)	(3,889)	(11,916)	-	(208,589)
Effect of foreign currency exchange differences	-	6,885	16,355	409	-	25,435	49,084
Balance, December 31, 2022	<u>\$ 162,700</u>	<u>\$ 1,260,299</u>	<u>\$ 2,484,822</u>	<u>\$ 415,203</u>	<u>\$ 464,338</u>	<u>\$ 908,434</u>	<u>\$ 5,695,796</u>
<u>Accumulated depreciation and impairment</u>							
Balance, January 1, 2022	\$ -	\$ 464,568	\$ 1,523,076	\$ 304,921	\$ 309,166	\$ -	\$ 2,601,731
Depreciation expenses	-	57,529	155,513	24,797	46,279	-	284,118
Disposals	-	(2,544)	(190,240)	(3,889)	(11,898)	-	(208,571)
Effect of foreign currency exchange differences	-	135	340	15	-	-	490
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 519,688</u>	<u>\$ 1,488,689</u>	<u>\$ 325,844</u>	<u>\$ 343,547</u>	<u>\$ -</u>	<u>\$ 2,677,768</u>
Carrying amounts, December 31, 2022	<u>\$ 162,700</u>	<u>\$ 740,611</u>	<u>\$ 996,133</u>	<u>\$ 89,359</u>	<u>\$ 120,791</u>	<u>\$ 908,434</u>	<u>\$ 3,018,028</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main building	3-45 years
Employee dormitory	25-50 years
Firefighting, air-conditioning and other systems	1-8 years
Engineering system	3-38 years
Transportation	3-1 Oears
Equipment	1-50 years
Other equipment	1-25 years

Property, plant and equipment pledged as collateral for bank loans is set out in Note 30

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Right-of-use assets		
Carrying amounts		
Land	\$ 118,013	\$ 128,462
Buildings	6,979	3,470
Machinery and equipment	<u>3,254</u>	<u>6,244</u>
	<u>\$ 128,246</u>	<u>\$ 138,176</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 21,597</u>	<u>\$ 25,196</u>
Depreciation charge for right-of-use assets		
Land	\$ 19,524	\$ 18,497
Buildings	5,880	5,135
Machinery and equipment	<u>4,032</u>	<u>4,073</u>
	<u>\$ 29,436</u>	<u>\$ 27,705</u>

b. Lease liabilities

	December 31	
	2023	2022
Lease liabilities		
<u>Carrying amounts</u>		
Current portion	\$ 15,026	\$ 22,485
Non-current portion	<u>48,374</u>	<u>47,503</u>
	<u>\$ 63,400</u>	<u>\$ 69,988</u>

Ranges of discount rates for lease liabilities are as follows:

	December 31	
	2023	2022
Land	1.03%	1.03% ~ 2.5%
Buildings	1.03% ~ 1.705%	1.03%
Machinery and equipment	1.03%	1.03%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 5,627	\$ 10,074
Expenses relating to low-value asset leases	\$ 1,217	\$ 1,113
Total cash outflow for leases	(\$ 35,248)	(\$ 37,554)

The Company leases certain transportation equipment and buildings which qualify as short-term leases and certain photocopiers which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. Intangible Assets

	Patent Rights
<u>Cost</u>	
Balance, January 01, 2023	\$ -
Acquired separately	<u>150,000</u>
Balance, December 31, 2023	<u>\$ 150,000</u>
<u>Accumulated amortization and impairment</u>	
Balance, January 01, 2023	\$ -
Amortization expenses	<u>10,542</u>
Balance, December 31, 2023	<u>\$ 10,542</u>
Net Value, December 31, 2023	<u>\$ 139,458</u>

San Fu Biotech Co., Ltd. signed a patent royalty agreement with REGiMMUNE Corporation in Japan in April 2023 to obtain the patent rights for the "Drugs for Prevention of Acute Graft-Versus-Host Disease" and has been authorized to develop and sell the said drugs in certain Asian countries. The total contract price for the development and trade rights is \$150,000,000. The patent royalty fees shall be paid according to the schedule agreed in the contract. As of December 31, 2023, the amount paid was \$30,000,000.

Amortization expenses are accrued on a straight-line basis based on the following useful lives:

Patent Rights	10 Years
---------------	----------

Summarize amortization expenses by function category:

	<u>2023</u>
R&D Expenses	<u>\$ 10,542</u>

17. LOANS

a. Short-term loans

	December 31	
	2023	2022
<u>Secured loans (Note 30)</u>		
Bank loans	\$ 265,000	\$ 180,000
<u>Unsecured loans</u>		
Bank loans	<u>955,044</u>	<u>746,869</u>
	<u>\$ 1,220,044</u>	<u>\$ 926,869</u>

The range of weighted average effective interest rates on bank loans was 0.85 % - 1.85 % and 0.9%-1.70 % per annum as of December 31, 2023 and 2022 , respectively.

b. Long-term loans

	<u>December 31</u>	
	2023	2022
<u>Unsecured loans</u>		
Bank loans	\$ 325,000	\$ 425,000
Less: Current portion matured within a year	(<u>100,000</u>)	(<u>100,000</u>)
Long-term loans	<u>\$ 225,000</u>	<u>\$ 325,000</u>

The range of weighted average effective interest rates on bank loans was 1.735 % - 2.002 % and 1.598% -1.61% per annum as of December 31, 2023 and 2022, respectively.

18. NOTES AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	2023	2022
Notes payable	\$ 487	\$ -
Accounts payable	<u>434,520</u>	<u>364,719</u>
	<u>\$ 435,007</u>	<u>\$ 364,719</u>

The average payment period of purchasing raw materials and supplies was two months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	<u>December 31</u>	
	2023	2022
Other payables		
Payable for accrued expenses	\$ 440,236	\$ 264,228
Payable for constructions	13,695	33,434
Payable for purchases of equipment	<u>137,149</u>	<u>89,489</u>
	<u>\$ 591,080</u>	<u>\$ 387,151</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, San Fu Biotech Co., Ltd., and International Nitto Technology Co., Ltd. have adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated based on the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts

equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	Years Ended December 31	
	2023	2022
Present value of defined benefit obligation	\$ 102,912	\$ 112,589
Fair value of plan assets	(95,286)	(105,913)
Net defined benefit liabilities	<u>\$ 7,626</u>	<u>\$ 6,676</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance, January 1, 2022	\$ 132,399	(\$ 104,608)	\$ 27,791
Service cost			
Current service cost	583	-	583
Net interest expense (income)	<u>805</u>	(<u>634</u>)	<u>171</u>
Recognized in profit or loss	<u>1,388</u>	(<u>634</u>)	<u>754</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,249)	(8,249)
Actuarial Profit or loss			
- Changes in demographic assumptions	16	-	16
- Changes in financial assumptions	(5,059)	-	(5,059)
- Experience adjustments	(<u>4,999</u>)	<u>-</u>	(<u>4,999</u>)
Recognized in other comprehensive income	(<u>10,042</u>)	(<u>8,249</u>)	(<u>18,291</u>)
Contributions from the employer	-	(1,057)	(1,057)
Benefits paid	(<u>11,156</u>)	<u>8,635</u>	<u>2,521</u>
Balance, December 31, 2022	<u>\$ 112,589</u>	(<u>\$ 105,913</u>)	<u>\$ 6,676</u>
Balance, January 1, 2022	\$ 112,589	(\$ 105,913)	\$ 6,676
Service cost			
Current service cost	508	-	508
Net interest expense (income)	<u>1,337</u>	(<u>1,260</u>)	<u>77</u>
Recognized in profit or loss	<u>1,845</u>	(<u>1,260</u>)	<u>585</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(937)	(937)
Actuarial loss (Benefit)			
Experience adjustments	<u>2,262</u>	<u>-</u>	<u>2,262</u>
Recognized in other comprehensive income	<u>2,262</u>	(<u>937</u>)	<u>1,325</u>
Contributions from the employer	-	(960)	(960)
Benefits paid	(<u>13,784</u>)	<u>13,784</u>	<u>-</u>
Balance, December 31, 2022	<u>\$ 102,912</u>	(<u>\$ 95,286</u>)	<u>\$ 7,626</u> Concluded

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	Years Ended December 31	
	2023	2022
Operating costs	\$ 336	\$ 456
Selling and marketing expenses	64	90
General and administrative expenses	180	198
Research and development expenses	<u>5</u>	<u>10</u>
	<u>\$ 585</u>	<u>\$ 754</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.250%	1.250%
Long-term averaged pay rates	2.000%	2.000%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31</u>	
	2023	2022
Discount rate(s)		
0.25% increase	(\$ 1,650)	(\$ 1,924)
0.25% decrease	<u>\$ 1,697</u>	<u>\$ 1,980</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,653</u>	<u>\$ 1,930</u>
0.25% decrease	<u>(\$ 1,615)</u>	<u>(\$ 1,885)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 960</u>	<u>\$ 1,057</u>
Average duration of the defined benefit obligation	6.49 years	6.92 years

21. EQUITY

a. Capital stock

Ordinary shares

	<u>December 31</u>	
	2023	2022
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>100,706</u>	<u>100,706</u>
Shares issued	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

b. Capital surplus

	<u>December 31</u>	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to Capital stock (1)		
Issuance of ordinary shares	\$ 467,787	\$ 669,199
Donations (Note 29)	40,744	36,943
<u>May be used to offset a deficit only</u>		
Exercised employee stock options (2)	54,804	54,804
Expire employee stock options (2)	2,151	2,151
Others - Exercising the right of attribution (4)	30	30
Recognition of changes in ownership interests in subsidiaries (3)	<u>(859)</u>	<u>(859)</u>
	<u>\$ 564,657</u>	<u>\$ 762,268</u>

1. Capital surplus in excess of par or from donations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred once a year to Capital stock within a certain percentage of the Company's paid-in capital.

2. The capital surplus resulting from exercised or expired employee stock options shall only be used to offset a deficit.

3. This type of capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the company has not actually acquired or disposed of equity in a subsidiary company, or the adjusted amount recognized by the company as a subsidiary's capital

surplus using equity method.

4. The benefits obtained from exercising the right of attribution are essentially the investment of the holders of the right of claim to the company, which does not meet the definition of income in the concept framework. The company shall recognize the benefits obtained from exercising the right of attribution as capital reserves, and properly disclose its facts and effects.

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 13, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made on a quarterly basis after close of each quarter. The Board of Directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a Legal capital reserve of 10% of the remaining profit, setting aside or reversing a Special capital reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be the basis for proposing the dividend distribution plan. The Board of Directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 23-e.

The distribution of the Company's dividends depends on the current year's surplus and the principle of distribution is to keep dividends stable. As the Company is currently growing, the Company takes into consideration of the its future capital demand and long-term financial planning while allocating dividends. In principle, cash dividends should be no less than 5% of the total dividends distributed. However, shareholders may adjust the percentage of appropriation depending on the Company's actual profit and capital situation.

An appropriation of earnings to a Legal capital reserve shall be made until the Legal capital reserve equals the Company's paid-in capital. The Legal capital reserve may be used to offset deficits. If the Company has no deficit and the Legal capital reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special capital reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a Special capital reserve by the Company. For the subsequent reversal of the other shareholders' equity deductions, the Company may distribute the surplus limited to the reversal.

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on June 16, 2023 and June 17, 2022 respectively, were as follows:

	For the Year Ended December 31	
	2023	2019
Legal capital reserve	\$ 86,401	\$ 67,034
Special capital reserve	(\$ 79,868)	\$ 21,446
Cash dividends	\$ 392,753	\$ 302,118
Cash dividends per share (NT\$)	\$ 3.9	\$ 3.0

The appropriations of 2022 quarterly earnings have been approved by the Company's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	The Fourth Quarter of 2022	The Third Quarter of 2022	The Second Quarter of 2022	The First Quarter of 2022
Resolution Date of the Company's Board of Directors in its Meeting	February 24, 2023	November 4, 2022	August 5, 2022	May 6, 2022
Cash dividends to shareholders	<u>\$ 392,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	<u>\$ 3.9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company's shareholders' meeting approved distributing cash dividends \$201,412,000 and \$201,412,000 (\$ 2.0 and \$ 2.0 dollars per share) with capital reserves on June 16, 2023 and June 17, 2022 respectively.

The appropriation of earnings for 2023 had been approved by the Company's Board of Directors on February 27, 2024 were as follows:

	For the Year Ended December 31, 2023
Legal capital reserve	<u>\$ 44,339</u>
Special capital reserve	<u>\$ 27,056</u>
Cash dividends	<u>\$ 201,412</u>
Cash dividends per share (NT\$)	<u>\$ 2.0</u>

The appropriations of 2023 quarterly earnings have been approved by the Company's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	The Fourth Quarter of 2023	The Third Quarter of 2023	The Second Quarter of 2023	The First Quarter of 2023
Resolution Date of the Company's Board of Directors in its Meeting	February 27, 2024	November 6, 2023	August 4, 2023	May 5 2023
Cash dividends to shareholders	<u>\$ 201,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	<u>\$ 2.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

d. Special capital reserve

	For the Year Ended December 31	
	2023	2022
Beginning balance	\$ 124,794	\$ 103,348
Provision of special surplus reserve		
Amount of deductions and withdrawals from other equity items	-	21,446
Reversal of special surplus reserve		
Amount of deductions and reversal from other equity items	(79,868)	-
Ending balance	<u>\$ 44,926</u>	<u>\$ 124,794</u>

e. Non-Controlling Interests

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Beginning balance	\$ 32,102	\$ 31,886
Share attributable to non-controlling interests		
Net profit for the current period	(494)	216
Other comprehensive gains and losses for the period		
Unrealized gains and losses on financial assets measured at fair value through other comprehensive profit or loss	<u>242</u>	<u>-</u>
Ending balance	<u>\$ 31,850</u>	<u>\$ 32,102</u>

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from sale of goods and others	\$ 3,699,668	\$ 4,157,276
Fine chemicals	<u>1,043,554</u>	<u>1,229,290</u>
Basic chemicals	<u>4,743,222</u>	<u>5,386,566</u>
Construction contract revenue	<u>247,739</u>	<u>232,034</u>
	<u>\$ 4,990,961</u>	<u>\$ 5,618,600</u>

Contract Balances

	December 31	
	2023	2022
Contract assets		
project construction - current	<u>\$ 10,347</u>	<u>\$ 8,173</u>
Contract liabilities		
Project construction - current	\$ 477,869	\$ 257,784
Sale of goods- current	<u>4,062</u>	<u>2,381</u>
	<u>\$ 481,931</u>	<u>\$ 260,165</u>

As of December 31, 2023 and 2022, the Merged Company's prepayments to manufacturers for project construction were \$432,548,000 and \$383,380,000 respectively.

23. NET REVENUE

a. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ 2,395	\$ 2,697
Rendering of services	16,496	17,079
Others	<u>14,648</u>	<u>16,341</u>
	<u>\$ 33,539</u>	<u>\$ 36,117</u>

b. Other gains and losses

For the Year Ended December 31

	2023	2022
Gains from disposal of property, plant and equipment	\$ 127	\$ 6
Net foreign exchange (losses) gains	(12,112)	44,638
Gains in financial assets at fair value through profit or loss	650	4,072
Others	(<u>568</u>)	(<u>3,052</u>)
	(<u>\$11,903</u>)	<u>\$ 45,664</u>

c. Depreciation and Amortization

For the Year Ended December 31

	2023	2022
Properties, plants and equipment	\$ 353,259	\$ 284,118
Right-of-use assets	29,436	27,705
Other intangible assets	<u>10,542</u>	<u>-</u>
	<u>\$ 393,237</u>	<u>\$ 311,823</u>
An analysis of depreciation by function		
Operating costs	\$ 313,363	\$ 267,209
Operating expenses	<u>69,332</u>	<u>44,614</u>
	<u>\$ 382,695</u>	<u>\$ 311,823</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 10,542</u>	<u>\$ -</u>

d. Employee benefits expense

For the Year Ended December 31

	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 15,263	\$ 14,105
Defined benefit plans (Note 20)	585	754
Short-term benefits		
Salaries	383,846	449,763
Labor and health insurance	34,120	34,110
Others	<u>54,156</u>	<u>70,655</u>
Total employee benefits expense	<u>\$ 487,970</u>	<u>\$ 569,387</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 251,983	\$ 264,390
Operating expenses	<u>235,987</u>	<u>304,997</u>
	<u>\$ 487,970</u>	<u>\$ 569,387</u>

e. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of 1%-3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2023 and 2022, which were approved by the Company's Board of Directors on February 27, 2024 and February 24, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	1.90%	1.85%
Remuneration of directors and supervisors	1.90%	1.85%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Employees' compensation	\$ 11,300	\$ 20,500
Remuneration of directors and supervisors	11,300	20,500

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Company held Board of Directors' meetings on February 27, 2024, February 24, 2023 and February 25, 2022, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for 2023, 2022 and 2021 have no significant differences between the amounts recognized in the consolidated financial statements for the years ended December 31, 2023, 2022 and 2021, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2024, 2023 and 2022, respectively.

	For the Year Ended December 31					
	2023		2022		2021	
	Employees, Compensation	Remuneration of Directors and Supervisors	Employees, Compensation	Remuneration of Directors and Supervisors	Employees, Compensation	Remuneration of Directors and Supervisors
Amounts approved in the Board of Directors' meeting	<u>\$ 11,626</u>	<u>\$ 11,626</u>	<u>\$ 21,457</u>	<u>\$ 21,457</u>	<u>\$ 16,588</u>	<u>\$ 16,588</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 11,300</u>	<u>\$ 11,300</u>	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 16,600</u>	<u>\$ 16,600</u>

Information on the employees' compensation and remuneration of directors and supervisors approved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 28,934	\$ 18,052
Interest on lease liabilities	787	945
	<u>\$ 29,721</u>	<u>\$ 18,997</u>

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 44,226	\$ 125,682
Foreign exchange losses	(56,338)	(81,044)
Net losses	<u>(\$ 12,112)</u>	<u>\$ 44,638</u>

24. INCOME TAX

- a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Years Ended December 31	
	2023	2022
Current income tax expense		
Current income tax expense recognized in the current year	\$ 141,348	\$ 220,726
Levy of Undistributed Earnings	9,235	-
Investment deduction	(4,840)	-
Income tax adjustments on prior years	(<u>3,658</u>)	(<u>1,971</u>)
	<u>142,085</u>	<u>218,755</u>
Deferred income tax benefit		
Deferred income tax benefit recognized in the current year	(4,739)	4,549
Deferred income tax benefit adjustments on prior years	= (<u>12</u>)
	(<u>4,739</u>)	<u>4,537</u>
Income tax expense recognized in profit or loss	<u>\$ 137,346</u>	<u>\$ 223,292</u>

Adjustments of accounting profit and income tax expense are as follows:

	Years Ended December 31	
	2023	2022
Income before tax	<u>\$ 581,310</u>	<u>\$ 1,072,873</u>
Income tax expense at the statutory rate (20%)	\$ 116,262	\$ 214,575
Nondeductible expenses in determining taxable income	60	192
Tax-exempt income	4,772	8,100
Levy of Undistributed Earnings	9,235	-
Investment deduction	(4,840)	-
Additional income for tax purpose	760	580
Unrecognized deductible temporary differences	14,755	1,828
Income tax adjustments on prior years	(<u>3,658</u>)	(<u>1,983</u>)
Income tax expense recognized in profit or loss	<u>\$ 137,346</u>	<u>\$ 223,292</u>

- b. Income tax expense recognized in other comprehensive income

Deferred Income Tax

	Years Ended December 31	
	2023	2022
Related to remeasurement of defined benefit plan	<u>\$ 265</u>	(<u>\$ 3,658</u>)

- c. Current tax liabilities

	Years Ended December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 138,753</u>	<u>\$ 138,291</u>

Prepaid income taxes of \$935,000 and \$78,821,000 have been deducted from the income tax payable for 2023 and 2022, respectively.

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and deferred income tax liabilities are as follows:

For the year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 1,335	(\$ 75)	\$ 265	\$ 1,525
Property, plant and equipment	1,012	-	-	1,012
Payables for annual leave	1,518	(16)	-	1,502
Allowance for impairment loss	2,387	(272)	-	2,115
Unrealized exchange loss	(824)	3,977	-	3,153
Financial assets at FVTPL	(814)	814	-	-
Financial assets at FVOCI	12,405	-	-	12,405
Others	9,570	332	-	9,902
	<u>\$ 26,589</u>	<u>\$ 4,760</u>	<u>\$ 265</u>	<u>\$ 31,614</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Property, plant and equipment	<u>\$ 8,474</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 8,495</u>

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 5,558	(\$ 565)	(\$ 3,658)	\$ 1,335
Property, plant and equipment	3,031	(2,019)	-	1,012
Payables for annual leave	1,359	159	-	1,518
Allowance for impairment loss	1,650	737	-	2,387
Unrealized exchange loss	1,121	(1,945)	-	(824)
Financial assets at FVTPL	\$ -	(\$ 814)	\$ -	(\$ 814)
Financial assets at FVOCI	12,405	-	-	12,405
Others	9,660	(90)	-	9,570
	<u>\$ 34,784</u>	<u>(\$ 4,537)</u>	<u>(\$ 3,658)</u>	<u>\$ 26,589</u>
	\$ 5,558	(\$ 565)	(\$ 3,658)	\$ 1,335
<u>Deferred income tax liabilities</u>				
Temporary differences				
Property, plant and equipment	\$ 8,474	\$ -	\$ -	\$ 8,474

e. The aggregate amount of temporary differences associated with investments for which deferred income tax liabilities have not been recognized

As of December 31, 2023, and 2022, the taxable temporary differences associated with investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$54,775,000 and \$63,455,000 respectively.

f. Income tax assessments

Income tax returns of the Company, San Fu Biotech Co., Ltd., International Nitto Technology Company Limited and Lifu Carbonate Co., Ltd. through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE (EPS)

	Unit: NT\$ Per Share	
	Years Ended December 31	
	2023	2022
Basic earnings per share		
Basic earnings per share	\$ <u>4.41</u>	\$ <u>8.43</u>
Diluted earnings per share		
Diluted earnings per share	\$ <u>4.41</u>	\$ <u>8.42</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Income for the Year

	Years Ended December 31	
	2023	2022
Net profit attributable to the owners of the company	\$ <u>444,458</u>	\$ <u>849,365</u>

The weighted average number of ordinary shares outstanding (in thousand shares) is as follows:

Number of ordinary shares

	Years Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,706	100,706
Effect of potentially dilutive ordinary shares		
Employees' compensation	<u>114</u>	<u>196</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,820</u>	<u>100,902</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. NON-CASH TRANSACTION

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

The Company reclassified and paid for property, plant and equipment partly during 2023 and 2022 (Notes 14 and 19).

	Years Ended December 31	
	2023	2022
Prepayments for equipment transferred (reclassification)	<u>\$ 54,400</u>	<u>\$ 117,058</u>
Purchase of property, plant and equipment	\$ 719,231	\$ 858,577
Increase in payable of construction payment and purchases of equipment	(27,921)	(83,137)
Paid in cash by acquiring property, plant and equipment	<u>\$ 691,310</u>	<u>\$ 775,440</u>

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

As for the strategy of the Company's capital structure management, the Company sets its suitable market share according to its industry scale, the growth of the industry and the blueprint of the product development. The Company estimates the required capacity, the equipment and related capital expenditure to be used. Then the Company calculates working capitals and cash on the basis of the industry character to support a complete plan for its long-term development. Finally, the Company estimates not only the possible contribution margin, operating profit ratio and cash flows according to the product competitiveness but also risk factors such as the fluctuation of the business circle and the life circle of the product to decide the suitable capital structure. The management inspects capital structures periodically and considers the possible costs and risks taken by different capital structures. In general, the Company adopts a prudent risk management strategy.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values or the fair values cannot be reliably estimated.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

<u>December 31, 2023</u>	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 32,085	\$ -	\$ -	\$ 32,085
Domestic unlisted shares	-	-	70,412	70,412
Foreign unlisted shares	-	-	58,700	58,700
Total	<u>\$ 32,085</u>	<u>\$ -</u>	<u>\$ 129,112</u>	<u>\$ 161,197</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
<u>December 31, 2022</u>				
<u>Financial assets at FVTPL</u>				
Derivatives - Foreign Exchange Option Contracts	\$ -	\$ 11,890	\$ -	\$ 11,890
 <u>Financial assets at FVTOCI</u>				
<u>Investments in equity instruments at FVTOCI</u>				
Domestic listed shares	\$ 35,444	\$ -	\$ -	\$ 35,444
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	58,709	58,709
Total	\$ 35,444	\$ -	\$ 65,407	\$ 100,851

(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022 .

2) Financial Instruments applied for Level 3 Adjustment at FVTOCI

	Financial assets at FVTOCI	
	Jan. 1- Dec. 31. 2023	Jan. 1- Dec. 31. 2022
Financial assets – Equity instrument		
Beginning balance	\$ 65,407	\$ 59,615
Increase of the current period	60,000	-
Recognized in other comprehensive profit or loss (unrealized appraisal profit or loss of financial assets measured at fair value through other comprehensive profit or loss)	3,714	-
Foreign exchange difference	(9)	5,792
Ending balance	\$ 129,112	\$ 65,407

3) Valuation Techniques and Assumptions Used in Fair Value Measurement

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.

b) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial instrument category</u>	<u>Valuation techniques and inputs</u>
Derivatives – Foreign Exchange Option Contracts	The fair value of the foreign exchange option contract is calculated based on the spot exchange rate on the evaluation date, the exercise price of the option, the exchange rate volatility, the contract expiration period, and the quoted risk-free interest rate during the contract expiration period.

c) Valuation techniques and inputs applied for Level 3 fair value measurement

i. The fair values of unlisted equity securities in Taiwan were determined using the income approach. Under this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs are listed in the table below. Decrease in discount for the lack of marketability or non-controlling interests discount would result in increase in the fair value.

	<u>December 31, 2022</u>	<u>December 31, 2022</u>
Discount for lack of marketability	25%	25%
Non-controlling interests discount	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount for lack of marketability		
1% decrease	\$ <u>101</u>	\$ <u>95</u>
Non-controlling interests discount		
1% decrease	\$ <u>95</u>	\$ <u>89</u>

- ii. The foreign unlisted (over the counter) equity investment adopts the market method, and its fair value is mainly assessed with reference to the recent financing activities of the invested target or the market transaction price and market conditions of similar targets. The evaluation method chosen by the Company after careful evaluation, therefore, the fair value measurement is reasonable, but the use of different evaluation models or fair value may lead to different evaluation results.

c. Categories of Financial Instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 11,890
Financial assets at amortized cost (*1)	2,024,054	2,079,377
Financial assets at FVTOCI	161,197	100,851
- Investment in equity instrument		
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (*2)	2,577,106	2,111,107

*1) The balances include loans and receivables at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, account and notes receivables, and receivables from related parties.

*2) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payables, account payables - related parties, long-term liabilities - current portion, others payable and long-term loans.

d. Financial Risk Management Objectives and Policies

The Company's major financial instruments include financial assets at amortized cost, equity investments, short-term loans, notes and account payables, account payables - related parties, others payable, long-term loans - current portion, and long-term loans. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors is solely responsible for established and monitored the framework of risk management of the Company, the Board of Directors authorized the chairman develop and monitored the risk management policy of the Company with the operation center of the Company, and regularly

reported the situation to the Board of Directors.

The Company's financial risk management policies are developed for identifying and analyzing the financial risks to the Company, evaluating the impacts of the financial risks, and executing the financial-risk aversion policies. The financial risk management is periodically reviewed to reflect changes to the market and the operations. Through the internal controls, such as training and setting up managing requirements and procedures, the Company are engaged in developing a disciplined and constructive control environment, in order to have all employees understand own responsibilities.

The Company's Board of Directors monitors the management on managing the compliance to the financial risk management policies and procedures and reviews the appropriateness of risk management structure.

1) Market Risk

The Company is exposed it to the financial market risks, primarily changes in foreign currency exchange rates (see a) below), interest rates (see b) below), and another price risk (see c) below).

a) Foreign Currency Risk

The Company has assets and liabilities not recorded in the same functional currency as that of the Company, thus, it is exposed to risks due to exchange rate fluctuation.

To manage risks within an acceptable level, the Company uses the natural hedge against its currency risk. The Company monitors and evaluates the movements of exchange rates and the weakness or strength of a currency's performance in line with natural hedging.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities which were not in the same functional currency as the Company's entity at the end of the reporting period are shown in Note 30.

Sensitivity Analysis

The Company was mainly exposed to the U.S. dollar.

The following table shows the Company's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency of the Company) against the relevant foreign currencies. A 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and was adjusted at the end of the reporting period for a 5% change in foreign currency rates. The number in the table indicates the change in pretax profit associated with the 5% appreciation of the New Taiwan dollar against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be positive.

	Unit: Thousand NT\$	
	Currency USD Impact	
	Years Ended December 31	
	2023	2022
Profit or loss	<u>\$ 14,300</u> (i)	<u>\$ 20,833</u> (i)

(i) This was mainly attributable to the exposure on outstanding receivables and payables in Currency USD which were not hedged at the end of the reporting period.

b) Interest Rate Risk

The Company is exposed to interest rate risks because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for the period from January 1 to December 31 in the fiscal years 2023 and 2022 were NT\$29,721,000 and NT\$ 18,997,000 respectively, which only constitute 0.59% and 0.34% of consolidated net sales revenue. Therefore, the interest rate risk has no significant impact on the Company.

The carrying amounts of the Company's financial liabilities with exposure to interest rates at the end of the balance sheet reporting period were as follows:

	Unit: Thousand NT\$	
	Currency USD Impact	
	Years Ended December 31	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial liabilities	\$ 558,444	\$ 386,857
Cash flow interest rate risk		
Financial liabilities	1,050,000	1,035,000

Sensitivity Analysis

The sensitivity analysis was determined based on the Company's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole period. If interest rates had been five basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the one-year period from January 1 to December 31 in the fiscal years 2023 and 2022 would decrease by NT\$ 525,000 and NT\$ 518,000 respectively.

c) Other Price Risks

The Company is exposed to equity price risk due to securities investment of domestic listed companies. The Company has established an immediate control mechanism and are therefore not expected to have significant price risk.

Sensitivity Analysis

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the one-year period from January 1 to December 31 in the fiscal years 2023 and 2022 would have increased/decreased by NT\$ 8,060,000 and NT\$ 5,043,000 respectively, because of the changes in fair value of financial assets at FVTOCI.

2) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the balance sheets. The policies adopted by the Company are to trade with reputable objects only, and continue to supervise the credit risk insurance and the credit rating of the counterparty

Apart from the companies A, B and C of the Company, the Company has no significant credit risk exposure from any single counterparty or any group of counterparties with similar characteristics. Apart from the companies A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A, B and C was carried at a percentage of 58% of the balance of accounts receivable of the merged

company. The credit risk is expected to be immaterial as the companies A, B and C are all reliable and trustworthy counterparties.

3) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2023, and 2022, the Company had available unutilized short-term bank loan facilities in the amount of NT\$ 1,775,573,000 and NT\$ 2,110,018,000 respectively.

The following table shows the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$ 1,738	\$ 3,247	\$ 10,459	\$ 29,384	\$ 20,629
Variable interest rate liabilities	235,000	445,000	145,000	225,000	-
Fixed interest rate liabilities	<u>200,000</u>	<u>295,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$436,738</u>	<u>\$743,291</u>	<u>\$155,459</u>	<u>\$254,384</u>	<u>\$ 20,629</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 15,444</u>	<u>\$ 29,384</u>	<u>\$ 20,629</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$ 2,116	\$ 4,231	\$ 16,738	\$ 25,547	\$ 23,904
Variable interest rate liabilities	25,000	410,000	275,000	325,000	-
Fixed interest rate liabilities	<u>-</u>	<u>299,708</u>	<u>17,161</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,116</u>	<u>\$713,939</u>	<u>\$308,899</u>	<u>\$350,547</u>	<u>\$ 23,904</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 23,085</u>	<u>\$ 25,547</u>	<u>\$ 23,904</u>

29. RELATED PARTY TRANSACTIONS

Transactions, account balances, income and losses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated on consolidation and are therefore not disclosed in this note. Except as described in other notes, the transactions between the merged company and other related parties are as follows.

<u>Related Party Name</u>	<u>Related Party Category</u>
San Fu Global Ltd.	Investors with significant influence over the Company
Zhang Chun Ming	Investors with significant influence over the Company
Hongchong Enterprise Co., Ltd.	Associates
China Fangda (International) Investment Development Corporation	Associates
Shian Yun Joint Stock Company	Associates
Sanfuming Electronic Material Co., Ltd.	Joint venture
Fulu Cultural Foundation	Other related parties

a. Sales of Goods

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Sales</u>		
Joint ventures	\$ 9,249	\$ 3,883
Associate	263	21
	<u>\$ 9,512</u>	<u>\$ 3,904</u>
<u>Purchase</u>		
Joint ventures	\$ 200	\$ 87
Associates	40,838	13,419
	<u>\$ 41,038</u>	<u>\$ 13,506</u>

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Service expense (recognized as other income)</u>		
Joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>\$ 6,254</u>	<u>\$ 6,598</u>
<u>Service expense (recognized as other expense)</u>		
Investors with significant influence over the Company	<u>\$ 1,143</u>	<u>\$ 1,143</u>
<u>Donation expense</u>		
Others		
Fulu Cultural Foundation	<u>\$ -</u>	<u>\$ 1,000</u>

Transactions with related parties of the Merged Company were not materially different from those non-related parties with third parties unless otherwise agreed.

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Accounts receivable - related party</u>		
Joint ventures	\$ 6,564	\$ 3,784
Associates	110	-
	<u>\$ 6,674</u>	<u>\$ 3,784</u>

	Years Ended December 31	
	2023	2022
<u>Other receivables - related party</u>		
<u>Associates</u>	6,146	6,278
	<u>\$ 12,820</u>	<u>\$ 10,062</u>

	Years Ended December 31	
	2023	2022
<u>Accounts payable - related party</u>		
<u>Associates</u>	\$ 5,975	\$ 7,368

The outstanding accounts payable from related parties are unsecured and the outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivable from related parties.

c. Lease arrangements - Group is lessee

Line Item	Related Party Category/Name	Years Ended December 31	
		2023	2022
Lease liabilities	Investors with significant influence over the Company Sanfu Global Co., Ltd.	\$ 51,826	\$ 50,266

	Years Ended December 31	
	2023	2022
<u>Interest expense</u>		
Investors with significant influence over the Company		
Sanfu Global Co., Ltd.	\$ 542	\$ 516
Others	4	4
	<u>\$ 546</u>	<u>\$ 520</u>

d. Others

Investors with significant influence signed a trust agreement of marketable securities with the CTBC Bank on September 29, 2016. The Company is a beneficiary of interest. The trust interest revenue was \$3,801,000 and \$ 2,900,000 in 2023 and 2022 respectively, and the revenue was credited in capital surplus-donations.

e. Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2023	2022
Short-term employee benefits	\$ 34,681	\$ 41,248
Post-employment benefits	1,553	1,538
	<u>\$ 36,234</u>	<u>\$ 42,786</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. PLEDGED ASSETS

The following assets were provided as collateral for bank loans and obligations under the sales agreement:

	Years Ended December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost)	\$ 125,400	\$ 172,400
Land	40,349	40,349
Buildings, net	<u>38,220</u>	<u>41,831</u>
	<u>\$ 203,969</u>	<u>\$ 254,580</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of each individual group entity of the Company denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 10,048	30.655	(USD: NTD)	\$ 308,021
JPY	546,144	0.215	(JPY: NTD)	117,530
<u>Non-monetary items</u>				
Investments in associates and joint ventures using equity method				
RMB	96,563	0.141	(RMB: USD)	418,621
VND	33,551,004	0.0012	(VND: NTD)	41,771
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	716	30.755	(USD: NTD)	22,021
JPY	562,383	0.219	(JPY: NTD)	123,274

December 31, 2022

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 14,383	30.660	(USD: NTD)	\$ 440,983
JPY	298,233	0.230	(JPY: NTD)	68,713
<u>Non-monetary items</u>				
Investments in associates and joint ventures using equity method				
RMB	101,688	0.144	(RMB: USD)	448,387
VND	31,800,778	0.0013	(VND: NTD)	40,864
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	791	30.760	(USD: NTD)	24,331
JPY	244,788	0.234	(JPY: NTD)	57,378

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	<u>For the Year Ended December 31, 2023</u>		<u>For the Year Ended December 31, 2022</u>	
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (losses)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (losses)</u>
USD	30.655 (USD: NTD)	(\$ 17,808)	30.660 (USD: NTD)	\$ 9,782
JPY	0.215 (JPY: NTD)	(2077)	0.230 (JPY: NTD)	(53)

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: See Table 1 attached;
- 2) Endorsements/guarantees provided: See Table 2 attached;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures: See Table 3 attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$ 300 million or 20% of the paid-in capital: See Table 4 attached;
- 5) Acquisition of individual real estate at costs of at least NT\$ 300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$ 300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: None;
- 8) Receivables from related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: None;
- 9) Information about the derivative financial instrument transaction: See Table 7 attached;
- 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 5 attached;

b. Information on investees: See Table 6 attached;

c. Information on investments in Mainland China

- 1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: See Table 7 attached;
- 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
- c) The amount of property transactions and the amount of the resultant gains or losses
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder and the number of shares and percentage of ownership held by of each shareholder: See Table 8 attached;

33. OPERATING SEGMENT INFORMATION

Information reported to the chief operating decision maker for resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Company's reportable segments were as follows:

- Department of fine and high fine chemicals : Mainly engaged in the manufacturing, processing and trading of chemical cleaning and etching agents;
- Department of basic chemicals: Mainly engaged in the manufacturing, processing and trading of food additives.

a. Operating segments, segment revenue and operating results

The following was an analysis of the Company's revenue and results from continuing operations by reportable segments:

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write off by Segment</u>	<u>Total</u>
<u>For the one-year period from January 1 to December 31, 2023</u>				
Revenue of general customers	\$ 3,947,407	\$ 1,043,554	\$ -	\$ 4,990,061
Revenue of segment	<u>102,039</u>	<u>37,456</u>	(<u>139,495</u>)	-
Total	<u>\$ 4,049,446</u>	<u>\$ 1,081,010</u>	(<u>\$ 139,495</u>)	<u>\$ 4,990,061</u>
Profit from operations	<u>\$ 728,292</u>	(<u>\$ 170,375</u>)	<u>\$ -</u>	\$ 557,917
Other income				33,539
Other gain and losses				(11,903)
Financial cost				(29,721)
Investments using equity method				23,972
Interest income				<u>7,506</u>
Income before income tax				<u>\$ 581,310</u>

<u>For the one-year period from January 1 to December 31, 2022</u>	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write off by Segment</u>	<u>Total</u>
Revenue of general customers	\$ 4,389,310	\$ 1,229,290	\$ -	\$ 5,618,600
Revenue of segment	<u>-</u>	<u>70,495</u>	<u>(70,495)</u>	<u>-</u>
Total	<u>\$ 4,389,310</u>	<u>\$ 1,299,785</u>	<u>(\$ 70,495)</u>	<u>\$ 5,618,600</u>
Profit from operations	<u>\$ 1,029,306</u>	<u>(\$ 99,484)</u>	<u>\$ -</u>	\$ 929,822
Other income				36,117
Other gain and losses				45,664
Financial cost				(18,997)
Investments using equity method				73,607
Interest income				<u>6,660</u>
Income before income tax				<u>\$ 1,072,873</u>

Segment profit refers to the profit before tax earned by each segment, excluding other income, other gains and losses, financial costs, carrying amount of profit or loss of investments of affiliate companies and joint ventures using equity method of accounting, income tax expense, bargain purchase gain and tax expenses etc. The measured amount serves as a basis for the chief operating decision maker to allocate resources and assess segment performance.

b. Segment Total Assets and Liabilities

	December 31, 2023	December 31, 2022
<u>Segment assets</u>		
<u>Continuing operations</u>		
Fine chemicals	\$ 4,874,689	\$ 4,262,505
Basic chemicals	2,084,784	2,102,683
Investment	<u>830,147</u>	<u>856,072</u>
Consolidated total assets	<u>\$ 7,789,620</u>	<u>\$ 7,221,260</u>

c. Major customers representing at least 10% of net revenue

	Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer A	\$ 1,606,529	32	\$ 1,854,561	33
Customer B	468,468	9	498,968	9

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 1

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	Other receivables	Y	\$ 250,000	\$ -	\$ -	-	The need for Short-term financing	\$ -	Operating capital	\$ -	-	\$ 441,395	\$ 1,765,578	(Note 3)	
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	250,000	250,000	-	-	The need for Short-term financing	-	Operating capital	-	-	441,395	1,765,578	(Note 3)	
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	221,076 (US\$ 7,200,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	441,395	1,765,578	(Note 3)	
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	87,202 (US\$ 2,840,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	441,395	1,765,578	(Note 3)	
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	32,240 (US\$ 1,050,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	441,395	1,765,578	(Note 3)	
1	VinaSanFu Industrial Gas Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	261	261	-	-	The need for Short-term financing	-	Operating capital	-	-	29,167	116,669	(Note 3)	
2	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	653	653	-	-	The need for Short-term financing	-	Operating capital	-	-	28,050	112,201	(Note 3)	

Note 1: The items are numbered as follows:

- Issuer is numbered as "0".
- Investee companies are numbered from "1".

Note 2: The maximum amount for financing provided to others:

- The maximum amount of financing provided by the Company shall not exceed 40% of the Company's net worth.
- The maximum amounts of financing provided by the Company and its subsidiaries are as follows:

- i. The maximum amount of financing provided to all businesses shall not exceed 10% of the Company's net worth. The maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth, and the gross transaction amount (the higher of purchase amount or sales amount between the two parties) for the past year.
- ii. In the case of financing companies with short-term financing needs, the maximum amount of financing provided to such companies shall not exceed 30% of their net worth, the maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth.

Note 3: Other receivables have been written off when preparing the consolidated financial statements.

Note 4: Calculated based on the foreign currency exchange rate dated December 31, 2023 (USD \$1 = NT\$30.705)

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Amount of Endorsement /Guarantee Collateralize d by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 441,395	\$ 400,000	\$ 400,000	\$ 290,000	\$ -	9.06%	\$ 1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	300,000	300,000	210,000	-	6.80%	1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	400,000	200,000	184,230	-	4.53%	1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	400,000	200,000	184,230	-	4.53%	1,765,578	Y	N	N	

Note 1: The items are numbered as follows:

- a. Issuer is numbered as "0".
- b. Investee companies are numbered from "1".

Note 2: The maximum amount for guarantees provided to others:

- a. The maximum amount of guarantee provided by the Company shall not exceed 40% of the Company's net worth.
- b. The maximum amount of guarantee provided to all subsidiaries not exceeds 10% of the Company's net worth. The maximum amount of guarantee provided to an individual shall not exceed 10% of the Company's net worth.

San Fu Chemical Co., Ltd. and Subsidiaries

**MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 3

Holding Company Name	Marketable Securities Type and Name	Nature of Relationship	Financial Statement Account	As of December 31, 2023				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
San Fu Chemical Co., Ltd.	E'Dale Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	32,085	0.45%	32,085	Note 2
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu Biotech (SFB)	REGiMMUNE Limited		Financial assets at fair value through other comprehensive income	1,075,130	63,714	4.72%	63,714	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	58,700	2.4%	58,700	

Note 1: The information for investments in subsidiaries, associates and joint venture is included in Tables 6 and 7.

Note 2: The fair value is calculated based on closing prices on December 31, 2023.

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$ 300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 4

Securities Purchased/ Sold by	Marketable Securities Type & Name	Line Item	Trading Purpose	Nature of Relationship	Beginning Balance		Acquisition		Adjustment (Note 1)	Sale			Ending Balance		
					Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Selling Price	Carrying costs	Gain (Loss) of Disposal	Shares/Units	Amount
San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Investments accounted for using Equity Method	Cash Capital Increase	Subsidiary	90,000,000	\$ 844,231	30,000,000	\$ 300,000 (Note 3)	(\$ 23,314)	-	\$ -	-	\$ -	120,000,000	\$ 1,120,917

Note 1: Including the carrying amount of profits and losses of subsidiaries recognized by the equity method and shareholder adjustment items.

Note 2: The above subjects have been written off when preparing the consolidated financial statements.

Note 3: International Nitto Technology Co., Ltd. issued common stock for cash on February 6, 2023.

San Fu Chemical Co., Ltd. and Subsidiaries

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND SIGNIFICANT TRANSACTIONS BETWEEN THEM FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 5

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	1	Accounts receivable - related parties, net Other receivables - related parties, net Sales revenue Other income Accounts payable - related parties, net Purchase Rental expenses	\$ 8,645 33 26,023 6 3,027 10,782 4,459	90 days after invoice date According to the contract 90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date	0.11% 0.00% 0.52% 0.00% 0.04% 0.22% 0.09%
		International Nitro Technology Co., Ltd.	1	Accounts receivable - related parties, net Sales revenue Accounts payable - related parties, net Purchase Outsourcing costs	9,387 8,940 62,182 4,702 82,510	90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date	0.12% 0.18% 0.80% 0.09% 1.65%
0		VinaSanFu Industrial Gas Company Limited	1	Other receivables - related parties, net Interest income Other income	223,313 3,860 749	According to the contract According to the contract 30 days after invoice date	2.87% 0.08% 0.02%
		VinaSanFu Material Company Limited	1	Other receivables - related parties, net Interest income Other income	87,789 1,104 311	According to the contract According to the contract 30 days after invoice date	1.13% 0.02% 0.01%
		VinaSanFu Material Trading Company Limited	2	Accounts receivable - related parties, net Other receivables - related parties, net Sales revenue Interest income	208 32,204 208 454	30 days after invoice date According to the contract 30 days after invoice date According to the contract	0.00% 0.41% 0.00% 0.01%

Note 1: "1" represents the transactions between the parent company and subsidiaries.

Note 2: When the consolidated financial statements are prepared, the abovementioned transactions were all written off.

San Fu Chemical Co., Ltd. and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES FOR THE YEAR ENDED DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 6

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	%	Carrying Amount		
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$ 586,246	\$ 19,309	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Engaged in industrial gas production	US\$ 13,650,000	US\$ 13,650,000	-	100%	291,674	(42,080)	Note 1
	VinaSanFu Material Company Limited	Vietnam	Engaged in manufacturing chemical materials	US\$ 12,200,000	US\$ 12,200,000	-	100%	280,504	(22,636)	Note 1
	San Fu Biotech Co., Ltd.	Taiwan	Engaged in the manufacture and sale of food additives	210,000	210,000	22,790,000	93%	269,468	236	Notes 1
	International Nitro Technology Co., Ltd	Taiwan	Engaged in electronic component manufacturing business	1,277,904	977,904	120,000,000	100%	1,120,917	(23,314)	Note 1
	Hongchong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	14,993	1,957	978
	Lifu Carbonate Co., Ltd.	Taiwan	Engaged in carbon dioxide gas, carbonic acid fire extinguisher, dry ice manufacturing and its sales and marketing	77,253	77,253	1,740	87%	87,340	(3,916)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Engaged in industrial gas production	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	41,771	6,019	2,007
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	Engaged in the operation of international trade business	US\$ 2,151,000	US\$ 2,151,000	-	50%	418,621	41,974	20,987
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	59,778	13	Note 1
VinaSanFu Material Company Limited	Vinasanfu Materials Trading Co., Ltd	Vietnam	Engaged in manufacturing chemical materials	US\$ 400,000	US\$ 160,000	-	100%	23,890	12,694	Notes 1

Note 1: When the consolidated financial statements are prepared, they were all written off.

Note 2: Information of investments in Mainland China is included in Table 7.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2023

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

TABLE 7

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3 and)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Sanfuming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 276,345 (US\$ 9,000,000) (Notes 1 and 4)	Through the third company reinvest in mainland companies	\$ 19,989 (US\$ 651,000)	\$-	\$-	\$ 19,989 (US\$ 651,000)	\$41,974	50	\$ 20,987	(US\$13,634,000) \$418,621	\$
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in manufacturing and selling chemical products	\$1,120,860 (RMB 260,000,000) (Note 2)	Through the third company reinvest in mainland companies	\$ 57,296 (US\$ 1,866,000)	-	-	\$ 57,2965 (US\$ 1,866,000)	(Note 7)	2.40	-	(US\$1,912,000) \$ 58,700	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$179,133 (US\$ 5,834,000) (Notes 5 and 6)	\$293,509 (US\$9,559,000)	\$2,667,478

Note 1: The exchange rate on December 31, 2023 was USD\$1=NT\$ 30.705

Note 2: The exchange rate on December 31, 2023 was RMB\$1=NT\$ 4.311

Note 3: The average exchange rate was based on the USD\$1=NT\$ 31.155 for the 12-month period from January 1, 2023 to December 31, 2023.

Note 4: In April 2012, the company raised US\$ 651,000 of capital (all new shares were subscribed by Hubei Xingfu Electronic Materials Co., Ltd.). In October 2012, the Company converted US\$ 1,698,000 of retained earnings into capital stock. In April 2013, the Company increased its capital by US\$3,000,000, and in July 2018, the Company transferred US\$3,000,000 of retained earnings into capital.

Note 5: This includes accumulated outward remittance for investments in Keyron Top Chemical (Shanghai) Co., Ltd. (US\$ 2,017,000). The company was liquidated in August 2006.

Note 6: The investment in Shandong Fangda Jinke Additive Co., Ltd. was remitted from Taiwan (US\$1,300,000). The company was liquidated in January 2017.

Note 7: It refers to the financial assets measured at fair value through other comprehensive income (FVTOCI).

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS

BASED ON THE INFORMATION REPORTED AS OF DECEMBER 31, 2023

TABLE 8

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sanfu Global Co., Ltd.	24,067,315	23.89%
Pilot Keymark SDN. BHD.	19,929,000	19.78%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the MOPS (Market Observation Post System) of Taiwan Stock Exchange.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
San Fu Chemical Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of San Fu Chemical Co., Ltd. (the “**Company**”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Parent company only financial statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of our accountants and the audit reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2023 is as follows:

Occurrence of sales revenue

The operating income of Sanfu Chemical Co., Ltd. mainly comes from the sales of fine chemicals, basic chemicals and others. For accounting policies and information related to revenue, please refer to Notes 4, 20 and 27 of the parent company only financial statements. Fine chemical products include the sale of fine chemicals. domestic sales of fine chemicals are partly transported and delivered by tanker trucks. The actual delivery quantity on the scale or shipping order must be checked to confirm the occurrence of sales transactions. In addition, the revenue of domestic sales of fine chemicals of NT\$3,374,596,000 is the main business item of the Company. Moreover, transactions are frequent, and its revenue in 2023 accounted for approximately 76% of the net operating income in the parent company only financial statements. Therefore, for the domestic sales of fine chemicals, the occurrence of related sales transactions is listed as a key audit matter for this year.

The main audit procedures performed by our accountants on the above matters are as follows:

1. Understand the relevant internal control systems for sales transactions and test their design and implementation effectiveness.
2. Select samples from the sales details of domestic fine chemicals and check them with the scale list or shipping documents to confirm the occurrence of sales transactions, and randomly check the collection records of samples that have expired before the reporting deadline to further prove the occurrence of the income.

Other Matter

Regarding the parent company only financial statements for investments accounted for using equity method of Sanfu Chemical Co., Ltd. the financial statements of the VinaSanFu Industrial Gas Co., Ltd. and VinaSanFu Material Co., Ltd. have not been audited by the accountants of the Deloitte & Touche, Taipei, Taiwan, but by other accountants. Therefore, in the opinions expressed by the accountants on the above-mentioned parent company only financial statements, the amounts listed in the aforementioned company's financial statements are based on the audit reports of other accountants. The total investment balance accounted for using equity method of these subsidiaries on December 31, 2023 and on December 31, 2022 was NT\$841,646,000 and NT\$921,053,000 respectively, which represented 12% and 13% of the total assets of the Company. The comprehensive income accounted for using equity methods from January 1 to December 31, 2023 and from January 1 to December 31, 2022 of the subsidiaries, associates and joint ventures of the Company was (NT\$ 64,496,000) and (NT\$ 45,685,000), which represented 15% and 5% of the Company's comprehensive income respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shioh-Ming Shue and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2023

Notice to Readers

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

For the convenience of readers, the auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. The English financial report was not audited by the engagement partners. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and parent company only financial statements shall prevail.

This is the translation of the financial statements. CPAs do not audit or review on this translation.

Sanmin Chemical Co., Ltd.

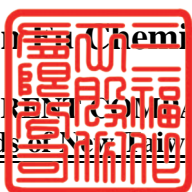
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)

Code		December 31, 2023		December 31, 2022	
	ASSETS				
	CURRENT ASSETS				
		Amount	%	Amount	%
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 218,579	3	\$ 439,146	6
1110	Financial assets at fair value through profit or loss - current (Note 7)	-	-	11,890	-
1136	Financial assets at amortized cost-current(Note 9)	125,400	2	172,400	2
1140	Contract asset – current (Notes 4 and 20)	10,347	-	8,173	-
1150	Notes receivable, net (Notes 4 and 10)	6,885	-	9,749	-
1170	Accounts receivable, net (Notes 4 and 10)	1,180,355	17	1,105,736	16
1180	Receivable from related parties (Notes 4 and 27)	374,289	5	185,491	3
130X	Inventories (Notes 4 and 11)	579,277	8	620,540	9
1410	Prepayments (Note 20)	538,143	8	455,677	7
1470	Other current assets	<u>22,332</u>	-	<u>11,501</u>	-
11XX	Total current assets	<u>3,055,607</u>	<u>43</u>	<u>3,020,303</u>	<u>43</u>
	NONCURRENT ASSETS				
1517	Financial asset at fair value through other comprehensive income – noncurrent (Notes 4 and 8)	38,783	-	42,142	1
1550	Investments accounted for using equity method (Notes 4 and 12)	2,692,913	38	2,487,172	36
1600	Property, plant and equipment (Notes 4 and 13)	1,234,098	17	1,266,309	18
1755	Right-of-use asset (Notes 4 and 14)	62,271	1	61,593	1
1840	Deferred income tax assets (Notes 4 and 22)	31,614	-	26,589	-
1915	Prepayments for equipment	40,178	1	53,985	1
1920	Refundable deposits	<u>16,649</u>	-	<u>4,240</u>	-
15XX	Total noncurrent assets	<u>4,116,506</u>	<u>57</u>	<u>3,942,030</u>	<u>57</u>
1XXX	TOTAL	<u>\$ 7,172,113</u>	<u>100</u>	<u>\$ 6,962,333</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans(Note 15)	\$ 1,025,044	14	\$ 881,869	13
2130	Contract liabilities - current (Notes 4 and 20)	481,931	7	260,165	4
2170	Notes and accounts payable(Note 16)	404,872	6	290,317	4
2180	Accounts payable - related parties(Note 27)	69,635	1	19,207	-
2200	Other payables(Note 17)	242,635	3	288,742	4
2230	Current tax liabilities (Notes 4 and 22)	137,017	2	138,291	2
2280	Lease liabilities-current (Notes 4 and 14)	14,499	-	14,681	-
2320	Long-term liabilities due within one year(Note 15)	100,000	1	100,000	2
2399	Other current liabilities	<u>1,018</u>	-	<u>545</u>	-
21XX	Total current liabilities	<u>2,476,651</u>	<u>34</u>	<u>1,993,817</u>	<u>29</u>

(Continued)

Sanwa Chemical Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS
and of Note Payable (in Dollars)



Code		December 31, 2023		December 31, 2022	
	NONCURRENT LIABILITIES				
2540	Long-term loans(Note 15)	225,000	3	325,000	4
2580	Lease liabilities-noncurrent (Notes 4 and 14)	48,019	1	47,503	1
2640	Net defined benefit liabilities – noncurrent (Notes 4 and 18)	7,626	-	6,676	-
2670	Other noncurrent liabilities	870	-	1,368	-
25XX	Total noncurrent liabilities	<u>281,515</u>	<u>4</u>	<u>380,547</u>	<u>5</u>
2XXX	Total liabilities	<u>2,758,166</u>	<u>38</u>	<u>2,374,364</u>	<u>34</u>
	EQUITY (Notes 4 and 19)				
	Capital Stock				
3110	Common stock	1,007,060	14	1,007,060	15
3200	Capital surplus	564,657	8	762,268	11
	Retained earnings				
3310	Legal reserve	444,716	6	358,315	5
3320	Special Capital Reserve	44,926	1	124,794	2
3350	Unappropriated earnings	<u>2,424,570</u>	<u>34</u>	<u>2,380,458</u>	<u>34</u>
3300	Total retained earnings	<u>2,914,212</u>	<u>41</u>	<u>2,863,567</u>	<u>41</u>
	Other equity				
3410	Exchange differences on translating foreign operations	(45,546)	(1)	(18,377)	-
3420	Unrealized evaluation gains and losses of the Equity instrument investment benefit measured at fair value through other comprehensive gains and losses	(26,436)	=	(26,549)	(1)
3400	Total other equity	(71,982)	(1)	(44,926)	(1)
3XXX	Total equity	<u>4,413,947</u>	<u>62</u>	<u>4,587,969</u>	<u>66</u>
	TOTAL	<u>\$ 7,172,113</u>	<u>100</u>	<u>\$ 6,962,333</u>	<u>100</u>

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

San-Yi Chemical Co., Ltd.

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars, Except Earnings per Share)**

Code		2023		2022	
		Amount	%	Amount	%
4000	NET REVENUE (Notes 4, 20 and 29)	\$4,453,473	100	\$5,189,273	100
5000	COST OF REVENUE (Notes 11, 21 and 29)	<u>3,450,273</u>	<u>78</u>	<u>3,728,385</u>	<u>72</u>
5900	GROSS PROFIT	<u>1,003,200</u>	<u>22</u>	<u>1,460,888</u>	<u>28</u>
	OPERATING EXPENSES (Notes 21 and 29)				
6100	Selling and marketing expenses	173,376	4	225,708	5
6200	General and administrative expenses	132,325	3	165,525	3
6300	Research & Development Expenses	<u>55,516</u>	<u>1</u>	<u>53,661</u>	<u>1</u>
6000	Total operating expenses	<u>361,217</u>	<u>8</u>	<u>444,894</u>	<u>9</u>
6900	INCOME FROM OPERATIONS	<u>641,983</u>	<u>14</u>	<u>1,015,994</u>	<u>19</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Notes 21 and 29)	22,811	1	24,547	-
7020	Other gains and losses (Notes 13 and 21)	(4,208)	-	57,708	1
7050	Financial Cost(Note 21)	(28,150)	(1)	(17,865)	-
7070	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Notes 4 and 12)	(68,923)	(1)	(22,115)	-
7100	Interest income	<u>9,336</u>	-	<u>6,786</u>	-
7000	Total non-comprehensive income and expenses	(<u>69,134</u>)	(<u>1</u>)	<u>49,061</u>	<u>1</u>

(Continued)

San-Yi Chemical Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

Code	2023		2022	
	Amount	%	Amount	%
7900	\$572,849	13	\$1,065,055	20
7950	(128,391)	(3)	(215,690)	(4)
8200	<u>444,458</u>	<u>10</u>	<u>849,365</u>	<u>16</u>
	OTHER COMPREHENSIVE GAIN/(LOSS)			
8310	Items not be reclassified subsequently to profit or loss:			
8311	Re-measured quantity of defined benefit plan (Note 18)			
	(1,325)	-	18,291	1
8316	Unrealized loss on financial assets at fair value through other comprehensive income (Note 8)			
	113	-	8,146	-
8349	Income tax related to items that are not reclassified (Note 22)			
	<u>265</u>	=	(3,658)	-
	(947)	=	<u>22,779</u>	<u>1</u>
8360	Items that may be reclassified to profit and loss in the future			
8380	Share of the other comprehensive loss of associates and joint ventures using equity method			
	(27,169)	(1)	<u>71,722</u>	<u>1</u>
	(27,169)	(1)	<u>71,722</u>	<u>1</u>
8300	Other comprehensive loss for the year, net of income tax			
	(28,116)	(1)	<u>94,501</u>	<u>2</u>
8500	<u>\$416,342</u>	<u>9</u>	<u>\$943,866</u>	<u>18</u>
	EARNINGS PER SHARE (NT\$) (Note 23)			
9710	<u>\$4.41</u>		<u>\$8.43</u>	
9810	<u>\$4.41</u>		<u>\$8.42</u>	

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

Sanofi Financial Co., Ltd. and Subsidiaries

CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to the Shareholders of the parent										Sub-Total
	Capital StockShares (In Thousands)	Retained Earnings (Note 19)				Other equity			Sub-Total		
		Amount	Capital Surplus (Note 19)	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains (Losses) On Financial Assets at Fair Value Through Other Comprehensive Income			
A1 BALANCE, JANURAY 1, 2022	100,706	1,007,060	\$ 960,750	\$ 291,281	\$ 103,348	\$ 1,907,058	(\$ 90,099)	(34,695)	\$4,144,703		
Appropriation of 2021 Earnings	-	-	-	67,034	-	(67,034)	-	-	-		
B1 Recognized Legal capital reserve	-	-	-	-	21,446	(21,446)	-	-	-		
B3 Recognized Special capital reserve	-	-	-	-	-	(302,118)	-	-	(503,530)		
B5 Cash Dividend Distributed to Shareholders	-	-	(201,412)	-	-	-	-	-	-		
Other Changes in Equity:											
C3 Donations from Shareholders	-	-	2,900	-	-	-	-	-	2,900		
C17 Exercising the right of attribution	-	-	30	-	-	-	-	-	30		
D1 NET PROFIT FOR 2022	-	-	-	-	-	849,365	-	-	849,365		
D3 Other Comprehensive Profit & Loss After Tax for 2022	-	-	-	-	-	14,633	71,722	8,146	94,501		
D5 Total Comprehensive Income for 2022	-	-	-	-	-	863,998	71,722	8,146	943,866		
Z1 BALANCE, DECEMBER 31, 2022	100,706	1,007,060	762,268	358,315	124,794	2,380,458	(18,377)	(26,549)	4,587,969		
Distribution of Available Earnings for 2022											
B1 Recognized Legal capital reserve	-	-	-	86,401	(86,401)	-	-	-	-		
B5 Cash Dividend Distributed to Shareholders	-	-	(201,412)	-	(392,753)	-	-	-	(594,165)		
B17 Reversal of special capital reserve	-	-	-	-	(79,868)	79,868	-	-	-		
Other Changes in Capital Surplus											
C3 Donations from Shareholders	-	-	3,801	-	-	-	-	-	3,801		
D1 Net Income in 2023	-	-	-	-	-	444,458	-	-	444,458		
D3 Other comprehensive income (loss) in 2023	-	-	-	-	-	(1,060)	(27,169)	113	(28,116)		
5 Total Comprehensive Income (loss) in 2023	-	-	-	-	-	443,398	(27,169)	113	416,342		
Z1 BALANCE DECEMBER 31, 2023	100,706	1,007,060	\$ 564,657	\$ 444,716	\$ 44,926	\$ 2,424,570	(\$ 45,546)	(\$ 26,436)	\$4,413,947		

The accompanying notes are an integral part of the consolidated financial statements.



Sanyo Chemical Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed in thousands of New Taiwan Dollars)

C o d e		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income before income tax	\$ 572,849	\$ 1,065,055
A20010	Adjustments for:		
A20100	Depreciation expenses	280,956	262,193
A20400	Gain on operating assets and liabilities at FVRP, net	(650)	(4,072)
A20900	Finance costs	28,150	17,865
A21200	Interest income	(9,336)	(6,786)
A21300	Investment Income - Dividend	(2,395)	(2,697)
A22400	Gain/Loss of associates and joint ventures using equity method	68,923	22,115
A22500	Loss from disposal of property, plant and equipment	-	(6)
A22600	Transfer fee from property, plant and equipment	100	164
A23700	Loss for market price decline and obsolete and slow-moving inventories	3,409	571
A24100	Unrealized foreign currency exchange (gain) loss	19,885	(9,729)
A29900	Lease modification benefits	(568)	(693)
A30000	Change in operating assets and liabilities		
A31125	Contract Assets - Current	(2,174)	27
A31130	Notes receivable	2,864	5,794
A31150	Accounts receivable	(84,694)	339,953
A31160	Accounts receivable – related parties	(197,708)	(84,620)
A31200	Inventories	37,854	20,488
A31230	Prepayments	(82,466)	(225,121)
A31240	Other current assets	(10,831)	33,931
A32125	Contract liability	221,766	56,934
A32150	Notes & Accounts payable	114,223	(99,493)
A32160	Accounts payable - related parties	50,428	11,044
A32180	Other payables	(9,588)	(14,244)
A32230	Other current liabilities	473	6
A32240	Net defined benefit liabilities - noncurrent	(375)	(2,824)
A32990	Other noncurrent liabilities	(498)	(1,086)
A33000	Cash generated from operations	1,000,597	1,384,769
A33100	Interest received	9,336	6,786
A33200	Dividend received	2,395	2,697

(Continued)

San Eng Chemical Co., Ltd.



**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
(Expressed in thousands of New Taiwan Dollars)

C o d e		2023	2022.
A33300	Interest paid	(\$27,725)	(\$16,539)
A33500	Income tax paid	(<u>134,425</u>)	(<u>175,853</u>)
AAAA	Net cash generated from operating activities	<u>850,178</u>	<u>1,201,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00020	Acquired the financial assets measured at FVTPL -current	-	(7,818)
B00200	Gain on Disposal of Financial assets measured at FVTPL	12,540	-
B00040	Purchase of financial assets at amortized cost	47,000	50,000
B02200	Net cash outflow acquired from the subsidiaries	(300,000)	(500,000)
B02700	Payments for property, plant and equipment	(239,842)	(242,117)
B02800	Gain on Disposal of property, plant and equipment	-	24
B03700	Increase in refundable deposits	(12,409)	(1,448)
B07100	Increase in prepayments for equipment	(11,599)	(27,189)
B07600	Dividend received	<u>1,639</u>	<u>832</u>
BBBB	Net cash used in investing activities	(<u>502,671</u>)	(<u>727,716</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	144,621	-
C00200	Decrease in short-term loans	-	(4,908)
C01600	Long-term loans	-	450,000
C01700	Repayment of Long-term loans	(100,000)	(219,502)
C04020	Repayment of the principal portion of lease liabilities	(20,316)	(18,456)
C04500	Payment – Owners’ Dividend	(594,165)	(503,530)
C09900	Cash outflow from financing activities by associates held for sale	3,801	2,900
CCCC	Net Cash used in Financing Activities	= <u> </u>	<u>30</u>
		(<u>566,059</u>)	(<u>293,466</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(<u>2,015</u>)	<u>1,446</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(220,567)	182,124
E00100	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>439,146</u>	<u>257,022</u>
E00200	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$218,579</u>	<u>\$439,146</u> (Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

San Fu Chemical Co., Ltd.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(All Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

San Fu Chemical Co., Ltd. (the “**Company**”) was incorporated in the Republic of China (“ROC”) on March 17, 2003. The Company mainly manufactures and sales of various chemical products. The major shareholders are as follows: San Fu Global Co., Ltd. (owned 23.89%), Pilot Keymark SDN. BHD. (owned 19.78%), and other domestic individual shareholders.

The Company’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since November 27, 2013.

The parent company only financial statements are presented in the Company’s functional currency, New Taiwan dollar.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the board of directors of the Company on February 27, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amended Amendments to IAS 1 “Disclosure of Accounting Policies”, Amendments to IAS 8 “Definition of Accounting Estimates”, Amendments to IAS 12 “Deferred income tax related to Assets and Liabilities arising from a Single Transaction” and the Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules” endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Boards (IASB) and endorsed by the FSC with effective date starting 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendment to IFRS 16 - Leases and other financial reporting matters Amends IAS 1 to clarify the classification of liabilities as current or non-current	January 1, 2024 (Note 2) January 1, 2024
IASB issues amendments to IAS 1 regarding the classification of liabilities with covenants	January 1, 2024
IASB amends IAS 7 and IFRS 7 to address supplier finance arrangements	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after each respective date.

Note 2: A seller and lessee shall measure all sale and leaseback transactions in accordance with the 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' and this amendment is applicable to transactions occurring after January 1, 2024.

Note 3: When this amendment is applied for the first time, some disclosure requirements are exempted.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation .

- c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 ”Comparison information between initial application of IFRS 17 and IFRS 9”	January 1, 2023
Amendments to IAS 21 to clarify when a currency is exchangeable and how to determine the exchange rate when it is not	January 1, 2025 (Note 2)

Note 1: Unless Specified Otherwise, the above New, Amended and Revised Standards and Interpretations of the IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount shall be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities,
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company's accounts for subsidiaries, associates and joint ventures are using equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the company only financial statements, the differences of the accounting treatment between the parent company only basis and the company only basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries, associates and joint ventures, and share of other comprehensive income of subsidiaries, associates and joint ventures in the parent company only financial statements.

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the assets are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities due to be settled within 12 months after the reporting period; and
- 2) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Foreign Currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company and the Company entities (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, semi-finished goods, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss. When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable

assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company uses equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture. The Company also recognizes the changes in the Company's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Company's net investment in the associate and joint venture), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Company's financial statements only to the extent that interests in the associate and the joint venture are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, and right-of-use asset to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the

recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units/the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Category of financial assets and measurement

Financial assets held by the Company are classified into the following categories: financial assets measured at fair value through profit or loss (FVTPL), financial assets measured at amortized cost, and investment in equity instrument measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at FVTPL

Financial assets measured at fair value through profit or loss (FVTPL) are financial assets that are mandatory to be measured at fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include equity instrument investments that are not designated as measured at fair value through other comprehensive

profit or loss, and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive profit or loss .

Financial assets at fair value through profit or loss are measured at fair value. Please refer to Note 7.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost - current, notes and accounts receivable, and receivable from related parties, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

- b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method except the interest from accounts payable and other payables which measured at amortized cost using the effective interest method is not significant.

b) Derecognition of financial liabilities

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

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of fine chemicals and basic chemicals. Sales of fine chemicals and basic chemicals are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer [has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers. Accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Project income

Customers control properties while they are construction in progress, and thus, the Company recognizes revenue over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to accounts receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

When it is not able to reasonably measure the Company's progress toward satisfaction of the performance obligation but expects to recover costs, the Company recognizes revenue only to the extent of costs incurred.

I. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of

the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that, which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Share-based payment arrangements

1) Employee stock options granted to employees and others providing similar services

The fair value at the grant date of the employee stock options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee stock options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

2) Issuance ordinary shares for cash which retains portion for employee stock options

The fair value of the stock option is calculated on the date of the grant, and is recognized as an increase in salary expenses and capital surplus. If the employee stock options do not reach the original share reserved for employee to subscribe, the Company will only make adjustment to the capital surplus since the share option has been vested.

p. Taxation

Income tax expense represents the sum of the tax currently payable and Deferred income tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are recognized for taxable temporary differences. Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of Deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. The Deferred income tax asset which originally not unrecognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the Deferred income tax asset to be recovered.

Deferred income tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of Deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and Deferred income tax for the year

Current and Deferred income tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current

and Deferred income tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the aforementioned Company's accounting policies, the Company is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has considered the possible impact on critical accounting estimates, and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Key Sources of Estimation and Uncertainty

Valuation of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2023	2022
Cash on hand and working capital	\$ 330	\$ 330
Deposit in banks - demand deposits	218,249	283,990
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	-	154,826
	<u>\$ 218,579</u>	<u>\$ 439,146</u>

The market rate intervals of cash in the bank, at the end of the reporting period were as follows:

	<u>December 31</u>	
	2023	2022
Demand deposits	0.001% ~ 1.45%	0.01% ~ 1.05%
Time deposits	-	4.45% ~ 4.64%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT

	<u>December 31</u>	
	2023	2022
Mandatory fair value through profit or loss		
Derivatives (unspecified hedging)		
– Foreign Exchange Option Contract	\$ -	\$ 11,890

On the balance sheet date, the foreign exchange option contracts that do not apply hedging accounting and have not yet expired are as follows:

December 31, 2022

	Currency	Maturity Date	Contract Amount (Unit: \$1000)
Buy foreign exchange options	USD : NTD	March 01, 2023	USD3,000/TWD 79,500

The purpose of the merged company to engage in foreign exchange option transactions is mainly to avoid the risks of foreign currency assets and liabilities due to exchange rate fluctuations. The foreign exchange option contract held by the Company does not meet the effective hedging conditions, so hedging accounting is not applicable.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Domestic investments		
Listed shares	\$ 32,085	\$ 35,444
Unlisted shares	<u>6,698</u>	<u>6,698</u>
	<u>\$ 38,783</u>	<u>\$ 42,142</u>

The Company invests in the above-mentioned domestic and foreign stocks for medium and long-term strategic purposes, and expects to make profits through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments of equity instruments were measured as financial assets at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 125,400</u>	<u>\$ 172,400</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.62% ~ 1.16% and 0.495 ~ 1.035% per annum as of December 31, 2023 and 2022, respectively. Refer to Note 28 for information related to investments in financial assets at amortized cost pledge as security.

10. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 6,885</u>	<u>\$ 9,749</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,186,065	\$ 1,111,936
Less: Allowance for impairment loss	(<u>5,710</u>)	(<u>6,200</u>)
	<u>\$ 1,180,355</u>	<u>\$ 1,105,736</u>

The average credit period of sales of goods was 30 to 120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The Company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has declared bankruptcy and also reported to the court. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of the receivables was as follows:

December 31, 2023

	Not Past Due	1 to 90 Days	90 to 180 Days	181 to 365 Days	Over 365 Days	Indication of Default	Total
Expected credit loss rate	-	-	-	50%	100%	100%	-
Gross carrying amount	\$1,172,321	\$ 8,034	\$ -	\$ -	\$ 5,710	\$ -	\$1,186,065
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,710)</u>	<u>-</u>	<u>(5,710)</u>
Amortized cost	<u>\$1,172,321</u>	<u>\$ 8,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,180,355</u>

December 31, 2022

	Not Past Due	1 to 90 Days	90 to 180 Days	181 to 365 Days	Over 365 Days	Indication of Default	Total
Expected credit loss rate	-	-	-	50%	100%	100%	-
Gross carrying amount	\$ 1,069,172	\$ 264	\$ 36,300	\$ -	\$ 6,200	\$ -	\$ 1,111,936
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>-</u>	<u>(6,200)</u>
Amortized cost	<u>\$ 1,069,172</u>	<u>\$ 264</u>	<u>\$ 36,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,736</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, Beginning of year	\$ 6,200	\$ 6,200
Less : Actual write-offs for the year	(490)	-
Balance, Ending of year	<u>\$ 5,710</u>	<u>\$ 6,200</u>

11. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ 34,238	\$ 7,231
Finished goods	211,392	304,792
Work in progress	6,727	13,949
Semi-finished goods	1,538	1,894
Raw materials	289,892	261,797
Supplies and Spare Parts	<u>35,490</u>	<u>30,877</u>
	<u>\$ 579,277</u>	<u>\$ 620,540</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the years ended December 31, 2023 and 2022 was \$3,450,273,000 and \$3,728,385,000 respectively.

The cost of goods sold in 2023 and 2022 included losses of NT\$3,409,000 and NT\$571,000 respectively on the reduction of an inventory's value.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 2,636,149	\$ 2,430,655
Investments in associates	<u>56,764</u>	<u>56,517</u>
	<u>\$ 2,692,913</u>	<u>\$ 2,487,172</u>

a. Investments in subsidiaries

	December 31	
	2023	2022
San Fu Specialty Chemicals Investments Limited	\$ 586,246	\$ 574,624
VinaSanFu Industrial Gas Co., Ltd.	291,674	343,125
VinaSanFu Material Co., Ltd.	280,504	312,152
International Nitto Technology Co., Ltd.	1,120,917	844,231
San Fu Biotech Co., Ltd.	269,468	265,776
Lifu Carbonate Co., Ltd.	<u>87,340</u>	<u>90,747</u>
	<u>\$ 2,636,149</u>	<u>\$ 2,430,655</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights December 31	
	2023	2022
San Fu Specialty Chemicals Investments Limited	100%	100%
San Fu Biotech Co., Ltd.	93%	93%
VinaSanFu Industrial Gas Co., Ltd.	100%	100%
VinaSanFu Material Co., Ltd.	100%	100%
International Nitto Technology Co., Ltd.	100%	100%
Lifu Carbonate Co., Ltd.	87%	87%

b. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 56,764</u>	<u>\$ 56,517</u>

Aggregate information of associates that are not individually material

For the Year Ended December 31
2023 **2022**

The income of the Company:

Net profit (loss) for the year	\$ 2,985	\$ 3,608
Other comprehensive income	(<u>1,099</u>)	<u>2,253</u>
Total comprehensive income for the year	<u>\$ 1,886</u>	<u>\$ 5,861</u>

Except for one associate that are not individually material, other investments of associates that are not individually material accounted for using equity method and the Company's share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. The Company's management believes there will be no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of those investments which have not been audited.

13. PROPERTY, PLANT AND EQUIPMENT

		Land	Buildings	Equip- ment	Transpor- tation	Other Equip- ment	Property under Construc- tion	Total
<u>Cost</u>								
Balance, January 1, 2023		\$ 63,707	\$ 825,701	\$ 1,953,470	\$ 396,740	\$ 431,689	\$ 157,347	\$ 3,828,654
Reclassifications		7,600	29,409	80,845	21,196	9,247	(122,991)	25,306
Additions		-	5,351	23,842	11,541	18,405	144,435	203,574
Disposals		-	(55)	(84,622)	(800)	(2,299)	-	(87,776)
Balance, Dec. 31, 2023		<u>\$ 71,307</u>	<u>\$ 860,406</u>	<u>\$ 1,973,535</u>	<u>\$ 428,677</u>	<u>\$ 457,042</u>	<u>\$ 178,791</u>	<u>\$ 3,969,758</u>
<u>Accumulated depreciation and impairment</u>								
Balance, January 1, 2023	\$	-	\$ 464,129	\$ 1,451,636	\$ 320,969	\$ 325,611	\$ -	\$ 2,562,345
Depreciation expenses		-	36,929	146,951	28,185	49,026	-	261,091
Disposals		-	(55)	(84,622)	(800)	(2,299)	-	(87,776)
Balance, Dec. 31, 2023		<u>\$ -</u>	<u>\$ 501,003</u>	<u>\$ 1,513,965</u>	<u>\$ 348,354</u>	<u>\$ 372,338</u>	<u>\$ -</u>	<u>\$ 2,735,660</u>
		Land	Buildings	Equip- ment	Transpor- tation	Other Equip- ment	Property under Construc- tion	Total
Balance, Dec. 31, 2023		<u>\$ 71,307</u>	<u>\$ 359,403</u>	<u>\$ 459,570</u>	<u>\$ 80,323</u>	<u>\$ 84,704</u>	<u>\$ 178,791</u>	<u>\$ 1,234,098</u>
<u>Cost</u>								
Balance, January 1, 2022	\$	63,707	\$ 817,302	\$ 2,012,135	\$ 345,464	\$ 386,356	\$ 61,186	\$ 3,686,150
Reclassifications			4,118	87,607	18,200	21,587	(50,214)	81,298
Additions		-	6,825	43,968	36,965	35,662	146,375	269,795
Disposals		-	(2,544)	(190,240)	(3,889)	(11,916)	-	(208,589)
Balance, Dec. 31, 2022		<u>\$ 63,707</u>	<u>\$ 825,701</u>	<u>\$ 1,953,470</u>	<u>\$ 396,740</u>	<u>\$ 431,689</u>	<u>\$ 157,347</u>	<u>\$ 3,828,654</u>
<u>Accumulated depreciation and impairment</u>								
Balance, January 1, 2022	\$	-	\$ 426,459	\$ 1,502,753	\$ 301,041	\$ 296,826	\$ -	\$ 2,527,079
Depreciation expenses		-	40,214	139,123	23,817	40,684	-	243,838
Disposals		-	(2,544)	(190,240)	(3,889)	(11,899)	-	(208,572)
Balance, Dec. 31, 2022		<u>\$ -</u>	<u>\$ 464,129</u>	<u>\$ 1,451,636</u>	<u>\$ 320,969</u>	<u>\$ 325,611</u>	<u>\$ -</u>	<u>\$ 2,562,345</u>
Carrying amounts, December 31, 2022		<u>\$ 63,707</u>	<u>\$ 361,572</u>	<u>\$ 501,834</u>	<u>\$ 75,771</u>	<u>\$ 106,078</u>	<u>\$ 157,347</u>	<u>\$ 1,266,309</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main building	3-38 years
Employee dormitory	25-50 years
Firefighting, air-conditioning and other systems	1-8 years
Engineering system	3-38 years
Transportation	3-7 years
Equipment	1-27 years
Other equipment	1-25 years

Property, plant and equipment pledged as collateral for bank loans is set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 52,917	\$ 51,879
Buildings	6,100	3,470
Transportation equipment	<u>3,254</u>	<u>6,244</u>
	<u>\$ 62,271</u>	<u>\$ 61,593</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 20,543</u>	<u>\$ 24,363</u>
Depreciation charge for right-of-use assets		
Land	\$ 10,129	\$ 9,148
Buildings	5,705	5,135
Transportation equipment	<u>4,031</u>	<u>4,072</u>
	<u>\$ 19,865</u>	<u>\$ 18,355</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ 14,499	\$ 14,681
Non-current	<u>48,019</u>	<u>47,503</u>
	<u>\$ 62,518</u>	<u>\$ 62,184</u>

Range of discount rates for lease liabilities are as follows:

	December 31	
	2023	2022
Land	1.03%	1.03%
Buildings	1.03%	1.03%
Transportation equipment	1.03%	1.03%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 9,136</u>	<u>\$ 6,428</u>
Expenses relating to low-value asset leases	<u>\$ 1,069</u>	<u>\$ 1,002</u>
Total cash outflow for leases	(<u>\$ 30,521</u>)	(<u>\$ 25,886</u>)

The Company leases certain transportation equipment and buildings which qualify as short-term leases and certain photocopiers which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. LOANS

a. Short-term loans

	December 31	
	2023	2022
<u>Secured loans (Note 28)</u>		
Bank loans	\$ 265,000	\$ 180,000
<u>Unsecured loans</u>	<u>760,044</u>	<u>701,869</u>
Bank loans	<u>\$ 1,025,044</u>	<u>\$ 881,869</u>

The range of weighted average effective interest rates on bank loans was 0.85% - 1.75% and 0.9% - 1.7% per annum as of December 31, 2023 and 2022, respectively.

b. Long-term loans

	December 31	
	2023	2022
<u>Unsecured loans</u>		
Bank loans	\$ 325,000	\$ 425,000
Less: Current portion matured within a year	(<u>100,000</u>)	(<u>100,000</u>)
Long-term loans	<u>\$ 225,000</u>	<u>\$ 325,000</u>

The range of weighted average effective interest rates on bank loans was 1.735% - 2.002% and 1.598% - 1.61% per annum as of December 31, 2023 and 2022, respectively.

16. NOTES AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
Notes payable	\$ 487	\$ -
Accounts payable	<u>404,385</u>	<u>290,317</u>
	<u>\$ 404,872</u>	<u>\$ 290,317</u>

The average payment period of purchasing raw materials and supplies was two months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER PAYABLES

	December 31	
	2023	2022
Other payables		
Payable for accrued expenses	\$ 211,439	\$ 221,278
Payable for constructions	13,695	33,434
Payable for purchases of equipment	<u>17,501</u>	<u>34,030</u>
	<u>\$ 242,635</u>	<u>\$ 288,742</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company’s defined benefit plans were as follows:

	Years Ended December 31	
	2023	2022
Present value of defined benefit obligation	\$ 102,912	\$ 112,589
Fair value of plan assets	(<u>95,286</u>)	(<u>105,913</u>)
Net defined benefit liabilities	<u>\$ 7,626</u>	<u>\$ 6,676</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance, January 1, 2022	\$ 132,399	(\$ 104,608)	\$ 27,791
Service cost			
Current service cost	583	-	583
Net interest expense (income)	805	(634)	171
Recognized in profit or loss	<u>1,388</u>	<u>(634)</u>	<u>754</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,249)	(8,249)
Actuarial loss			
Changes in demographic assumptions	16	-	16
Changes in financial assumptions	(5,059)	-	(5,059)
Experience adjustments	(4,999)	-	(4,999)
Recognized in other comprehensive income	<u>(10,042)</u>	<u>(8,249)</u>	<u>(18,291)</u>
Contributions from the employer	-	(1,057)	(1,057)
Benefits paid	(11,156)	8,635	(2,521)
Balance, December 31, 2022	<u>\$ 112,589</u>	<u>(\$ 105,913)</u>	<u>\$ 6,676</u>
Balance, January 1, 2023	\$ 112,589	(\$ 105,913)	\$ 6,676
Service cost			
Current service cost	508	-	508
Net interest expense (income)	1,337	(1,260)	77
Recognized in profit or loss	<u>1,845</u>	<u>(1,260)</u>	<u>585</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(937)	(937)
Actuarial loss (gain)			
Experience adjustments	2,262	-	2,262
Recognized in other comprehensive income	<u>2,262</u>	<u>(937)</u>	<u>1,325</u>
Contributions from the employer	-	(960)	(960)
Benefits paid	(13,784)	13,784	-
Balance, December 31, 2023	<u>\$ 102,912</u>	<u>(\$ 95,286)</u>	<u>\$ 7,626</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	Years Ended December 31	
	2023	2022
Operating costs	\$ 336	\$ 456
Selling and marketing expenses	64	90
General and administrative expenses	180	198
Research and development expenses	<u>5</u>	<u>10</u>
	<u>\$ 585</u>	<u>\$ 754</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by

plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	2023	2022
Discount rates	1.250%	1.250%
Long-term averaged pay rates	2.000%	2.000%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31</u>	
	2023	2022
Discount rate(s)		
0.25% increase	(\$ <u>1,650</u>)	(\$ <u>1,924</u>)
0.25% decrease	<u>\$ 1,697</u>	<u>\$ 1,980</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,653</u>	<u>\$ 1,930</u>
0.25% decrease	(<u>\$ 1,615</u>)	(<u>\$ 1,885</u>)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 960</u>	<u>\$ 1,057</u>
Average duration of the defined benefit obligation	6.49 years	6.92 years

19. EQUITY

a. Capital stock

Ordinary shares

	<u>December 31</u>	
	2023	2022
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>100,706</u>	<u>100,706</u>
Shares issued	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to Capital stock (1)		
Issuance of ordinary shares	\$ 467,787	\$ 669,199
Donations (Note 27)	40,744	36,943
<u>May be used to offset a deficit only</u>		
Exercised employee stock options (2)	54,804	54,804
Expire employee stock options (2)	2,151	2,151
Others – Exercising the right of contribution (4)	30	30
Recognition of changes in ownership interests in subsidiaries (3)	(859)	(859)
	<u>\$ 564,657</u>	<u>\$ 762,268</u>

1. Capital surplus in excess of par or from donations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred once a year to Capital stock within a certain percentage of the Company's paid-in capital.
2. The capital surplus resulting from exercised or expired employee stock options shall only be used to offset a deficit.
3. This type of capital surplus is the amount of equity transaction impact recognized due to changes in the company's equity when the company has not actually acquired or disposed of equity in a subsidiary company, or the adjusted amount recognized by the company as a subsidiary's capital surplus using equity method.
4. The benefits obtained from exercising the right of attribution are essentially the investment of the holders of the right of claim to the company, which does not meet the definition of income in the concept framework. The company shall recognize the benefits obtained from exercising the right of attribution as capital reserves, and properly disclose its facts and effects.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 13, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made on a quarterly basis after close of each quarter. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a Legal Capital Reserve of 10% of the remaining profit, setting aside or reversing a Special Capital Reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be the basis for proposing the dividend distribution plan. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 21-e.

The distribution of the Company's dividends depends on the current year's surplus and the principle of distribution is to keep dividends stable. As the Company is currently growing, the Company takes into consideration of the its future capital demand and long-term financial planning while allocating dividends. In principle, cash dividends should be no less than 5% of the total dividends distributed. However, shareholders may adjust the percentage of appropriation depending on the Company's actual

profit and capital situation.

An appropriation of earnings to a Legal Capital Reserve shall be made until the Legal Capital Reserve equals the Company's paid-in capital. The Legal Capital Reserve may be used to offset deficits. If the Company has no deficit and the Legal Capital Reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Capital Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a Special Capital Reserve by the Company. For the subsequent reversal of the other shareholders' equity deductions, the Company may distribute the surplus limited to the reversal.

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on June 16, 2023 and June 17, 2022 respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal capital reserve	\$ 86,401	\$ 67,034
Special capital reserve	(\$ 79,868)	\$ 21,446
Cash dividends	\$ 392,753	\$ 302,118
Cash dividends per share (NT\$)	\$ 3.9	\$ 3.0

The appropriations of 2022 quarterly earnings have been approved by the Company's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	The Fourth Quarter of 2022	The Third Quarter of 2022	The Second Quarter of 2022	The First Quarter of 2022
Resolution Date of the Company's Board of Directors in its Meeting	February 24, 2023	November 4, 2022	August 5, 2022	May 6, 2022
Cash dividends to shareholders	\$ 392,753	\$ -	\$ -	\$ -
Cash dividends per share (NT\$)	\$ 3.9	\$ -	\$ -	\$ -

The Company's shareholders' meeting approved distributing cash dividends \$201,412,000 and \$201,412,000 (\$ 2.0 and \$ 2.0 dollars per share) with capital reserves on June 16, 2023 and June 17, 2022 respectively.

The appropriation of earnings for 2023 had been approved by the Company's Board of Directors on February 27, 2024 were as follows:

	For the Year Ended December 31, 2023
Legal capital reserve	\$ 44,339
Special capital reserve	\$ 27,056
Cash dividends	\$ 201,412
Cash dividends per share (NT\$)	\$ 2.0

The appropriations of 2023 quarterly earnings have been approved by the Company's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

Resolution Date of the Company's Board of Directors in its Meeting	The Fourth Quarter of 2023	The Third Quarter of 2023	The Second Quarter of 2023	The First Quarter of 2023
	February 27, 2024	November 6, 2023	August 4, 2023	May 5, 2023
Cash dividends to shareholders	\$ 201,412	\$ -	\$ -	\$ -
Cash dividends per share (NT\$)	\$ 2.0	\$ -	\$ -	\$ -

d. Special capital reserve

	For the Year Ended December 31	
	2023	2022
Beginning balance	\$ 124,794	\$ 103,348
Provision of special surplus reserve		
Amount of deductions and withdrawals from other equity items	-	21,446
Reversal of special surplus reserve		
Reversal of deductions from other equity items	(79,868)	-
Ending balance	<u>\$ 44,926</u>	<u>\$ 124,794</u>

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from sale of goods and others		
Fine special chemical products	\$ 3,618,450	\$ 4,135,942
Basic chemical products	<u>587,285</u>	<u>821,297</u>
	<u>4,205,735</u>	<u>4,957,239</u>
Construction contract revenue	<u>247,738</u>	<u>232,034</u>
	<u>\$ 4,453,473</u>	<u>\$ 5,189,273</u>

Contract Balances

	December 31	
	2023	2022
Contract assets		
Project construction - current	<u>\$ 10,347</u>	<u>\$ 8,173</u>
Contract liabilities		
Project construction - current	\$ 477,869	\$ 257,784
Sale of goods- current	<u>4,062</u>	<u>2,381</u>
	<u>\$ 481,931</u>	<u>\$ 260,165</u>

As of December 31, 2023 and December 31, 2022, the Company's prepayments to manufacturers for project construction were \$432,548,000 and \$383,380,000 respectively.

21. NET REVENUE

a. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ 2,395	\$ 2,697
Rendering of services	6,146	6,279
Others	14,270	15,571
	<u>\$ 22,811</u>	<u>\$ 24,547</u>

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gains from disposal of property, plant and equipment	\$ -	\$ 6
Foreign exchange Gains (losses), Net	(4,858)	53,630
Others	650	4,072
	<u>(\$ 4,208)</u>	<u>(\$ 57,708)</u>

c. Depreciation

	For the Year Ended December 31	
	2023	2022
Properties, plants and equipment	\$ 261,091	\$ 243,838
Right-of-use assets	19,865	18,355
	<u>\$ 280,956</u>	<u>\$ 262,193</u>
An analysis of depreciation by function		
Operating costs	\$ 251,545	\$ 235,004
Operating expenses	29,411	27,189
	<u>\$ 280,956</u>	<u>\$ 262,193</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 13,322	\$ 12,916
Defined benefit plans (Note 18)	585	754
Short-term benefits		
Salaries	328,462	406,591
Labor and health insurance	30,434	30,850
Others	52,558	69,646
Total employee benefits expense	<u>\$ 425,361</u>	<u>\$ 520,757</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 229,949	\$ 263,926
Operating expenses	195,412	256,831
	<u>\$ 425,361</u>	<u>\$ 520,757</u>

e. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of 1%-3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 27, 2024 and February 24, 2023 respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Employees' compensation	1.90%	1.85%
Remuneration of directors and supervisors	1.90%	1.85%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 11,300	\$ 20,500
Remuneration of directors and supervisors	11,300	20,500

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Company held board of directors' meetings on February 27, 2024, February 24, 2023 and February 25, 2022, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for the years 2023, 2022 and 2020 to differ from the amounts recognized in the parent company only financial statements for the years ended December 31, 2023, 2022 and 2021, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2024, 2023 and 2022, respectively.

	<u>For the Year Ended December 31</u>					
	<u>2023</u>		<u>2022</u>		<u>2021</u>	
	<u>Employees, Compensation</u>	<u>Remuneration of Directors and Supervisors</u>	<u>Employees, Compensation</u>	<u>Remuneration of Directors and Supervisors</u>	<u>Employees, Compensation</u>	<u>Remuneration of Directors and Supervisors</u>
Amounts approved in the board of directors' meeting	<u>\$ 11,626</u>	<u>\$ 11,626</u>	<u>\$ 21,457</u>	<u>\$ 21,457</u>	<u>\$ 16,588</u>	<u>\$ 16,588</u>
Amounts recognized in the annual financial statements	<u>\$ 11,300</u>	<u>\$ 11,300</u>	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 16,600</u>	<u>\$ 16,600</u>

Information on the employees' compensation and remuneration of directors and supervisors approved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Finance costs

For the Year Ended December 31

	2023	2022
Interest on bank loans	\$ 27,475	\$ 17,218
Interest on lease liabilities	<u>675</u>	<u>647</u>
	<u>\$ 28,150</u>	<u>\$ 17,865</u>

g. Gains or losses on foreign currency exchange

For the Year Ended December 31

	2023	2022
Foreign exchange gains	\$ 39,015	\$ 119,145
Foreign exchange losses	(43,873)	(65,515)
Net (losses) and gains	<u>(\$ 4,858)</u>	<u>\$ 53,630</u>

22. INCOME TAX

a. Income tax expense recognized in profit or loss

Years Ended December 31

	2023	2022
Current tax expense		
In respect of the current period	\$ 133,455	\$ 213,124
Income tax collected for undistributed profits	9,235	-
Deductions from investing activities	(4,840)	-
Income tax adjustments on prior years	(4,699)	(1,971)
	<u>133,151</u>	<u>211,153</u>
Deferred income tax benefit		
In respect of the current period	(4,760)	4,549
Deferred income tax benefit adjustments on prior years	<u>-</u>	<u>(12)</u>
Income tax expense recognized in profit or loss	<u>\$ 128,391</u>	<u>\$ 215,690</u>

Adjustments of accounting profit and income tax expense are as follows:

Years Ended December 31

	2023	2022
Profit before tax	<u>\$ 572,849</u>	<u>\$ 1,065,055</u>
Income tax expense calculated at the statutory rate	\$ 114,570	\$ 213,011
Nondeductible expenses in determining taxable income	60	192
Tax-exempt income	4,625	5,015
Income tax collected for undistributed profits	9,235	-
Deductions from investing activities	(4,840)	-
Additional income for tax purpose	760	580
Unrecognized deductible temporary differences	8,680	(1,125)
Adjustments for prior years' tax	(4,699)	(1,983)
Income tax expense recognized in profit or loss	<u>\$ 128,391</u>	<u>\$ 215,690</u>

b. Income tax expense recognized in other comprehensive income

Deferred income tax

Years Ended December 31

	2023	2022
Deferred income tax		
Related to remeasurement of defined benefit plan	<u>\$ 265</u>	<u>(\$ 3,658)</u>

c. Current tax liabilities

	Years Ended December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 137,017</u>	<u>\$ 138,291</u>

Prepaid income tax of \$833,000 and \$74,833,000 has been deducted from the income tax payable for 2023 and 2022 respectively.

d. Deferred income tax assets and liabilities

The movements of Deferred income tax assets and Deferred income tax liabilities are as follows:

For the year ended December 31, 2023

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 1,335	(\$ 75)	\$ 265	\$ 1,525
Property, plant and equipment	1,012	-	-	1,012
Payables for annual leave	1,518	(16)	-	1,502
Allowance for impairment loss	2,387	(272)	-	2,115
Unrealized exchange loss	(824)	3,977	-	3,153
Financial assets measured at FVTPL	(814)	814	-	-
Financial assets measured at FVOCI	12,405	-	-	12,405
Others	<u>9,570</u>	<u>332</u>	<u>-</u>	<u>9,902</u>
	<u>\$ 26,589</u>	<u>\$ 4,760</u>	<u>\$ 265</u>	<u>\$ 31,614</u>

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 5,558	(\$ 565)	(\$ 3,658)	\$ 1,335
Property, plant and equipment	3,031	(2,019)	-	1,012
Payables for annual leave	1,359	159	-	1,518
Allowance for impairment loss	1,650	737	-	2,387
Unrealized exchange loss	1,121	(1,945)	-	(824)
Financial assets measured at FVTPL	-	(814)	-	(814)
Financial assets measured at FVOCI	12,405	-	-	12,405
Others	<u>9,660</u>	<u>(90)</u>	<u>-</u>	<u>9,570</u>
	<u>\$ 34,784</u>	<u>(\$ 4,537)</u>	<u>(\$ 3,658)</u>	<u>\$ 26,589</u>

- e. The aggregate amount of temporary differences associated with investments for which Deferred income tax liabilities have not been recognized

As of December 31, 2023, and 2022, the taxable temporary differences associated with investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$54,775,000 and \$63,455,000 respectively.

- f. Income tax assessments

Income tax returns of the Company for the year 2021 have been assessed by the tax authorities.

23. EARNINGS PER SHARE (EPS)

	Unit: NT\$ Per Share	
	Years Ended December 31	
	2023	2022
Basic earnings per share		
Basic earnings per share	\$ 4.41	\$ 8.43
Diluted earnings per share		
Diluted earnings per share	\$ 4.41	\$ 8.42

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	Years Ended December 31	
	2023	2022
Profit for the year	\$ 444,458	\$ 849,365

The weighted average number of ordinary shares outstanding (in ,000 shares) is as follows:

Number of ordinary shares

	Years Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,706	100,706
Effect of potentially dilutive ordinary shares		
Employees' compensation	114	196
Weighted average number of ordinary shares used in the computation of diluted earnings per share	100,820	100,902

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. NON-CASH TRANSACTION

For the years ended December 31, 2023 and 2022, except information disclosed elsewhere in the other notes, the Company entered into the following non-cash investing and financing activities which were not reflected in the parent company only statements of cash flows:

The Company reclassified and paid for property, plant and equipment partly during 2023 and 2022 (Notes 13 and 17):

	Years Ended December 31	
	2023	2022
Prepayments for equipment transferred (reclassification)	\$ 25,406	\$ 81,463
Purchase of property, plant and equipment	\$ 203,574	\$ 269,795
Decrease (Increase)in payable of construction payment and purchases of equipment	<u>36,268</u>	<u>(27,678)</u>
Paid in cash by acquiring property, plant and equipment	<u>\$ 239,842</u>	<u>\$ 242,117</u>

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

As for the strategy of the Company's capital structure management, the Company sets its suitable market share according to its industry scale, the growth of the industry and the blueprint of the product development. The Company estimates the required capacity, the equipment and related capital expenditure to be used. Then the Company calculates working capitals and cash on the basis of the industry character to support a complete plan for its long-term development. Finally, the Company estimates not only the possible contribution margin, operating profit ratio and cash flows according to the product competitiveness but also risk factors such as the fluctuation of the business circle and the life circle of the product to decide the suitable capital structure. The management inspects capital structures periodically and considers the possible costs and risks taken by different capital structures. In general, the Company adopts a prudent risk management strategy.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values or the fair values cannot be reliable estimated.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets measured at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 32,085	\$ -	\$ -	\$ 32,085
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>6,698</u>	<u>6,698</u>
Total	<u>\$ 32,085</u>	<u>\$ -</u>	<u>\$ 6,698</u>	<u>\$ 38,783</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Derivatives - Foreign Exchange				
Option Contracts	\$ -	\$ 11,890	\$ -	\$ 11,890
Financial assets at FVTOCI				
Investments in equity instruments				
at FVTOCI				
Domestic listed shares	\$ 35,444	\$ -	\$ -	\$ 35,444
Domestic unlisted shares	-	-	6,698	6,698
Total	\$ 35,444	\$ -	\$ 6,698	\$ 42,142

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

2) Financial Instruments applied for Level 3 Adjustment at FVTOCI

	Financial assets at FVTOCI	
	01.01-12.31.2023.	01.01.-12.31.2022
Financial assets—Equity instrument		
Beginning and ending balance	\$ 6,698	\$ 6,698

3) Valuation Techniques and Assumptions Used in Fair Value Measurement

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.
- b) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial instrument category	Valuation techniques and inputs
Derivatives – Foreign Exchange Option Contracts	The fair value of the foreign exchange option contract is calculated based on the spot exchange rate on the evaluation date, the exercise price of the option, the exchange rate volatility, the contract expiration period, and the quoted risk-free interest rate during the contract expiration period.

c) Valuation techniques and inputs applied for Level 3 fair value measurement

- i. The fair values of unlisted equity securities in Taiwan were determined using the income approach. Under this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs are listed in the table below. Decrease in discount for the lack of marketability or non-controlling interests discount would result in increase in the fair value.

	December 31, 2023	December 31, 2022
Discount for lack of marketability	25%	25%
Non-controlling interests discount	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount for lack of marketability		
1% decrease	\$ <u>101</u>	\$ <u>95</u>
Non-controlling interests discount		
1% decrease	\$ <u>95</u>	\$ <u>89</u>

ii. The foreign unlisted (over the counter) equity investment adopts the market method, and its fair value is mainly assessed with reference to the recent financing activities of the invested target or the market transaction price and market conditions of similar targets. The evaluation method chosen by the Company after careful evaluation, therefore, the fair value measurement is reasonable, but the use of different evaluation models or fair value may lead to different evaluation results.

c. Categories of Financial Instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 11,890
Financial assets at amortized cost (*1)	1,905,508	1,912,522
Financial assets at FVTOCI	38,783	42,142
- Investment in equity instrument		
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (*2)	\$ 2,067,186	\$ 1,905,135

*1) The balances include loans and receivables at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, account and notes receivables, and receivables from related parties.

*2) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payables, account payables - related parties, long-term liabilities - current portion, others payable and long-term loans.

d. Financial Risk Management Objectives and Policies

The Company's major financial instruments include financial assets at amortized cost, equity investments, short-term loans, notes and account payables, account payables - related parties, others payable, long-term loans - current portion, and long-term loans. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors is solely responsible for established and monitored the framework of risk management of the Company, the Board of Directors authorized the chairman develop and monitored the risk management policy of the Company with the operation center of the Company, and regularly reported the situation to the Board of Directors.

The Company's financial risk management policies are developed for identifying and analyzing the financial risks to the Company, evaluating the impacts of the financial risks, and executing the financial-risk aversion policies. The financial risk management is periodically reviewed to reflect changes to the market and the operations. Through the internal controls, such as training and setting up

managing requirements and procedures, the Company are engaged in developing a disciplined and constructive control environment, in order to have all employees understand own responsibilities.

The Company's Board of Directors monitors the management on managing the compliance to the financial risk management policies and procedures and reviews the appropriateness of risk management structure.

1) Market Risk

The Company is exposed it to the financial market risks, primarily changes in foreign currency exchange rates (see a) below), interest rates (see b) below), and another price risk (see c) below).

a) Foreign Currency Risk

The Company has assets and liabilities not recorded in the same functional currency as that of the Company, thus, it is exposed to risks due to exchange rate fluctuation.

To manage risks within an acceptable level, the Company uses the natural hedge against its currency risk. The Company monitors and evaluates the movements of exchange rates and the weakness or strength of a currency's performance in line with natural hedging.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities which were not in the same functional currency as the Company's entity at the end of the reporting period are shown in Note 29.

Sensitivity Analysis

The Company was mainly exposed to the U.S. dollar.

The following table shows the Company's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency of the Company) against the relevant foreign currencies. A 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and was adjusted at the end of the reporting period for a 5% change in foreign currency rates. The number in the table indicates the change in pretax profit associated with the 5% appreciation of the New Taiwan dollar against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be positive.

	Unit: Thousand NT\$	
	Currency USD Impact	
	Years Ended December 31	
	2023	2022
Profit or loss	<u>\$ 31,298</u> (i)	<u>\$ 29,049</u> (i)

(i) This was mainly attributable to the exposure on outstanding receivables and payables in Currency USD which were not hedged at the end of the reporting period.

b) Interest Rate Risk

The Company is exposed to interest rate risks because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for the period from January 1 to December 31 in the fiscal years 2023 and 2022 were NT\$28,150,000 and NT\$17,865,000 respectively, which only constitute 0.63% and 0.34% of the net sales revenue. Therefore, the interest rate risk has no significant impact on the Company.

The carrying amounts of the Company's financial liabilities with exposure to interest rates at the end of the balance sheet reporting period were as follows:

	Unit: Thousand NT\$	
	Currency USD Impact	
	Years Ended December 31	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial liabilities	\$ 492,562	\$ 334,053
Cash flow interest rate risk		
Financial liabilities	920,000	1,035,000

Sensitivity Analysis

The sensitivity analysis was determined based on the Company's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole period. If interest rates had been five basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the one-year period from January 1 to December 31 in the fiscal years 2023 and 2022 would decrease by NT\$ 460,000 and NT\$ 518,000 respectively.

c) Other Price Risks

The Company is exposed to equity price risk due to securities investment of domestic listed companies. The Company has established an immediate control mechanism and are therefore not expected to have significant price risk.

Sensitivity Analysis

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the one-year period from January 1 to December 31 in the fiscal years 2023 and 2022 would have increased/decreased by NT\$ 1,939,000 and NT\$2,107,000 respectively, because of the changes in fair value of financial assets at FVTOCI.

2) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the balance sheets. The policies adopted by the Company are to trade with reputable objects only, and continue to supervise the credit risk insurance and the credit rating of the counterparty.

Apart from the companies A, B and C of the Company, the Company has no significant credit risk exposure from any single counterparty or any group of counterparties with similar characteristics. Apart from the companies A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A, B and C was carried at a percentage of 64% of the balance of accounts receivable of the Company. The credit risk is expected to be immaterial as the companies A, B and C are all reliable and trustworthy counterparties.

3) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manage liquidity risk

by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2023, and 2022, the Company had available unutilized short-term bank loan facilities in the amount of NT\$ 1,470,573,000 and NT\$ 2,025,018,000 respectively.

The following table shows the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$ 1,694	\$ 3,158	\$ 10,057	\$ 29,027	\$ 20,629
Variable interest rate liabilities	225,000	395,000	75,000	225,000	-
Fixed interest rate liabilities	<u>200,000</u>	<u>230,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$426,694</u>	<u>\$628,202</u>	<u>\$ 85,057</u>	<u>\$254,027</u>	<u>\$ 20,629</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 14,909</u>	<u>\$ 29,027</u>	<u>\$ 20,629</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$ 1,456	\$ 2,913	\$ 10,805	\$ 25,548	\$ 23,904
Variable interest rate liabilities	25,000	410,000	275,000	325,000	-
Fixed interest rate liabilities	<u>-</u>	<u>254,708</u>	<u>17,161</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,456</u>	<u>\$667,621</u>	<u>\$302,966</u>	<u>\$350,548</u>	<u>\$ 23,904</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 15,174</u>	<u>\$ 25,548</u>	<u>\$ 23,904</u>

27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and the other related parties are disclosed below:

a. Related Party Name and Category

Related Party Name	Related Party Category
San Fu Global Ltd.	Investors with significant influence over the Company
Zhang Chun Ming	Investors with significant influence over the Company
San Fu Tech Co., Ltd.	Subsidiary
International Nitto Technology Co., Ltd.	Subsidiary
VinaSanfu Industrial Gas Co., Ltd.	Subsidiary
VinaSanfu Material Co., Ltd.	Subsidiary
Lifu Carbonate Co., Ltd.	Associates (Acquisition Subsidiary on May 10, 2022)
Hongchong Enterprise Co., Ltd.	Associates
China Fangda (International) Investment Development Corporation	Associates
Sanfuming Electronic Material Co., Ltd.	Joint venture
Fulu Cultural Foundation	Other related parties

Sales of Goods	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Sales</u>		
Subsidiaries	\$ 35,170	\$ 31,714
Joint ventures	9,249	3,883
Associate	<u>-</u>	<u>21</u>
	<u>\$ 44,419</u>	<u>\$ 35,618</u>
<u>Purchase</u>		
Subsidiaries		
Joint ventures	\$ 15,484	\$ 38,781
Associates	200	87
	<u>12,991</u>	<u>13,419</u>
	<u>\$ 28,675</u>	<u>\$ 52,287</u>
<u>Service expense (recognized as other income)</u>		
Subsidiary	\$ 1,065	\$ 638
Joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>6,254</u>	<u>6,598</u>
	<u>\$ 7,319</u>	<u>\$ 7,236</u>
<u>Service expense (recognized as other expense)</u>		
Investors with significant influence over the Company	<u>\$ 1,143</u>	<u>\$ 1,143</u>
<u>Entertainment expense (recognized as sales cost and expense)</u>		
Subsidiaries	<u>\$ 592</u>	<u>\$ 611</u>
<u>Outsourcing processing costs</u> (Recognized as sales costs)		
Subsidiaries	<u>\$ 82,510</u>	<u>\$ -</u>
<u>Donation expense</u>		
Others		
Fulu Cultural Foundation	<u>\$ -</u>	<u>\$ 1,000</u>
Management service revenue (recognized as an offset to <u>operating expenses and cost of goods sold</u>) (Note 1)		
Subsidiaries	(<u>\$ 4,798</u>)	(<u>\$ 12,602</u>)

Note 1: The Company entered into an operation management contract with San Fu Biotech Co., Ltd., whereas San Fu Biotech Co., Ltd. appoints the Company to manage its administrative work. Pursuant to the contract, San Fu Biotech Co., Ltd. agreed to bear a portion of the manufacturing costs and employment expenses incurred by the Company on a monthly basis.

Transactions with related parties were not materially different from those non-related parties with third parties unless otherwise agreed.

c. Accounts receivable - related parties

	<u>Years Ended December 31</u>	
	2023	2022
<u>Accounts receivable - related party</u>		
Subsidiary	\$ 18,240	\$ 5,377
Joint ventures	6,564	3,784
<u>Other receivable - related party</u>		
Subsidiary		
San Fu Biotech Co., Ltd.	33	5,714
Sanfu Vietnam Gas Co., Ltd.	223,313	128,772
VinaSanfu Material Co., Ltd.	87,789	35,566
VinaSanfu Material Trading Co., Ltd.	32,204	-
Joint ventures	<u>6,146</u>	<u>6,278</u>
	<u>\$ 374,289</u>	<u>\$ 185,491</u>

d. Accounts payable - related parties

	Years Ended December 31	
	2023	2022
<u>Accounts payable - related party</u>		
Subsidiary	\$ 65,208	\$ 11,839
Associates	<u>4,427</u>	<u>7,368</u>
	<u>\$ 69,635</u>	<u>\$ 19,207</u>

The outstanding accounts payable from related parties are unsecured and the outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivable from related parties.

e. Lease arrangements

Line Item	Related Party Category/Name	<u>Years Ended December 31</u>	
		2023	2022
Lease liabilities	Investors with significant influence over the Company		
	Sanfu Global Co., Ltd.	<u>\$ 51,826</u>	<u>\$ 50,266</u>

	<u>Years Ended December 31</u>	
	2023	2022
<u>Interest expense</u>		
Investors with significant influence over the Company		
Sanfu Global Co., Ltd.	\$ 542	\$ 516
Others	<u>4</u>	<u>4</u>
	<u>\$ 546</u>	<u>\$ 520</u>

f. Loans to related parties

	<u>Years Ended December 31</u>	
	2023	2022
<u>Interest income</u>		
Subsidiary		
VinaSanfu Industrial Gas Co., Ltd.	\$ 3,860	\$ 1,336
VinaSanfu Material Co., Ltd.	1,103	245
VinaSanfu Material Trading Co., Ltd.	<u>454</u>	<u>-</u>
	<u>\$ 5,417</u>	<u>\$ 1,581</u>

g. Others

Investors with significant influence signed a trust agreement of marketable securities with CTBC Bank on September 29, 2016. The Company is a beneficiary of interest. The trust interest revenue was \$ 3,801,000 and \$2,900,000 in 2023 and 2022 respectively, and the revenue was credited in capital surplus-donations.

h. Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2023	2022
Short-term employee benefits	\$ 34,681	\$ 41,248
Post-employment benefits	<u>1,553</u>	<u>1,538</u>
	<u>\$ 36,234</u>	<u>\$ 42,786</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. PLEDGED ASSETS

The following assets were provided as collateral for bank loans and obligations under the sales agreement:

	Years Ended December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost)	\$ 125,400	\$ 172,400
Land	40,349	40,349
Buildings, net	<u>38,220</u>	<u>41,831</u>
	<u>\$ 203,969</u>	<u>\$ 254,580</u>

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of each individual group entity of the Company denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023 (Expressed in Thousands of foreign currencies or New Taiwan Dollars):

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 21,138	30.655	(USD: NTD)	\$ 647,985
JPY	546,144	0.215	(JPY: NTD)	117,530
<u>Non-monetary items</u>				
Investments in subsidiaries and associates using equity method				
USD	19,093	30.705	(USD: NTD)	586,246
VND	493,131,727	0.0012	(VND: NTD)	613,949
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	716	30.755	(USD: NTD)	22,021
JPY	562,383	0.219	(JPY: NTD)	123,274

December 31, 2022

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
Monetary items				
USD	\$ 19,743	30.660	(USD: NTD)	\$ 605,320
JPY	298,233	0.230	(JPY: NTD)	68,713
Non-monetary items				
Investments in subsidiaries and associates using equity method				
USD	18,711	30.710	(USD: NTD)	574,624
VND	541,743,191	0.0013	(VND: NTD)	696,140
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	791	30.760	(USD: NTD)	24,331
JPY	244,788	0.234	(JPY: NTD)	57,378

The significant unrealized foreign exchange gains (losses) were as follows:

<u>Foreign Currencies</u>	<u>For the Year Ended December 31, 2023</u>		<u>For the Year Ended December 31, 2022</u>	
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>
USD	30.655 (USD: NTD)	(\$ 17,808)	30.660 (USD: NTD)	\$ 9,782
JPY	0.215 (JPY: NTD)	(2,077)	0.230 (JPY: NTD)	(53)

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: See Table 1 attached;
- 2) Endorsements/guarantees provided: See Table 2 attached;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures: See Table 3 attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$ 300 million or 20% of the paid-in capital: See Table 4 attached;
- 5) Acquisition of individual real estate at costs of at least NT\$ 300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$ 300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: See Table 5 attached;
- 8) Receivables from related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: None;

- 9) Information about the derivative financial instrument transaction: See Table 7 attached;
- b. Information on investees: See Table 6 attached;
- c. Information on investments in Mainland China
- 1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: See Table 7 attached;
 - 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders
List all shareholders with ownership of 5% or greater showing the name of the shareholder and the number of shares and percentage of ownership held by of each shareholder: See Table 8 attached.

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 1

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	Other receivables	Y	\$ 250,000	\$ -	\$ -	-	The need for Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 441,395	\$ 1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	250,000	250,000	-	-	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	221,076 (US\$ 7,200,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	87,202 (US\$ 2,840,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	32,240 (US\$ 1,050,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
1	VinaSanFu Industrial Gas Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	261	261	-	-	The need for Short-term financing	-	Operating capital	-	-	29,167	116,669	(Note 3)	
2	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	653	653	-	-	The need for Short-term financing	-	Operating capital	-	-	28,050	112,201	(Note 3)	

Note 1: The items are numbered as follows:

- Issuer is numbered as "0".
- Investee companies are numbered from "1".

Note 2: The maximum amount for financing provided to others:

- The maximum amount of financing provided by the Company shall not exceed 40% of the Company's net worth.
- The maximum amounts of financing provided by the Company and its subsidiaries are as follows:

- i. The maximum amount of financing provided to all businesses shall not exceed 10% of the Company's net worth. The maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth, and the gross transaction amount (the higher of purchase amount or sales amount between the two parties) for the past year.
- ii. In the case of financing companies with short-term financing needs, the maximum amount of financing provided to such companies shall not exceed 30% of their net worth, the maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth.

Note 3: Other receivables have been written off when preparing the consolidated financial statements.

Note 4: Calculated based on the foreign currency exchange rate dated December 31, 2023 (USD \$1 = NT\$30.705)

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Amount of Endorsement /Guarantee Collateralize d by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 441,395	\$ 400,000	\$ 400,000	\$ 290,000	\$ -	9.06%	\$ 1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	300,000	300,000	210,000	-	6.80%	1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	400,000	200,000	184,230	-	4.53%	1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	400,000	200,000	184,230	-	4.53%	1,765,578	Y	N	N	

Note 1: The items are numbered as follows:

- Issuer is numbered as "0".
- Investee companies are numbered from "1".

Note 2: The maximum amount for guarantees provided to others:

- The maximum amount of guarantee provided by the Company shall not exceed 40% of the Company's net worth.
- The maximum amount of guarantee provided to all subsidiaries not exceeds 10% of the Company's net worth. The maximum amount of guarantee provided to an individual shall not exceed 10% of the Company's net worth.

San Fu Chemical Co., Ltd. and Subsidiaries

**MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 3

Holding Company Name	Marketable Securities Type and Name	Nature of Relationship	Financial Statement Account	As of December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
San Fu Chemical Co., Ltd.	E'Dale Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	32,085	0.45%	32,085	Note 2
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu Biotech (SFB)	REGiMMUNE Limited		Financial assets at fair value through other comprehensive income	1,075,130	63,714	4.72%	63,714	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	58,700	2.4%	58,700	

Note 1: The information for investments in subsidiaries, associates and joint venture is included in Tables 6 and 7.

Note 2: The fair value is calculated based on closing prices on December 31, 2023.

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$ 300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 4

Securities Purchased/Sold by	Marketable Securities Type & Name	Line Item	Trading Purpose	Nature of Relationship	Beginning Balance		Acquisition		Adjustment (Note 1)	Sale			Ending Balance		
					Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Selling Price	Carrying costs	Gain (Loss) of Disposal	Shares/Units	Amount
San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Investments accounted for using Equity Method	Cash Capital Increase	Subsidiary	90,000,000	\$ 844,231	30,000,000	\$ 300,000 (Note 3)	(\$ 23,314)	-	\$ -	-	\$ -	120,000,000	\$ 1,120,917

Note 1: Including the carrying amount of profits and losses of subsidiaries recognized by the equity method and shareholder adjustment items.

Note 2: The above subjects have been written off when preparing the consolidated financial statements.

Note 3: International Nitto Technology Co., Ltd. issued common stock for cash on February 6, 2023.

San Fu Chemical Co., Ltd. and Subsidiaries

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND SIGNIFICANT TRANSACTIONS BETWEEN THEM FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 5

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	1	Accounts receivable - related parties, net Other receivables - related parties, net Sales revenue Other income Accounts payable - related parties, net Purchase Rental expenses	\$ 8,645 33 26,023 6 3,027 10,782 4,459	90 days after invoice date According to the contract 90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date	0.11% 0.00% 0.52% 0.00% 0.04% 0.22% 0.09%
		International Nitro Technology Co., Ltd.	1	Accounts receivable - related parties, net Sales revenue Accounts payable - related parties, net Purchase Outsourcing costs	9,387 8,940 62,182 4,702 82,510	90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date 90 days after invoice date	0.12% 0.18% 0.80% 0.09% 1.65%
0		VinaSanFu Industrial Gas Company Limited	1	Other receivables - related parties, net Interest income Other income	223,313 3,860 749	According to the contract According to the contract 30 days after invoice date	2.87% 0.08% 0.02%
		VinaSanFu Material Company Limited	1	Other receivables - related parties, net Interest income Other income	87,789 1,104 311	According to the contract According to the contract 30 days after invoice date	1.13% 0.02% 0.01%
		VinaSanFu Material Trading Company Limited	2	Accounts receivable - related parties, net Other receivables - related parties, net Sales revenue Interest income	208 32,204 208 454	30 days after invoice date According to the contract 30 days after invoice date According to the contract	0.00% 0.41% 0.00% 0.01%

Note 1: "1" represents the transactions between the parent company and subsidiaries.

Note 2: When the consolidated financial statements are prepared, the abovementioned transactions were all written off.

San Fu Chemical Co., Ltd. and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES FOR THE YEAR ENDED DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 6

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	%	Carrying Amount		
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$ 586,246	\$ 19,309	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Engaged in industrial gas production	US\$ 13,650,000	US\$ 13,650,000	-	100%	291,674	(42,080)	Note 1
	VinaSanFu Material Company Limited	Vietnam	Engaged in manufacturing chemical materials	US\$ 12,200,000	US\$ 12,200,000	-	100%	280,504	(22,636)	Note 1
	San Fu Biotech Co., Ltd.	Taiwan	Engaged in the manufacture and sale of food additives	210,000	210,000	22,790,000	93%	269,468	236	Notes 1
	International Nitro Technology Co., Ltd	Taiwan	Engaged in electronic component manufacturing business	1,277,904	977,904	120,000,000	100%	1,120,917	(23,314)	Note 1
	Hongchong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	14,993	1,957	978
	Lifu Carbonate Co., Ltd.	Taiwan	Engaged in carbon dioxide gas, carbonic acid fire extinguisher, dry ice manufacturing and its sales and marketing	77,253	77,253	1,740	87%	87,340	(3,916)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Engaged in industrial gas production	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	41,771	6,019	2,007
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	Engaged in the operation of international trade business	US\$ 2,151,000	US\$ 2,151,000	-	50%	418,621	41,974	20,987
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	59,778	13	Note 1
VinaSanFu Material Company Limited	Vinasanfu Materials Trading Co., Ltd	Vietnam	Engaged in manufacturing chemical materials	US\$ 400,000	US\$ 160,000	-	100%	23,890	12,694	Notes 1

Note 1: When the consolidated financial statements are prepared, they were all written off.

Note 2: Information of investments in Mainland China is included in Table 7.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2023

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

TABLE 7

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3 and)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Sanfuming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 276,345 (US\$ 9,000,000) (Notes 1 and 4)	Through the third company reinvest in mainland companies	\$ 19,989 (US\$ 651,000)	\$-	\$-	\$ 19,989 (US\$ 651,000)	\$41,974	50	\$ 20,987	\$418,621 (US\$13,634,000)	\$
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in manufacturing and selling chemical products	\$1,120,860 (RMB 260,000,000) (Note 2)	Through the third company reinvest in mainland companies	\$ 57,296 (US\$ 1,866,000)	-	-	\$ 57,2965 (US\$ 1,866,000)	(Note 7)	2.40	-	\$ 58,700 (US\$1,912,000)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$179,133 (US\$ 5,834,000) (Notes 5 and 6)	\$293,509 (US\$9,559,000)	\$2,667,478

Note 1: The exchange rate on December 31, 2023 was USD\$1=NT\$ 30.705

Note 2: The exchange rate on December 31, 2023 was RMB\$1=NT\$ 4.311

Note 3: The average exchange rate was based on the USD\$1=NT\$ 31.155 for the 12-month period from January 1, 2023 to December 31, 2023.

Note 4: In April 2012, the company raised US\$ 651,000 of capital (all new shares were subscribed by Hubei Xingfu Electronic Materials Co., Ltd.). In October 2012, the Company converted US\$ 1,698,000 of retained earnings into capital stock. In April 2013, the Company increased its capital by US\$3,000,000, and in July 2018, the Company transferred US\$3,000,000 of retained earnings into capital.

Note 5: This includes accumulated outward remittance for investments in Keyron Top Chemical (Shanghai) Co., Ltd. (US\$ 2,017,000). The company was liquidated in August 2006.

Note 6: The investment in Shandong Fangda Jinke Additive Co., Ltd. was remitted from Taiwan (US\$1,300,000). The company was liquidated in January 2017.

Note 7: It refers to the financial assets measured at fair value through other comprehensive income (FVTOCI).

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS

BASED ON THE INFORMATION REPORTED AS OF DECEMBER 31, 2023

TABLE 8

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sanfu Global Co., Ltd.	24,067,315	23.89%
Pilot Keymark SDN. BHD.	19,929,000	19.78%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the MOPS (Market Observation Post System) of Taiwan Stock Exchange.

San Fu Chemical Co., Ltd.

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STATEMENT 1

San Fu Chemical Co., Ltd.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ <u>330</u>
Cash in banks		
Checking accounts and demand deposits		115,337
Foreign currency deposits	Including US\$2,417,000 @30.655	<u>102,912</u>
	JPY133,888,000@0.2152	<u>218,249</u>
Total		\$ <u>218,579</u>

STATEMENT 2

San Fu Chemical Co., Ltd.

**STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Client A	\$ 438,191
Client B	165,412
Client C	148,011
Client D	100,069
Others (Note)	<u>334,382</u>
	1,186,065
Less: Allowance for doubtful accounts	(5,710)
Total	<u>\$ 1,180,355</u>

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

STATEMENT 3**San Fu Chemical Co., Ltd.****STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ 34,417	\$ 34,238
Finished goods	247,730	211,392
Work in process	8,006	6,727
Semi-finished goods	1,538	1,538
Raw materials	292,936	289,892
Material Supplies	<u>36,674</u>	<u>35,490</u>
Sub-Total	621,301	<u>\$ 579,277</u>
Less: Inventory write-downs (Note 1)	(<u>42,024</u>)	
Net Value	<u>\$ 579,277</u>	

Note: Inventory write-downs include \$179,000 for merchandise, \$36,338,000 for finished goods, \$1,279,000 for work in process, \$3,044,000 for raw materials and \$1,184,000 for material supplies.

STATEMENT 4

San Fu Chemical Co., Ltd.

**STATEMENT OF LONG-TERM EQUITY CHANGES USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Balance, January 1, 2023		Increase in Equity		Investment Gain (Loss)	Cumulative Exchange Adjustment	Dividends received	Unrealized Gains and Losses Financial Assets Measured at FVTOCI	Balance, December 31, 2023		Secured Loan
	Shares	Amount	Shares	Amount					Shares	Amount	
Unlisted & Non-OTC companies											
San Fu Specialty Chemicals Investments Limited	2,350,840	\$ 574,624	-	\$ -	\$ 19,309	(\$ 7,687)	\$ -	\$ -	2,350,840	\$ 586,246	Nil
VinaSanFu Industrial Gas Company Limited	-	343,125	-	-	(42,080)	(9,371)	-	-	-	291,674	Nil
VinaSanFu Material Company Limited	-	312,152	-	-	(22,636)	(9,012)	-	-	-	280,504	Nil
San Fu Biotech Co., Ltd.	21,500,000	265,776	1,290,000	-	220	-	-	3,472	22,790,000	269,468	Nil
International Nitto Technology Co., Ltd.	90,000,000	844,231	30,000,000	300,000	(23,314)	-	-	-	120,000,000	1,120,917	Nil
Lifu Carbonic Acid Co., Ltd.	1,740	90,747	-	-	(3,407)	-	-	-	1,740	87,340	Nil
Hong Cheng Enterprise Co., Ltd.	1,200,000	15,654	-	-	978	-	(1,639)	-	1,200,000	14,993	Nil
Shian Yun Joint Stock Company	2,659,974	40,863	-	-	2,007	(1,099)	-	-	2,659,974	41,771	Nil
		<u>\$2,487,172</u>		<u>\$ 300,000</u>	<u>(\$ 68,923)</u>	<u>(\$ 27,169)</u>	<u>(\$ 1,639)</u>	<u>\$ 3,472</u>		<u>\$2,692,913</u>	<u>\$2,602,629</u>

STATEMENT 5**San Fu Chemical Co., Ltd.****STATEMENT OF SHORT-TERM LOANS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

<u>Type</u>	<u>Contract Period</u>	<u>Range of Interest Rates (%)</u>	<u>Balance, End of Year</u>	<u>Loan Commitments</u>	<u>Collateral</u>
<u>Secured loans</u>					
First Commercial Bank	Nov. 2023~ Feb. 2024	1.720%	<u>\$ 265,000</u>	<u>\$ 350,000</u>	Secured Loan
<u>Bank credit loan</u>					
First Commercial Bank	Oct. 2023~ Mar. 2024	1.720%	330,000	500,000	Nil
Bank of Taiwan	Nov. 2023~Feb. 2024	1.705%	200,000	200,000	Nil
DBS Bank (Taiwan) Ltd	Nov. 2023~Jan. 2024	1.750%	200,000	200,000	Nil
China Trust	Aug. 2023~ Feb. 2024	0.850%	<u>30,044</u>	<u>200,000</u>	Nil
			<u>760,044</u>	<u>1,100,000</u>	
Short-term Loan total			<u>\$ 1,025,044</u>	<u>\$ 1,450,000</u>	

STATEMENT 6

San Fu Chemical Co., Ltd.

STATEMENT OF NOTES AND ACCOUNTS PAYABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount
Vendor A	\$ 54,264
Vendor B	52,693
Vendor C	46,034
Vendor D	37,571
Vendor E	31,179
Vendor F	20,311
Others (Note)	<u>162,820</u>
Total	<u>\$ 404,872</u>

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

STATEMENT 7

San Fu Chemical Co., Ltd.

STATEMENT OF REVENUES FOR THE YEAR ENDED DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Shipments (KG)</u>	<u>Amount</u>
Stripper	17,054,130	\$ 1,424,480
Etchant	11,496,910	510,870
Developer	3,201,500	504,441
TMAM - recycle	25,008,440	674,315
Others (Note)		<u>1,353,268</u>
Sub-Total		4,467,374
Less: Sales returns		(5,886)
Sales discounts		(<u>8,015</u>)
Total		<u>\$4,453,473</u>

Note: The amount of each item in others does not exceed 10% of the total revenue.

STATEMENT 8

San Fu Chemical Co., Ltd.

STATEMENT OF OPERATING COSTS FOR THE YEAR ENDED DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Merchandise balance, beginning of year	\$ 7,410
Merchandise purchased	229,519
Merchandise balance, end of year	(34,417)
Cost of contract revenue and merchandise sales	<u>202,512</u>
Raw materials, beginning of year	263,524
Raw materials purchased	2,155,832
Raw materials balance, end of year	(292,936)
Sales of raw materials	(898,386)
Transferred to expenses	(13,252)
Raw materials used	1,214,782
Supplies, beginning of year	31,985
Supplies purchased	85,858
Supplies, end of year	(36,674)
Sales of supplies	(13,605)
Transferred to expenses	(48,146)
Supplies used	19,418
Direct labor	150,387
Manufacturing expenses	<u>702,869</u>
Manufacturing cost	2,087,456
Work in process, beginning of year	15,228
Work in process, end of year	(8,006)
Semi-finished goods, beginning of year	1,894
Semi-finished goods purchased	69,454
Semi-finished goods, end of year	(1,538)
Cost of finished goods	2,164,488
Finished goods, beginning of year	339,114
Other adjustments for finished goods	83,175
Finished goods, end of year	(247,730)
Transferred to other accounts	(6,686)
Cost of goods sold	2,332,361
Reversal of write-downs of inventories	3,409
Other cost of goods sold	<u>911,991</u>
Operating costs	<u>\$ 3,450,273</u>

STATEMENT 9**San Fu Chemical Co., Ltd.****STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll	\$ 51,126	\$ 65,501	\$ 27,432	\$ 144,059
Freight	72,709	-	-	72,709
Depreciation expense	6,077	8,244	15,090	29,411
Travel expenses	11,111	2,218	368	13,697
Water, electricity and gas bills	338	345	3,045	3,728
Others (Note)	32,015	56,017	9,581	97,613
Total	<u>\$ 173,376</u>	<u>\$ 132,325</u>	<u>\$ 55,516</u>	<u>\$ 361,217</u>

Note: Expected credit loss is included and the amount of each item in others does not exceed 5% of the account balance.

STATEMENT 10

San Fu Chemical Co., Ltd.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2022			2021		
	Classified as Operatin g Costs	Classified as Operatin g Expenses	Total	Classified as Operatin g Costs	Classified as Operatin g Expenses	Total
Employee benefit						
Salaries	\$187,050	\$130,412	\$317,462	\$221,839	\$168,352	\$390,191
Labor and health insurance	18,854	11,579	30,433	18,822	12,028	30,850
Pension	8,185	5,722	13,907	7,965	5,705	13,670
Board compensation	-	22,870	22,870	-	37,420	37,420
Other employee benefit expenses	15,860	24,829	40,689	15,301	33,325	48,626
Depreciation	251,545	29,411	280,956	235,004	27,189	262,193

Note 1: As of December 31, 2023, and 2022, the Company had 376 and 378 employees, respectively. There were 7 and 7 non-employee directors respectively for both years and their calculation basis is consistent with employee benefit.

Note 2: Listed Company at Taiwan Stock Exchange and over-the-counter company at Taipei Exchange should disclose additional information below:

- a. The average amount of labor cost for the years ended December 31, 2023 and 2022 was NT\$1,091,000 and NT\$1,303,000, respectively.
("Total labor cost - Total board compensation"/"Total employee count - Total non-employee director count")
- b. The average amount of salary and bonus for the years ended December 31, 2023 and 2022 was NT\$860,000 and NT\$1,052,000 respectively.
(Total salary and bonus/"Total employee count - Total non-employee director count")
- c. The average salary and bonus adjustment by -18% year over year.
("Average salary and bonus in current year - Average salary and bonus in previous year"/Average salary and bonus in previous year)
- d. The compensation to the supervisor for the years ended December 31, 2023 and 2022 was NT\$0 and NT\$0, respectively.
- e. The remuneration of directors and managers is determined by the Remuneration Committee in accordance with individual performance and market trends. Staff remuneration is based on individual performance and market trends

Explanations:

1. The number of employees stated in the notes to this table should be calculated based on the same employee benefit expenses.
2. According to International Accounting Standards No. 19 (IAS 19), employees may provide services on a full-time, part-time, permanent, irregular or temporary basis, including directors and other management personnel, so the term "employees" in this table includes Directors, managers, general employees and contract employees, etc., but not including supervisors, dispatched manpower, labor contracting or business outsourcing personnel.
3. The term "director's remuneration" refers to the remuneration received by all directors, retirement pension, director's remuneration and business execution expenses, etc., but does not include salaries, labor and health insurance, pensions and other welfare expenses received by concurrent employees.

San Fu Chemical Co., Ltd.



Responsible Person: **Wu Hsin-Hung**



May 06, 2024