

San Fu Chemical Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

Address : 5F., No. 21, Zhongshan North Road, Section 2, Zhongshan District, Taipei City

Telephone : (02) 25426789

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of San Fu Chemical Co., Ltd. and its subsidiaries (collectively referred to as the "Company"), as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, of changes in equity, and of cash flows or the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated 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 and the "International Accounting Standard" IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the International Standard On Review Engagements 2410 "Review of Interim Financial Information Performed By The Independent Auditor of The Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Opinion

As stated in Note 12 to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the consolidated financial statements for the same period have not been reviewed by accountants. Its total assets as of September 30, 2023 and 2022 were amounted to NT\$ 1,116,346,000 and NT\$ 2,455,652,000 respectively, amounted to 15% and 32% of the Company's consolidated total assets. The total liabilities were amounted to NT\$ 232,456,000 and NT\$ 293,486,000 respectively, which amounted to 7% and 9% of the consolidated total liabilities respectively. The total consolidated profit and loss for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022 were amounted to NT\$ (8,830,000), NT\$(7,247,000), NT\$ (17,947,000) and NT\$ 20,610,000 respectively, which amounted to 7%, 3%, 6% and 2% of the total consolidated comprehensive profit and loss, respectively. In addition, as stated in Note 13 of the consolidated financial statements, the investment balance as of September 30, 2023 and 2022 of San Fu Chemical Co., Ltd. and its subsidiaries recognized by the equity method of accounting were amounted to NT\$ 494,774,000 and NT\$ 499,137,000 respectively. The amount of consolidated profits and losses of associates and joint ventures recognized by the equity method of accounting for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022 were amounted to NT\$ 24,439,000, NT\$ 19,294,000, NT\$ 34,352,000, and NT\$ 76,897,000 respectively, and the relevant information of the reinvestment business mentioned in the notes 12 and 31 to the financial statements was based on the recognition and disclosure of the investee company's financial statements during the same period have not been reviewed by accountants.

Conclusion

Based on our reviews and other accountant's review report (see Additional Information), except for the relevant information disclosed in the financial statements of non-significant subsidiaries and investee companies that adopt the equity method as described in the basic paragraph of the reserved conclusions and the relevant information disclosed in Note 31, if reviewed by an accountant, the accompany consolidated financial statements may be adjusted, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of San Fu Chemical Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months then ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by the Securities Issuers and International Accounting Standard IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Additional Information

Among the subsidiaries included in the consolidated financial statements of Sanfu Chemical Co., Ltd. and its subsidiaries, the financial statements of VinaSanFu Industrial Gas Company Limited for the nine Months Ended September 30, 2023 have not been audited by our auditors, but have been audited by other accountants. Therefore, in the review report issued by the accountant on the above-mentioned consolidated financial statements, the amounts listed in the aforementioned company's financial statements are based on the review reports of other accountants. The total assets of the subsidiary on September 30, 2023 were NT\$ 523,892,000, accounting for 7% of the total consolidated assets. From July 1 to September 30 and January 1 to September 30, 2023 the net operating income was NT\$ 29,525,000 and NT\$ 79,560,000 respectively, accounting for 2% and 2% of the consolidated net operating income respectively.

The engagement partners on the reviews resulting in this independent auditor's review report are Xu Xiuming and Ong Yaling.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 06, 2023

Notice to Readers

The accompanying financial statements are intended only to present the 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 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 financial statements shall prevail

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of September 30, 2023, December 31 and September 30, 2022

(Expressed in thousands of New Taiwan Dollar)

Code	ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 338,585	5	\$ 602,138	8	\$ 810,168	11
1110	Financial assets measured at FVTPL - current (Note 7)	-	-	11,890	-	14,398	-
1136	Financial assets at amortized cost-current (Note 9)	241,781	3	238,427	3	290,345	4
1140	Contract assets - current (Note 21)	22,363	-	8,173	-	6,006	-
1150	Notes receivable, net (Note 10)	30,347	-	43,300	1	44,447	1
1170	Accounts receivable, net (Note 10)	1,228,667	16	1,185,450	17	1,321,343	17
1180	Receivable from related parties (Note 28)	6,471	-	10,062	-	6,150	-
130X	Inventories (Note 11)	601,314	8	717,450	10	931,241	12
1410	Prepayments	564,929	8	488,861	7	381,749	5
1220	Current income tax assets	37	-	79	-	-	-
1470	Other current assets	144,778	2	59,894	1	69,158	1
11XX	Total current assets	<u>3,179,272</u>	<u>42</u>	<u>3,365,724</u>	<u>47</u>	<u>3,875,005</u>	<u>51</u>
	NON-CURRENT ASSETS						
1517	Financial assets at FVTOCI - non-current (Note 8)	144,429	2	100,851	1	92,835	1
1550	Investments accounted for using equity method (Note 13)	494,774	7	504,904	7	499,137	7
1600	Property, plant and equipment (Note 14)	3,321,831	44	3,018,028	42	2,928,222	38
1755	Right-of-use assets (Note 15)	137,914	2	138,176	2	131,427	2
1780	Other intangible assets	143,208	2	-	-	-	-
1840	Deferred income tax assets (Note 23)	23,340	-	26,589	-	27,905	-
1915	Prepayments for equipment	72,911	1	59,709	1	54,535	1
1920	Refundable deposits	17,036	-	7,279	-	24,590	-
15XX	Total non-current assets	<u>4,355,443</u>	<u>58</u>	<u>3,855,536</u>	<u>53</u>	<u>3,758,651</u>	<u>49</u>
1XXX	TOTAL	<u>\$ 7,534,715</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>	<u>\$ 7,633,656</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term loans (Note 16)	\$ 1,460,258	19	\$ 926,869	13	\$ 1,622,854	21
2130	Contract liabilities - current (Note 21)	256,697	4	260,165	4	156,121	2
2170	Notes and accounts payable (Note 17)	355,378	5	364,719	5	400,078	5
2180	Accounts payable - related parties (Note 28)	7,414	-	7,368	-	2,767	-
2200	Other payables (Note 18)	577,577	8	387,151	5	241,938	3
2230	Current tax liabilities (Note 23)	85,921	1	138,291	2	111,922	2
2280	Lease liabilities-current (Notes 15 and 28)	19,036	-	22,485	-	22,201	-
2320	Long-term liabilities due within 1 year (Note 16)	100,000	1	100,000	2	100,000	2
2399	Other current liabilities	5,590	-	5,119	-	6,925	-
21XX	Total current liabilities	<u>2,867,871</u>	<u>38</u>	<u>2,212,167</u>	<u>31</u>	<u>2,664,806</u>	<u>35</u>
	NON-CURRENT LIABILITIES						
2540	Long-term bank loans (Note 16)	250,000	3	325,000	4	350,000	5
2570	Deferred tax liabilities (Note 23)	8,474	-	8,474	-	8,474	-
2580	Lease liabilities-non-current (Notes 15 and 28)	50,447	1	47,503	1	39,216	-
2640	Net defined benefit liabilities - non-current (Note 19)	6,389	-	6,676	-	27,562	-
2670	Other non-current liabilities	995	-	1,369	-	1,493	-
25XX	Total non-current liabilities	<u>316,305</u>	<u>4</u>	<u>389,022</u>	<u>5</u>	<u>426,745</u>	<u>5</u>
2XXX	Total liabilities	<u>3,184,176</u>	<u>42</u>	<u>2,601,189</u>	<u>36</u>	<u>3,091,551</u>	<u>40</u>
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)						
	Capital stock						
3110	Ordinary shares	<u>1,007,060</u>	<u>13</u>	<u>1,007,060</u>	<u>14</u>	<u>1,007,060</u>	<u>13</u>
3200	Capital surplus	<u>564,657</u>	<u>7</u>	<u>762,268</u>	<u>11</u>	<u>762,268</u>	<u>10</u>
	Retained earnings						
3310	Legal reserve	444,716	6	358,315	5	358,315	5
3320	Special reserve	44,926	1	124,794	2	124,794	1
3350	Unappropriated earnings	<u>2,295,096</u>	<u>30</u>	<u>2,380,458</u>	<u>33</u>	<u>2,284,403</u>	<u>30</u>
3300	Total retained earnings	<u>2,784,738</u>	<u>37</u>	<u>2,863,567</u>	<u>40</u>	<u>2,767,512</u>	<u>36</u>
	Other equity						
3410	Exchange differences on translating foreign operations	8,307	-	(18,377)	-	9,270	-
3420	Unrealized evaluation gains and losses of the equity instrument investment benefit measured at FVTOCI	(45,369)	-	(26,549)	(1)	(36,553)	-
3400	Total other equity	(37,062)	-	(44,926)	(1)	(27,283)	-
31XX	Total Owner's Equity	<u>4,319,393</u>	<u>57</u>	<u>4,587,969</u>	<u>64</u>	<u>4,509,557</u>	<u>59</u>
36XX	Non-controlling interests (Minority Interests) (Note 20)	31,146	1	32,102	-	32,548	1
3XXX	Total equity	<u>4,350,539</u>	<u>58</u>	<u>4,620,071</u>	<u>64</u>	<u>4,542,105</u>	<u>60</u>
TOTAL		<u>\$ 7,534,715</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>	<u>\$ 7,633,656</u>	<u>100</u>

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

(Refer to Audit Report of Deloitte & Touche on November 06, 2023)

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting Supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

<u>Code</u>		<u>For the three months Ended September 30</u>				<u>For the nine months ended September 30</u>			
		<u>2023</u>		<u>2022</u>		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	OPERATING REVENUE (Notes 21 and 28) `	\$1,214,123	100	\$1,217,801	100	\$3,674,610	100	\$4,417,379	100
5000	OPERATING COST (Notes 11, 22, 28)	<u>971,307</u>	<u>80</u>	<u>928,811</u>	<u>76</u>	<u>2,971,990</u>	<u>81</u>	<u>3,169,632</u>	<u>72</u>
5900	GROSS PROFIT	<u>242,816</u>	<u>20</u>	<u>288,990</u>	<u>24</u>	<u>702,620</u>	<u>19</u>	<u>1,247,747</u>	<u>28</u>
	OPERATING EXPENSES (Notes 22 and 28)								
6100	Selling and marketing expenses	55,651	5	63,510	5	165,536	4	216,336	5
6200	General and administrative expenses	42,519	3	57,425	5	128,136	3	167,409	3
6300	Research & Development Expenses	21,272	2	18,960	2	59,171	2	46,120	1
6450	Expected credit loss (ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>-</u>
6000	Total operating expenses	<u>119,442</u>	<u>10</u>	<u>139,895</u>	<u>12</u>	<u>352,843</u>	<u>9</u>	<u>429,951</u>	<u>9</u>
6900	PROFIT FROM OPERATIONS	<u>123,374</u>	<u>10</u>	<u>149,095</u>	<u>12</u>	<u>349,777</u>	<u>10</u>	<u>817,796</u>	<u>19</u>
	NON-OPERATING INCOME AND EXPENSES								
7010	Other income (Note 22)	11,932	1	10,273	1	26,247	1	28,002	1
7020	Other gains and losses (Note 22)	14,484	1	42,086	3	19,025	-	69,443	1
7050	Financial Cost (Note 22)	(8,339)	(1)	(5,710)	-	(21,330)	(1)	(12,371)	-
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Note 13)	6,491	1	12,448	1	25,742	1	60,198	1
7100	Interest income	<u>992</u>	<u>-</u>	<u>2,647</u>	<u>-</u>	<u>5,240</u>	<u>-</u>	<u>3,882</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>25,560</u>	<u>2</u>	<u>61,744</u>	<u>5</u>	<u>54,924</u>	<u>1</u>	<u>149,154</u>	<u>3</u>
7900	PROFIT BEFORE INCOME TAX	148,934	12	210,839	17	404,701	11	966,950	22
7950	INCOME TAX EXPENSE (Note 23)	(<u>39,003</u>)	(<u>3</u>)	(<u>47,736</u>)	(<u>4</u>)	(<u>91,149</u>)	(<u>2</u>)	(<u>198,345</u>)	(<u>4</u>)
8200	NET PROFIT FOR THE PERIODS	<u>109,931</u>	<u>9</u>	<u>163,103</u>	<u>13</u>	<u>313,552</u>	<u>9</u>	<u>768,605</u>	<u>18</u>

(Continued)

<u>Code</u>		<u>For the three months Ended September 30</u>				<u>For the nine months ended September 30</u>			
		<u>2023</u>		<u>2022</u>		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	OTHER COBNSOLIDATED PROFIT AND LOSS								
	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized loss on financial assets at FVTOCI	(<u>10,400</u>)	(<u>1</u>)	<u>286</u>	<u>-</u>	(<u>19,404</u>)	(<u>1</u>)	(<u>1,858</u>)	<u>-</u>
8310	Items that may be reclassified to profit and loss in the future	(<u>10,400</u>)	(<u>1</u>)	<u>286</u>	<u>-</u>	(<u>19,404</u>)	(<u>1</u>)	(<u>1,858</u>)	<u>-</u>
8370	Share of the other comprehensive loss of associates and joint ventures using equity method	17,948	1	6,846	1	8,610	-	16,699	-
8361	Exchange differences on translating the financial statements of foreign operations	<u>6,025</u>	<u>1</u>	<u>40,857</u>	<u>3</u>	<u>18,074</u>	<u>1</u>	<u>82,670</u>	<u>2</u>
8360	Items that may be reclassified subsequently to profit or loss	<u>23,973</u>	<u>2</u>	<u>47,703</u>	<u>4</u>	<u>26,684</u>	<u>1</u>	<u>99,369</u>	<u>2</u>
8300	Other comprehensive loss for the year, net of income tax	<u>13,573</u>	<u>1</u>	<u>47,989</u>	<u>4</u>	<u>7,280</u>	<u>-</u>	<u>97,511</u>	<u>2</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THIS PERIOD								
	NET PROFIT								
	ATTRIBUTABLE TO:	<u>\$ 123,504</u>	<u>10</u>	<u>\$ 211,092</u>	<u>17</u>	<u>\$ 320,832</u>	<u>9</u>	<u>\$ 866,116</u>	<u>20</u>
8610	Owners of the Company	\$ 110,057	9	\$ 163,410	13	\$ 313,924	9	\$ 767,943	18
8620	Non-controlling interests	(<u>126</u>)	<u>-</u>	(<u>307</u>)	<u>-</u>	(<u>372</u>)	<u>-</u>	<u>662</u>	<u>-</u>
8600		<u>\$ 109,931</u>	<u>9</u>	<u>\$ 163,103</u>	<u>13</u>	<u>\$ 313,552</u>	<u>9</u>	<u>\$ 768,605</u>	<u>18</u>
	TOTAL COMPREHENSIVE INCOME								
	ATTRIBUTABLE TO:								
8710	Owners of the Company	\$ 124,214	10	\$ 211,399	17	\$ 321,788	9	\$ 865,454	20
8720	Non-controlling interests	(<u>710</u>)	<u>-</u>	(<u>307</u>)	<u>-</u>	(<u>956</u>)	<u>-</u>	<u>662</u>	<u>-</u>
8700		<u>\$ 123,504</u>	<u>10</u>	<u>\$ 211,092</u>	<u>17</u>	<u>\$ 320,832</u>	<u>9</u>	<u>\$ 866,116</u>	<u>20</u>
	EARNINGS PER SHARE (Note 24)								
9750	Basic EPS	<u>\$ 1.09</u>		<u>\$ 1.62</u>		<u>\$ 3.11</u>		<u>\$ 7.62</u>	
9850	Diluted EPS	<u>\$ 1.09</u>		<u>\$ 1.62</u>		<u>\$ 3.11</u>		<u>\$ 7.61</u>	

(Concluded)

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

(Refer to Audit Report of Deloitte & Touche on November 06, 2023)

Chairman: WU, Hsin-Hung Manager: TSAI, Chieh-Rong Accounting Supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

Code	Description	Equity attributable to the Owners of the Company										
		Capital stock (Note 20)		Capital Surplus	Retained Earnings (Note 20)			Other equity		Sub-Total	Non-controlling interests (Note 20)	Total Equity
		Shares (In Thousands)	Amount	(Note 20)	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized gain/loss on financial assets at FVTOCI			
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
	Other Changes in Capital Surplus											
C3	Donations from Shareholders	-	-	2,900	-	-	-	-	-	2,900	-	2,900
C17	Exercise the right of attribution	-	-	30	-	-	-	-	-	30	-	30
D1	Net profit for the nine months ended September 30, 2022	-	-	-	-	-	767,943	-	-	767,943	662	768,605
D3	Other comprehensive profit & loss after tax for the nine months ended September 30, 2022	-	-	-	-	-	-	99,369	(1,858)	97,511	-	97,511
D5	Total Comprehensive Income for the nine months ended September 30, 2022	-	-	-	-	-	767,943	99,369	(1,858)	865,454	662	866,116
	Distribution of Available Earnings for 2021											
B1	Recognized Legal Capital Reserve for 2021	-	-	-	67,034	-	(67,034)	-	-	-	-	-
B3	Recognized Special Capital Reserve for 2021	-	-	-	-	21,446	(21,446)	-	-	-	-	-
B5	Cash Dividend Distributed to Shareholders	-	-	(201,412)	-	-	(302,118)	-	-	(503,530)	-	(503,530)
Z1	BALANCE, SEPTEMBER 30, 2022	100,706	\$1,007,060	\$ 762,268	\$ 358,315	\$ 124,794	\$2,284,403	\$ 9,270	(\$ 36,553)	\$4,509,557	\$ 32,548	\$4,542,105
A1	BALANCE, JANUARY 1, 2023	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
	Other Changes in Capital Surplus											
C3	Donations from Shareholders	-	-	3,801	-	-	-	-	-	3,801	-	3,801
D1	Net profit for the nine months ended September 30, 2023	-	-	-	-	-	313,924	-	-	313,924	(372)	313,552
D3	Other comprehensive profit & loss after tax for the nine months ended September 30, 2023	-	-	-	-	-	-	26,684	(18,820)	7,864	(584)	7,280
D5	Total Comprehensive Income for the nine months ended September 30, 2023	-	-	-	-	-	313,924	26,684	(18,820)	321,788	(956)	320,832
	Distribution of Available Earnings for 2022											
B1	Recognized Legal Reserve for 2022	-	-	-	86,401	-	(86,401)	-	-	-	-	-
B5	Cash Dividend Distributed to Shareholders	-	-	(201,412)	-	-	(392,753)	-	-	(594,165)	-	(594,165)
B17	Reversal of special surplus reserve	-	-	-	-	(79,868)	79,868	-	-	-	-	-
Z1	BALANCE, SEPTEMBER 30, 2023	100,706	\$1,007,060	\$ 564,657	\$ 444,716	\$ 44,926	\$2,295,096	\$ 8,307	(\$ 45,369)	\$4,319,393	\$ 31,146	\$4,350,539

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on November 06, 2023)

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting Supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2023 and 2022
(Expressed in thousands of New Taiwan Dollar)

<u>C o d e</u>		<u>Nine Months Ended September 30</u>	
		<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Income before income tax	\$ 404,701	\$ 966,950
A20010	Adjustments for:		
A20100	Depreciation expense	278,786	226,243
A20200	Amortization expense	6,792	-
A20300	Expected Credit Losses ; ECL	-	86
A20400	Gain (Loss)of financial asset and liability at FVTPL	4,072	(6,580)
A20900	Finance costs	21,330	12,371
A21200	Interest income	(5,240)	(3,882)
A21300	Investment Income - Dividend	(2,395)	(2,697)
A22300	Share of profit of associates	(25,742)	(60,198)
A22500	Loss on disposal of property, plant and equipment	(127)	(6)
A22600	Recognition of transfer expenses for property, plant and equipment	100	-
A23700	Loss for market price decline and obsolete and slow-moving inventories	3,408	3,792
A24100	Unrealized foreign currency exchange gain(loss)	(18,265)	(21,825)
A29900	Lease modification benefits	(568)	(5)
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	12,953	12,186
A31150	Accounts receivable	(37,330)	202,726
A31160	Accounts receivable – related parties	15,216	13,706
A31125	Contract assets - current	(14,190)	2,194
A31200	Inventories	113,172	(214,200)
A31230	Prepayments	(75,663)	(111,929)
A31240	Other current assets	(39,395)	32,273
A32125	Contract liability	(3,468)	(47,110)
A32150	Notes and accounts payable	(8,904)	(109,105)
A32160	Accounts payable - related parties	(4,739)	(11,682)
A32180	Other payables	1,264	(114,045)
A32230	Other current liabilities	471	2,163
A32240	Net defined benefit liabilities - non-current	(287)	(229)
A32990	Other non-current liabilities	(374)	(961)
A33000	Cash generated from operations	625,578	770,236
A33100	Interest received	5,240	3,882

(Continued)

<u>C o d e</u>		<u>Nine Months Ended September 30</u>	
		<u>2023</u>	<u>2022</u>
A33300	Interest paid	(\$ 20,585)	(\$ 11,875)
A33500	Income tax paid	(140,326)	(188,114)
AAAA	Net cash generated from operating activities	<u>469,907</u>	<u>574,129</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at FVTOCI	(60,000)	(7,818)
B00200	Disposal of financial assets at fair value through profit or loss	7,818	-
B00040	Purchase of financial assets at amortized cost	-	(50,956)
B02700	Payments for property, plant and equipment	(466,960)	(707,612)
B02800	Disposal of property, plant and equipment	1,231	24
B03700	Increase or Loss in refundable deposits	(9,757)	(18,774)
B04500	Purchase of intangible Assets	(30,000)	-
B07100	Increase in prepayments for equipment	(28,256)	(8,606)
B07600	Dividend received	<u>4,034</u>	<u>39,798</u>
BBBB	Net cash used in investing activities	<u>(581,890)</u>	<u>(753,944)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	534,920	691,526
C01600	Long-term bank loans	-	450,000
C01700	Repayment of Long-term bank loans	(75,000)	(194,502)
C04020	Repayment of the principal portion of lease liabilities	(21,084)	(18,453)
C04500	Payment – Owners’ Dividend	(594,165)	(503,530)
C09900	Donation	3,801	2,900
C09900	Exercise the right of disgorgement	<u>-</u>	<u>30</u>
CCCC	NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	<u>(151,528)</u>	<u>427,971</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(42)</u>	<u>9,246</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(263,553)	257,402
E00100	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>602,138</u>	<u>552,766</u>
E00200	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 338,585</u>	<u>\$ 810,168</u> (Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on November 06, 2023)

Chairman: WU, Hsin-Hung Manager: TSAI, Chieh-Rong Accounting Supervisor: HSIEH, Ming-Chih

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

(Amounts Expressed in thousands of New Taiwan Dollar, Unless Specified Otherwise)

1. GENERAL

San Fu Chemical Co., Ltd. (the “Company”) was incorporated in Taiwan (Republic of China) on March 17, 2003. Company is mainly engaged in the manufacture and sales of various chemical products. The major shareholders include San Fu Global Co., Ltd. (23.89% shareholding), Pilot Keymark SDN. BHD. (19.78% shareholding), and other individual shareholders.

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

On November 27, 2013, the Company’s shares were listed on the Taiwan Stock Exchange (“TWSE”). The amounts on consolidated financial statements are specified in New Taiwan dollars, unless specified otherwise..

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors and issued on November 06, 2023.

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 “IFRS”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Improvement to the Amendments to IAS 1 “Disclosure of Accounting Policies”, the Amendments to IAS 8 “Definitions of Accounting Estimates” and the Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” endorsed and issued into effect by the FSC did not have a significant effect on the Company’s accounting policies.

- b. The IFRSs issued by International Accounting Standards Board (IASB) endorsed by FSC with effective date starting 2024.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease : Sale and Leaseback and Sublease”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the sale and leaseback transactions signed after the initial application of IFRS 16.

Note 3: The first time this amendment is applied, some disclosure requirements are exempted.

As of the date the accompanying consolidated financial statements were issued, 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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
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 “Initial application of IFRS 17 and IFRS 9 - Comparison of Information“	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated 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 will 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 issued, 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 IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by FSC.

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. Basis of Consolidation

For details of subsidiaries, shareholding ratios and scope of business, please refer to Note 12 and the attached Table 6.

d. Other Significant Accounting Policies

In addition to the following descriptions, please refer to the summary description of significant accounting policies in the consolidated financial report for the year 2022.

1. Retirement Benefits

Pension cost for an interim period is calculated based on a year-to-date basis using the actually pension cost rate at the end of the prior financial year, and calculated based on the beginning of the year to the end of the current period, and the major market fluctuations in the current period, the major plan amendments and the settlement or other major one-time matters will be properly adjusted

2. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the average annual effective income tax rate applied to the pre-tax income tax of the interim period.

3. Intangible assets

(1) Acquired separately

Intangible assets (patent rights) with a limited useful life obtained separately are initially measured at cost, and subsequently are measured at the amount after deducting accumulated amortization from cost. The consolidated company conducts amortization on a straight-line basis over the estimated useful life of the asset (10 years), and reviews the estimated useful life, salvage 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 that the merging company expects to dispose of the asset before the economic life of the intangible asset expires. The impact of changes in accounting estimates is deferred.

(2) Unrecognized

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the Critical Accounting Judgments and Key Sources of Estimation Uncertainty described in the Consolidated Financial Statements for the year 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	\$ 648	\$ 516	\$ 463
Demand deposits	337,937	446,796	523,155
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	-	154,826	286,550
	<u>\$ 338,585</u>	<u>\$ 602,138</u>	<u>\$ 810,168</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Demand deposits	0.001%~1.45%	0.01%~1.05%	0.001%~0.7%
Time deposits	-	4.45%~4.64%	3.25%~3.45%

7. FINANCIAL INSTRUMENTS AT FVTPL - NON-CURRENT

	June 30, 2023	December 31, 2022	June 30, 2022
Mandatorily measured at FVTPL			
Derivatives (unspecified hedging)			
- Forward exchange contracts	<u>\$ -</u>	<u>\$ 11,890</u>	<u>\$ 14,398</u>

The outstanding forward exchange contracts that did not apply hedge accounting and have not yet expired on the balance sheet date consisted of the following:

December 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In thousands)</u>
Buy foreign currency option	USD : NTD	March 01, 2023	USD3,000/TWD 79,500

September 30, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In thousands)</u>
Buy foreign currency option	USD : NTD	March 01, 2023	USD3,000/TWD 79,500

The Company entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates. These forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting treatment for these forward exchange contracts.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic investments			
Listed shares	\$ 25,011	\$ 35,444	\$ 25,439
Unlisted shares	<u>57,726</u>	<u>6,698</u>	<u>6,698</u>
Subtotal	<u>82,737</u>	<u>42,142</u>	<u>32,137</u>
Foreign investments			
Unlisted shares	<u>61,692</u>	<u>58,709</u>	<u>60,698</u>
	<u>\$ 144,429</u>	<u>\$ 100,851</u>	<u>\$ 92,835</u>

These investments in equity instruments of the combined Company are held for medium to long-term strategic purposes and expect to make profits through long-term investment. Accordingly, the management team selected to designate these investments in equity instruments as at “Fair Value Through Other Comprehensive Income” (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 (FVTOCI).

9. FINANCIAL ASSETS AT AMORTITIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 69,381	\$ 66,027	\$ 67,945
Restricted demand deposits	<u>172,400</u>	<u>172,400</u>	<u>222,400</u>
	<u>\$ 241,781</u>	<u>\$ 238,427</u>	<u>\$ 290,345</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.62%~3.50%, 0.495%~3.50% and 0.06%~1.901% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

Refer to Note 29 for information related to investments in financial assets at amortized cost pledge as security.

10. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 30,347</u>	<u>\$ 43,300</u>	<u>\$ 44,447</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,234,377	\$ 1,191,650	\$ 1,327,543
Less: Allowance for impairment loss	(<u>5,710</u>)	(<u>6,200</u>)	(<u>6,200</u>)
	<u>\$ 1,228,667</u>	<u>\$ 1,185,450</u>	<u>\$ 1,321,343</u>

The average credit period of sales of goods was 30 to 120 days. In order to effectively reduce credit risks, 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 review 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 that the Company's credit risk was significantly reduced.

The Company measured the loss allowance for trade receivables at an amount equal to lifetime ECLs (expected credit losses). 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 write 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 reported to the court. For accounts receivable that have been written off, the Company continue 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

September 30, 2023

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,221,644	\$ 7,023	\$ -	\$ -	\$ 5,710	\$1,234,377
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>5,710</u>)	(<u>5,710</u>)
Amortized cost	<u>\$1,221,644</u>	<u>\$ 7,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,228,667</u>

December 31, 2022

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	100%	100%	-
Gross Carrying Amount	\$1,146,906	\$ 2,137	\$ 36,407	\$ -	\$ 6,200	\$1,191,650
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>(6,200)</u>
Amortized cost	<u>\$1,146,906</u>	<u>\$ 2,137</u>	<u>\$ 36,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,185,450</u>

September 30, 2022

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,282,431	\$ 38,902	\$ 10	\$ -	\$ 6,200	\$1,327,543
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>(6,200)</u>
Amortized cost	<u>\$1,282,431</u>	<u>\$ 38,902</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,321,343</u>

Movements of the loss allowance of accounts receivable

	Nine Month Ended September 30	
	2023	2022
Balance, beginning of period	\$ 6,200	\$ 6,200
Add : impairment losses in the current period	-	86
Less : Actual write-off in current period	<u>(490)</u>	<u>(86)</u>
Balance end of period	<u>\$ 5,710</u>	<u>\$ 6,200</u>

11. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise	\$ 13,421	\$ 7,270	\$ 8,314
Finished goods	244,872	326,504	302,609
Work in progress	7,518	13,949	9,380
Semi-finished goods	2,315	1,894	142
Raw materials	290,408	334,334	577,367
Supplies and spare parts	<u>42,780</u>	<u>33,499</u>	<u>33,429</u>
	<u>\$ 601,314</u>	<u>\$ 717,450</u>	<u>\$ 931,241</u>

The costs of inventories recognized as cost of goods sold (including construction cost) for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022 were NT\$ 971,307,000 and NT\$ 928,811,000, and NT\$ 2,971,990,000 and NT\$ 3,169,632,000 respectively.

The costs of goods sold including the allowance for inventory valuation and obsolescence loss (gain from price recovery of inventory) for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022 were as NT\$ 0, NT\$ 1,780 and NT\$ 3,408,000 and NT\$ 3,792,000 respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The main body of preparation of this consolidated financial statement is as follows:

Investor	Investee (Name of Subsidiaries)	Nature of Activities	Proportion of Ownership (%)			Refer to
			September 30, 2023	December 31, 2022	September 30, 2022	
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%	100%	Note1
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%	100%	Note2
	VinaSanFu Material Company Limited	Production of chemical materials	100%	100%	100%	Note1
	San Fu Biotech Co., Ltd.	Sales and production of food additives	93%	93%	93%	Note1
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%	100%	Note2
	Lifu Carbonate Co., Ltd.	Production of chemical materials	87%	87%	87%	Note1
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%	100%	Note1
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd	Production of chemical materials	100%	100%	100%	Note1

Note 1: Refer to the financial statements of non-significant subsidiaries which have not yet been reviewed by an accountant.

Note 2: The financial statement of 2022 Q3 have not yet been reviewed by an accountant.

Among the above-mentioned consolidated financial statements preparation entities, except the consolidated financial statements of the Company and the International Nitto Technology Co., Ltd. have been reviewed by accountants, the standalone financial statements of VinaSanFu Industrial Gas Company Limited have been reviewed by other accountants. The standalone financial statements of other subsidiaries that are not individually material have not been reviewed by accountants.

Its total assets for the nine months ended September 30, 2023 and 2022 were NT\$ 1,116,346,000 and NT\$ 2,455,652, respectively, amounted to 15% and 32% of the total consolidated assets, respectively. The total liabilities were NT\$ 232,465,000 and NT\$ 293,486,000 respectively, which amounted to 7% and 9% of the consolidated total liabilities, respectively. For the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the total recognized comprehensive profit and loss were NT\$ (8,830,000) and NT\$(7,247,000), and NT\$ (17,947,000) and NT\$ 20,610,000 respectively, which amounted to 7%, 3%, 6% and 2% of the total consolidated comprehensive profit and loss, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in associates	\$ 56,614	\$ 56,517	\$ 54,524
Investments in joint ventures	<u>438,160</u>	<u>448,387</u>	<u>444,613</u>
	<u>\$ 494,774</u>	<u>\$ 504,904</u>	<u>\$ 499,137</u>

The amount of total consolidated comprehensive income for the investments in associates and joint ventures recognized for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022 were NT\$ 24,439,000 and NT\$ 19,294,000, and NT\$ 34,252,000 and NT\$ 76,897,000, respectively.

The Company's management team believes there will be no material impact on the equity method accounting or the calculation of the amount of profit or loss and other comprehensive income from the financial statements of those investments which have not been audited.

a. Investments in associates

	September 30, 2023	December 31, 2022	September 30, 2022
Associates that are not individually material	<u>\$ 56,614</u>	<u>\$ 56,517</u>	<u>\$ 54,524</u>

b. Investments in joint ventures

	September 30, 2023	December 31, 2022	September 30, 2022
Material joint ventures			
Sanfuming Electronic Material Co., Ltd.	<u>\$ 438,160</u>	<u>\$ 448,387</u>	<u>\$ 444,613</u>

For further information about the business nature of the above-mentioned joint venture, the main business place and the country information of the company registration etc., please refer to the attached Table 5 - "The business relationship between the parent and the subsidiaries and significant transactions between them", Table 6 - "Information on investees" and Table 7 - "Information on Investments in Mainland China".

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 162,700	\$ 1,260,299	\$ 2,484,822	\$ 415,203	\$ 464,338	\$ 908,434	\$ 5,695,796
Reclassifications	7,600	165,195	502,891	14,656	3,669	(678,896)	15,115
Additions	-	10,252	20,051	11,534	12,109	482,009	535,955
Disposals	-	(55)	(85,793)	(800)	(1,758)	-	(88,406)
Forex differences	-	2,943	8,222	265	4	28	11,462
Carrying amounts at September 30, 2023	<u>\$ 170,300</u>	<u>\$ 1,438,634</u>	<u>\$ 2,930,193</u>	<u>\$ 440,858</u>	<u>\$ 478,362</u>	<u>\$ 711,575</u>	<u>\$ 6,169,922</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 519,688	\$ 1,488,689	\$ 325,844	\$ 343,547	\$ -	\$ 2,677,768
Depreciation expenses	-	45,132	146,489	23,316	41,991	-	256,928
Disposals	-	(55)	(84,689)	(800)	(1,758)	-	(87,302)
Forex differences	-	159	511	26	1	-	697
Balance at Sep. 30, 2022	<u>\$ -</u>	<u>\$ 564,924</u>	<u>\$ 1,551,000</u>	<u>\$ 348,386</u>	<u>\$ 383,781</u>	<u>\$ -</u>	<u>\$ 2,848,091</u>
Carrying amounts at Sep. 30, 2023	<u>\$ 170,300</u>	<u>\$ 873,710</u>	<u>\$ 1,379,193</u>	<u>\$ 92,472</u>	<u>\$ 94,581</u>	<u>\$ 711,575</u>	<u>\$ 3,321,831</u>
Carrying new amounts at December 31, 2022 and Jan. 01, 23	<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>
<u>Cost</u>							
Balance at January 1, 2022	\$ 162,700	\$ 1,145,606	\$ 2,162,086	\$ 352,833	\$ 417,323	\$ 639,282	\$ 4,879,830
Reclassifications	-	6,818	110,575	18,601	5,379	(72,151)	69,222
Additions	-	10,157	34,109	32,360	25,425	620,015	722,066
Disposals	-	(2,544)	(180,023)	(3,889)	(11,424)	-	(197,880)
Forex differences	-	6,500	11,929	229	-	47,218	65,876
Balance at Sep. 30, 2022	<u>\$ 162,700</u>	<u>\$ 1,166,537</u>	<u>\$ 2,138,676</u>	<u>\$ 400,134</u>	<u>\$ 436,703</u>	<u>\$ 1,234,364</u>	<u>\$ 5,539,114</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 464,568	\$ 1,523,076	\$ 304,921	\$ 309,166	\$ -	\$ 2,601,731
Depreciation expenses	-	42,703	112,206	17,348	34,135	-	206,392
Disposals	-	(2,544)	(180,023)	(3,889)	(11,406)	-	(197,862)
Forex differences	-	185	430	16	-	-	631
Balance at Sep. 30, 2022	<u>\$ -</u>	<u>\$ 504,912</u>	<u>\$ 1,455,689</u>	<u>\$ 318,396</u>	<u>\$ 331,895</u>	<u>\$ -</u>	<u>\$ 2,610,892</u>
Carrying net amounts at Sep. 30, 2022	<u>\$ 162,700</u>	<u>\$ 661,625</u>	<u>\$ 682,987</u>	<u>\$ 81,738</u>	<u>\$ 104,808</u>	<u>\$ 1,234,364</u>	<u>\$ 2,928,222</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	1-10 years
Equipment	1-50 years
Other equipment	1-25 years

Property, plant and equipment pledged as collateral for bank loans are described in Note 29.

15. LEASE ARRANGEMENTS

a. Right-of-use Assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amounts</u>			
Land	\$ 126,119	\$ 128,462	\$ 121,453
Buildings	7,527	3,470	4,894
Transportation equipment	<u>4,268</u>	<u>6,244</u>	<u>5,080</u>
	<u>\$ 137,914</u>	<u>\$ 138,176</u>	<u>\$ 131,427</u>

	<u>Nine Months Ended September 30</u>	
	2023	2022
Increase of Right-of-use Assets	<u>\$ 20,543</u>	<u>\$ 8,968</u>

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Additions to right-of-use assets				
Depreciation of right-of-use assets				
Land	\$ 5,117	\$ 4,365	\$ 14,564	\$ 13,071
Buildings	1,426	1,424	4,277	3,710
Transportation equipment	<u>1,011</u>	<u>1,013</u>	<u>3,017</u>	<u>3,070</u>
	<u>\$ 7,554</u>	<u>\$ 6,802</u>	<u>\$ 21,858</u>	<u>\$ 19,851</u>

Except for the additions and depreciation expenses listed above, there was no significant sublease or depreciation of the right-of-use assets of the Company ended September 30, 2023 and 2022.

b. Lease Liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying Amounts</u>			
Current portion	\$ 19,036	\$ 22,485	\$ 22,201
Noncurrent portion	<u>50,447</u>	<u>47,503</u>	<u>39,216</u>
	<u>\$ 69,483</u>	<u>\$ 69,988</u>	<u>\$ 61,417</u>

Range of discount rate for lease liabilities are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.03%~2.5%	1.03%~2.5%	1.03%~2.5%
Buildings	1.03%	1.03%	1.03%
Transportation equipment	1.03%	1.03%	1.03%

c. Anther Lease Information

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 2,025</u>	<u>\$ 2,253</u>	<u>\$ 4,591</u>	<u>\$ 6,392</u>
Expenses relating to low-value asset leases	<u>\$ 301</u>	<u>\$ 297</u>	<u>\$ 914</u>	<u>\$ 855</u>
Total cash (outflow) for leases			(<u>\$ 26,589</u>)	(<u>\$ 26,354</u>)

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

16. LOANS

a. Short-term Loans

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured loans (Note 29)</u>			
Bank loans	\$ 115,000	\$ 180,000	\$ 350,000
<u>Unsecured loans</u>			
Bank loans	<u>1,345,258</u>	<u>746,869</u>	<u>1,272,854</u>
	<u>\$ 1,460,258</u>	<u>\$ 926,869</u>	<u>\$ 1,622,854</u>

The range of general working capital loan interest rates was 0.85% ~ 1.75%, 0.9% ~ 1.70% and 0.8% ~ 1.37% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

b. Long-term bank loans

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured loans</u>			
Bank loans	\$ 350,000	\$ 425,000	\$ 450,000
Less: Current portion matured within a year	(<u>100,000</u>)	(<u>100,000</u>)	(<u>100,000</u>)
Long-term bank loans	<u>\$ 250,000</u>	<u>\$ 325,000</u>	<u>\$ 350,000</u>

The preferential interest rates for the above-mentioned long-term bank loans were 1.735% ~ 2%, 1.598% ~ 1.61% and 1.34% ~ 1.485% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

17. NOTES AND ACCOUNTS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	<u>\$ 355,378</u>	<u>\$ 364,719</u>	<u>\$ 400,078</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.

18. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Other payables	\$ 385,659	\$ 264,228	\$ 187,698
Payable for constructions	35,557	33,434	35,395
Payable for purchases of equipment	<u>156,361</u>	<u>89,489</u>	<u>18,845</u>
	<u>\$ 577,577</u>	<u>\$ 387,151</u>	<u>\$ 241,938</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined contribution and benefit plans recognized for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 are calculated based on the pension cost rate determined by actuarial calculation on December 31, 2022 and 2021, and the amounts were NT\$ 147,000, NT\$ 188,000, NT\$ 439,000 and NT\$ 565,000 respectively.

20. EQUITY

a. Capital stock

Common Stock

	September 30, 2023	December 31, 2022	September 30, 2022
Authorized shares (in 1000 shares)	120,000	120,000	120,000
Authorized capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in 1000 shares)	100,706	100,706	100,706
Issued capital	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

b. Capital Surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)</u>			
Additional paid-in capital	\$ 467,787	\$ 669,199	\$669,199
Donations (Note 28)	40,744	36,943	36,943
<u>For the purpose of offsetting deficit only</u>			
Exercised employee share options (2)	54,804	54,804	54,804
Expired employee share options (2)	2,151	2,151	2,151
Other- exercise the right of disgorgement (4)	30	30	30
Recognition of changes in ownership interests in subsidiary entity (3)	(859)	(859)	(859)
	<u>\$ 564,657</u>	<u>\$ 762,268</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 share options shall only be used to offset a deficit.
3. This type of capital surplus refers to the impact of equity transactions recognized by the Company's equity changes when the Company has not actually acquired or disposed of the subsidiary company's equity, or the adjustment amount recognized by the Company's equity method to recognize the subsidiary's capital surplus.
4. The benefits obtained by exercising the right of disgorgement are essentially the investment of the holder of the right of claim to the Company, which does not meet the definition of income in the conceptual framework. The Company shall recognize the benefits obtained from exercising the right of disgorgement as capital surplus, 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, the amendments to the Company's Articles of Incorporation (the "Articles") were resolved. 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 reserve of 10% of the remaining profit, setting aside or reversing a special 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 22 (5).

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 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 reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal 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 Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special 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 Company held regular shareholders' meetings on June 16, 2023 and June 17, 2022. The earnings for the fiscal years 2022 and 2021 were appropriated as follows:

	Fiscal Year 2022	Fiscal Year 2021
Legal reserve	\$ 86,401	\$ 67,034
Special reserve	(\$ 79,868)	\$ 21,446
Cash dividends	\$ 392,753	\$ 302,118
Cash dividends per share (NT\$)	\$ 3.9	\$ 3.0

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

	<u>Fourth</u> <u>Quarter of</u> <u>2022</u>	<u>Third Quarter</u> <u>of 2022</u>	<u>Second</u> <u>Quarter of</u> <u>2022</u>	<u>First Quarter</u> <u>of 2022</u>
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 regular shareholders' meetings resolved on June 16, 2023 and June 17, 2022 to issue cash out of the capital reserves NT\$ 201,412,000 and NT\$ 201,412,000 respectively, and to issue cash dividends per share at NT\$ 2.0 and NT\$ 2.0 respectively.

The quarterly appropriation of earnings and the Earnings per Share (EPS) for 2023 were approved by the Company's Board of Directors respectively as follows:

	<u>Third Quarter of 2023</u>	<u>Second Quarter of 2023</u>	<u>First Quarter of 2023</u>
	November 6, 2023.	August 4, 2023	May 5, 2023
Date resolved by the Board of Directors			
Cash Dividend	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
EPS Cash (NT\$)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

d. Special Revenue

	<u>Nine Months Ended September 30</u>	
	2023	2022
Beginning Balance	\$ 124,794	\$ 103,348
Recognized Special Revenue		
Recognized other deductible equity items	-	21,446
Reversal of special reserve		
Reversal of deductions from other equity items	(<u>79,868</u>)	<u> -</u>
Ending Balance	<u>\$ 44,926</u>	<u>\$ 124,794</u>

e. Non-controlling interests

	<u>Nine Months Ended September 30</u>	
	2023	2022
Beginning Balance	\$ 32,102	\$ 31,886
Current Net Profit	(372)	662
Unrealized gains and losses on financial assets measured at fair value through other comprehensive profit or loss	(<u>584</u>)	<u> -</u>
Ending Balance	<u>\$ 31,146</u>	<u>\$ 32,548</u>

21. REVENUE

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	September 30		September 30	
	2023	2022	2023	2022
Revenue from sale of goods	\$ 1,167,805	\$ 1,189,955	\$ 3,541,598	\$ 4,291,321
Construction contract revenue	<u>46,318</u>	<u>27,846</u>	<u>133,012</u>	<u>126,058</u>
	<u>\$ 1,214,123</u>	<u>\$ 1,217,801</u>	<u>\$ 3,674,610</u>	<u>\$ 4,417,379</u>

Contract Balances

	September 30, 2023	December 31, 2022	September 30, 2022
Contract assets			
Properties construction - current	<u>\$ 22,363</u>	<u>\$ 8,173</u>	<u>\$ 6,006</u>
Contract liabilities			
Properties construction - current	\$ 253,778	\$ 257,784	\$ 154,571
Sale of goods- current	<u>2,919</u>	<u>2,381</u>	<u>1,550</u>
	<u>\$ 256,697</u>	<u>\$ 260,165</u>	<u>\$ 156,121</u>

22. NET PROFIT

a. Other Income

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	September 30		September 30	
	2023	2022	2023	2022
Dividend income	\$ 2,395	\$ 2,697	\$ 2,395	\$ 2,697
Rendering of services	4,254	4,275	12,723	12,823
Others	<u>5,283</u>	<u>3,301</u>	<u>11,129</u>	<u>12,482</u>
	<u>\$ 11,932</u>	<u>\$ 10,273</u>	<u>\$ 26,247</u>	<u>\$ 28,002</u>

b. Other Gains and Losses

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Gain on disposal of properties, plants and equipment	\$ 127	\$ -	\$ 127	\$ 6
Net foreign exchange gain	14,396	35,460	18,723	62,893
Gain of financial assets at fair value through profit or loss	-	6,633	650	6,580
Others	(39)	(7)	(475)	(36)
	<u>\$ 14,484</u>	<u>\$ 42,086</u>	<u>\$ 19,025</u>	<u>\$ 69,443</u>

c. Depreciation and Amortization

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Properties, plants and equipment	\$ 92,748	\$ 71,377	\$ 256,928	\$ 206,392
Right-of-use assets	7,554	6,802	21,858	19,851
Other intangible assets	<u>3,750</u>	<u>-</u>	<u>6,792</u>	<u>-</u>
	<u>\$ 104,052</u>	<u>\$ 78,179</u>	<u>\$ 285,578</u>	<u>\$ 226,243</u>
Analysis of depreciation by function				
Operating costs	\$ 83,342	\$ 67,258	\$ 226,862	\$ 196,815
Operating expenses	<u>16,960</u>	<u>10,921</u>	<u>51,924</u>	<u>29,428</u>
	<u>\$ 100,302</u>	<u>\$ 78,179</u>	<u>\$ 278,786</u>	<u>\$ 226,243</u>
Amortization expenses summarize operating expenses by function category	<u>\$ 3,750</u>	<u>\$ -</u>	<u>\$ 6,792</u>	<u>\$ -</u>

d. Employee Benefits Expense

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Post-employment benefits				
Defined contribution plans	\$ 3,844	\$ 3,605	\$ 11,393	\$ 10,470
Defined benefit plans (Note 19)	147	188	439	565
Short-term benefits				
Salaries	97,142	108,948	289,227	332,647
Labor and health insurance	8,003	7,758	25,660	24,848
Others	<u>13,865</u>	<u>15,917</u>	<u>39,591</u>	<u>55,246</u>
Total employee benefits expense	<u>\$ 123,001</u>	<u>\$ 136,416</u>	<u>\$ 366,310</u>	<u>\$ 423,776</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 61,739	\$ 62,697	\$ 184,898	\$ 196,432
Operating expenses	<u>61,262</u>	<u>73,719</u>	<u>181,412</u>	<u>227,344</u>
	<u>\$ 123,001</u>	<u>\$ 136,416</u>	<u>\$ 366,310</u>	<u>\$ 423,776</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 nine months ended September 30, 2023 and 2022, which was approved by the Company's Board of Directors, respectively, were as follows:

Estimated ratio

	<u>Nine Months Ended</u>	
	<u>September 30</u>	
	2023	2022
Employees' compensation	1.98%	1.71%
Remuneration of directors and supervisors	1.98%	1.71%

Amount

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 3,000</u>	<u>\$ 4,500</u>	<u>\$ 8,200</u>	<u>\$ 16,950</u>
Remuneration of directors and supervisors	<u>\$ 3,000</u>	<u>\$ 4,500</u>	<u>\$ 8,200</u>	<u>\$ 16,950</u>

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 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 fiscal years 2022 and 2021 are as respectively follows:

	<u>For the Fiscal Year</u>	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 21,457	\$ 16,588
Remuneration of directors and supervisors	\$ 21,457	\$ 16,588

The Company held Board of Directors' Meetings on 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 fiscal years 2022 and 2021 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022, respectively. Since the difference was not significant, therefore, it was adjusted to profit and loss for the years ended December 31, 2023 and 2022 respectively.

	<u>For the Year Ended December 31</u>			
	2022		2021	
	Employees' compensation	Remuneration of directors and supervisors	Employees' compensation	Remuneration of directors and supervisors
Amounts approved in the Board of Directors' meeting	<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>\$ 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 for the years ended December 31, 2023 and 2022 approved by the Company's Board of Directors is available at the MOPS (Market Observation Post System) website of the Taiwan Stock Exchange.

f. Finance Costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 8,132	\$ 5,507	\$ 20,726	\$ 11,717
Interest on lease liabilities	<u>207</u>	<u>203</u>	<u>604</u>	<u>654</u>
	<u>\$ 8,339</u>	<u>\$ 5,710</u>	<u>\$ 21,330</u>	<u>\$ 12,371</u>

g. Gains or Losses on Foreign Currency Exchange

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 31,527	\$ 56,043	\$ 55,920	\$ 106,992
Foreign exchange losses	(<u>17,131</u>)	(<u>20,583</u>)	(<u>37,197</u>)	(<u>44,099</u>)
Net losses	<u>\$ 14,396</u>	<u>\$ 35,460</u>	<u>\$ 18,723</u>	<u>\$ 62,893</u>

23. INCOME TAX

a. Income Tax Expense Recognized in Profit or Loss

Income tax expenses consist of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Current income tax expense				
In respect of the current period	\$ 35,577	\$ 43,339	\$ 92,599	\$ 193,437
Adjustments for prior periods	<u>-</u>	<u>-</u>	(<u>4,699</u>)	(<u>1,983</u>)
	<u>35,577</u>	<u>43,339</u>	<u>87,900</u>	<u>191,454</u>
Deferred income tax benefit				
In respect of the current period	<u>3,426</u>	<u>4,397</u>	<u>3,249</u>	<u>6,891</u>
Adjustments for prior periods	<u>\$ 39,003</u>	<u>\$ 47,736</u>	<u>\$ 91,149</u>	<u>\$ 198,345</u>

b. Income Tax Assessments

The Income tax returns of the San Fu Biotech Co., Ltd, the Lifu Carbonate Co., Ltd. and the International Nitto Technology Company Limited up to the fiscal year 2021 and the Income tax returns of the Company up to the fiscal year 2020 have been approved by the tax authorities.

24. EARNINGS PER SHARE (EPS)

Unit: NT\$ Per Share

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 1.09</u>	<u>\$ 1.62</u>	<u>\$ 3.11</u>	<u>\$ 7.62</u>
Diluted earnings per share	<u>\$ 1.09</u>	<u>\$ 1.62</u>	<u>\$ 3.11</u>	<u>\$ 7.61</u>

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

Net Profit for the Periods

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Net Profit attributed to the business owner of the Company	<u>\$ 110,057</u>	<u>\$ 163,410</u>	<u>\$ 313,924</u>	<u>\$ 767,943</u>

The Weighted Average Number of Ordinary Shares outstanding (in 1,000 shares) is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,706	100,706	100,706	100,706
Effect of potentially dilutive ordinary shares				
Employees' compensation	<u>61</u>	<u>141</u>	<u>93</u>	<u>165</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,767</u>	<u>100,847</u>	<u>100,799</u>	<u>100,871</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.

25. NON-CASH TRANSACTION

For the nine months ended September 30, 2023 and 2022, the Company engaged in the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

The costs reclassified and paid by the Company for property, plant and equipment partly for nine months ended September 30, 2023 and 2022 were as follows (please refer to Notes 14 and 18):

	Nine Months Ended September 30	
	2023	2022
Payments for equipment transferred (reclassification)		
Acquire subsidiary assets	<u>\$ 15,215</u>	<u>\$ 69,222</u>
Increase in payments for equipment and constructions	<u>(\$ 68,995)</u>	<u>(\$ 14,454)</u>
Purchase property, plant and equipment	<u>535,955</u>	<u>722,066</u>
Paid in cash by acquiring property, plant and equipment	<u>\$466,960</u>	<u>\$ 707,612</u>

26. CAPITAL RISK 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 set 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 the working capitals and cash based on 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 ensures a prudent risk management strategy.

27. FINANCIAL INSTRUMENTS

a. Fair Value of Financial Instruments Not Measured at Fair Value

The Company consider 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>September 30, 2023</u>				
<u>Financial Assets measured at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 25,011	\$ -	\$ -	\$ 25,011
Domestic unlisted shares	-	-	57,726	57,726
Foreign unlisted shares	-	-	61,692	61,692
Total	<u>\$ 25,011</u>	<u>\$ -</u>	<u>\$119,418</u>	<u>\$144,429</u>
<u>December 31, 2022</u>				
<u>Financial Assets measured at FVTPL</u>				
Derivative Instrument -				
Changes in Interests of Foreign Exchange				
- Option Contracts	<u>\$ -</u>	<u>\$ 11,890</u>	<u>\$ -</u>	<u>\$ 11,890</u>
<u>Financial Assets measured at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 35,444	\$ -	\$ -	\$ 35,444
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	58,709	58,709
Total	<u>\$ 35,444</u>	<u>\$ -</u>	<u>\$ 65,407</u>	<u>\$100,851</u>
<u>September 30, 2022</u>				
<u>Financial Assets measured at FVTPL</u>				
Derivative Instrument -				
Changes in Interests of Foreign Exchange				
Option Contracts	<u>\$ -</u>	<u>\$ 14,398</u>	<u>\$ -</u>	<u>\$ 14,398</u>
<u>Financial Assets measured at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 25,439	\$ -	\$ -	\$ 25,439
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	60,698	60,698
Total	<u>\$ 25,439</u>	<u>\$ -</u>	<u>\$ 67,396</u>	<u>\$ 92,835</u>

There were no transfers of financial assets measured at FVTPL between Levels 1 and 2 for the period ended September 30 in the fiscal years 2023 and 2022.

2) Financial Instruments Applied for Level 3 Adjustment at FVTOCI

	Financial assets at FVTOCI	
	<u>Nine Months Ended September 30</u>	
	2023	2022
Financial assets – Equity instrument		
Beginning balance	\$ 65,407	\$ 59,615
Increase in the period	60,000	-
Recognized in other comprehensive gains and losses (unrealized valuation gains and losses on FVTOCI)	(8,971)	-
Foreign exchange difference	<u>2,982</u>	<u>7,781</u>
Ending balance	<u>\$ 119,418</u>	<u>\$ 67,396</u>

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 assumption used in Level 2 fair value measurement

Category of financial instrument Derivative Instrument - Changes in Interests of Foreign Exchange Option Contracts	Valuation techniques and input values 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 assumption used in 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.

	September 30, 2023	September 30, 2022
Discount for lack of marketability	19% ~ 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:

	September 30, 2023	September 30, 2022
Discount for lack of marketability		
1% decrease	<u>\$ 77</u>	<u>\$ 96</u>
Non-controlling interests discount		
1% decrease	<u>\$ 72</u>	<u>\$ 90</u>

- ii. The fair values of non-listed domestic and foreign equity investments were Level 3 fair value assets, and determined using the market approach by reference the Price-to-Book ratios (P/B ratios) of peer companies that traded in active market or using assets approach. The significant unobservable inputs used were listed in the table below. A decrease in discount for the lack of marketability would result in increases in the fair values. The evaluation method selected by the Company after careful evaluation is reasonable for fair value measurement, but different evaluation models or fair values may lead to different evaluation results.

c. Categories of Financial Instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Measured at FVTPL	\$ -	\$ 11,890	\$ 14,398
Amortized cost (Note 1)	1,845,851	2,079,377	2,472,453
Measured at FVTOCI	144,429	100,851	92,835
<u>Financial liabilities</u>			
Amortized cost (Note 2)	2,750,627	2,111,107	2,717,637

Note 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.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payables, account payables - related parties, long-term liabilities due within one year, others payable and Long-term bank loans.

d. Objectives and Policies of Financial Risk Management

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 bank loans due within one year, and long-term bank 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 is 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 to the financial risks, primarily changes in foreign currency exchange rates (see a) below), interest rates (see b) below), and other price risks (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 use the natural hedge against its currency risk. The Company monitor and evaluate 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 were 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.

(Amounts Expressed in thousands of New Taiwan Dollar)

	Currency NTD Impact on USD	
	Nine Months Ended September 30	
	2023	2022
Profit or loss	<u>\$ 12,164</u> (i)	<u>\$ 24,317</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 ended September 30 in the fiscal years 2023 and 2022 were NT\$ 21,330,000 and NT\$ 12,371,000 respectively, which only constitute 0.58% and 0.28% 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:

	(Amounts Expressed in thousands of New Taiwan Dollar)		
	September 30,	December 31,	September 30,
	2023	2022	2022
Fair value interest rate risk			
- Financial liabilities	\$ 1,044,741	\$ 386,857	\$ 1,419,271
Cash flow interest rate risk			
- Financial liabilities	835,000	1,035,000	715,000

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 nine months ended September 30 in the fiscal years 2023 and 2022 would decrease by NT\$ 313,000 and NT\$ 268,000, respectively.

c) Other Price Risk

The Company is exposed to price risk due to equity 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 nine months ended September 30 in the fiscal years 2023 and 2022 would have increased by NT\$ 7,221,000 and NT\$ 4,642,000 respectively, because of the changes in fair value of financial assets measured at FVTOCI.

2) Credit Risk Management

Credit risk refers to the risk that a counterparty 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 is 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 rate of balance of accounts receivable from customers A, B and C is 59% 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 manages 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 September 30, 2023, and December 31, 2022 and September 30, 2022, the Company had available unutilized short-term bank loan credit facilities in the amount of NT\$ 1,537,773,000, NT\$ 2,110,018,000 and NT\$ 1,499,937,000, respectively.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities based on contractual undiscounted payments, including principal and interest.

September 30, 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	\$ 2,380	\$ 4,762	\$ 12,493	\$ 30,086	\$ 22,216
Variable interest rate liabilities	225,000	285,000	75,000	250,000	-
Fixed interest rate liabilities	<u>280,000</u>	<u>665,351</u>	<u>29,907</u>	<u>-</u>	<u>-</u>
	<u>\$ 507,380</u>	<u>\$ 955,113</u>	<u>\$ 117,400</u>	<u>\$ 280,086</u>	<u>\$ 22,216</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 19,635</u>	<u>\$ 30,086</u>	<u>\$ 22,216</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>

September 30, 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	\$ 2,193	\$ 4,175	\$ 16,474	\$ 22,101	\$ 18,804
Variable interest rate liabilities	290,000	-	75,000	350,000	-
Fixed interest rate liabilities	<u>770,000</u>	<u>550,000</u>	<u>37,854</u>	<u>-</u>	<u>-</u>
	<u>\$1,062,193</u>	<u>\$ 554,175</u>	<u>\$ 129,328</u>	<u>\$ 372,101</u>	<u>\$ 18,804</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 22,842</u>	<u>\$ 22,101</u>	<u>\$ 18,804</u>

28. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between Company and its subsidiaries, which are related parties of Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Company and other related parties:

a. Related Party Name and Categories

<u>Related Party Name</u>	<u>Related Party Categories</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
ShianYun Joint Stock Company (in Vietnam)	Associates
Sanfuming Electronic Material Co., Ltd.	Joint venture
Fulu Cultural Foundation	Other related party

a. Sales of Goods

	<u>Three Months Ended</u> <u>September 30</u>		<u>Nine Months Ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Sales</u>				
Associates	\$ 86	\$ 21	\$ 158	\$ 21
Joint ventures	-	<u>1,003</u>	<u>2,635</u>	<u>1,238</u>
	<u>\$ 86</u>	<u>\$ 1,024</u>	<u>\$ 2,793</u>	<u>\$ 1,259</u>
<u>Purchase</u>				
Associates	\$ 10,403	\$ 3,274	\$ 30,906	\$ 6,959
Joint ventures	-	<u>87</u>	<u>200</u>	<u>87</u>
	<u>\$ 10,403</u>	<u>\$ 3,361</u>	<u>\$ 31,106</u>	<u>\$ 7,046</u>
<u>Service revenue</u> (recognized as other income)				
Joint ventures				
Sanfuming Electronic Material Co., Ltd.	<u>\$ 1,554</u>	<u>\$ 1,574</u>	<u>\$ 4,730</u>	<u>\$ 4,908</u>
<u>Service expense</u> (recognized as other expense)				
Investors with significant influence over the Company	<u>\$ 286</u>	<u>\$ 286</u>	<u>\$ 857</u>	<u>\$ 857</u>
<u>Donation</u>				
Other related party				
Fulu Culture	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>

Transactions with related parties were not materially different from those non-related parties with third parties unless otherwise agreed.

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts receivable - related party</u>			
Associates	\$ 47	\$ -	\$ -
Joint ventures	<u>1,801</u>	<u>3,784</u>	<u>1,428</u>
	<u>1,848</u>	<u>3,784</u>	<u>1,428</u>
<u>Other receivables - related party</u>			
Investors with significant influence			
Joint ventures	<u>4,623</u>	<u>6,278</u>	<u>4,722</u>
	<u>\$ 6,471</u>	<u>\$ 10,062</u>	<u>\$ 6,150</u>
<u>Accounts payable - related party</u>			
Investors with significant influence	\$ 643	\$ -	\$ -
Associates	<u>6,771</u>	<u>7,368</u>	<u>2,767</u>
	<u>\$ 7,414</u>	<u>\$ 7,368</u>	<u>\$ 2,767</u>

The outstanding accounts payable from related parties are unsecured and the outstanding accounts receivable from related parties are unsecured. No impairment loss was recognized for accounts receivable from related parties.

c. Lease Arrangements

<u>Accounting Items</u>	<u>Related Party Category/Name</u>	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	Investors with significant influence			
	Sanfu Global Co., Ltd.	\$ 53,526	\$ 50,266	\$ 38,709
	Others	<u>172</u>	<u>-</u>	<u>172</u>
		<u>\$ 53,698</u>	<u>\$ 50,266</u>	<u>\$ 38,881</u>

<u>Related Party Category/Name</u>	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2023	2022	2023	2022
<u>Interest Expense</u>				
Investors with significant influence				
Sanfu Global Co., Ltd.	\$ 154	\$ 102	\$ 406	\$ 316
Others	<u>1</u>	<u>1</u>	<u>4</u>	<u>4</u>
	<u>\$ 155</u>	<u>\$ 103</u>	<u>\$ 410</u>	<u>\$ 320</u>

d. 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 NT\$ 3,801,000 and NT\$ 2,900,000 and for nine months ended September 30, 2023 and 2022 respectively, and the revenue was credited in capital surplus-donations.

e. Compensation of Key Management Personnel

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Short-term employee benefits	\$ 7,973	\$ 14,326	\$ 29,998	\$ 36,586
Post-employment benefits	<u>388</u>	<u>386</u>	<u>1,164</u>	<u>1,151</u>
	<u>\$ 8,361</u>	<u>\$ 14,712</u>	<u>\$ 31,162</u>	<u>\$ 37,737</u>

The compensation to directors and key management personnel were determined by the Compensation Committee of Company in accordance with the individual performance and market trend

29. PLEDGED ASSETS

The following assets were provided as collateral for bank loans and obligations under the sales agreement:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged deposits (classified as financial assets at amortized cost)	\$ 172,400	\$ 172,400	\$ 222,400
Land	40,349	40,349	40,349
Buildings, net	<u>39,123</u>	<u>41,831</u>	<u>42,734</u>
Noncurrent assets held for sale	<u>\$ 251,872</u>	<u>\$ 254,580</u>	<u>\$ 305,483</u>

30. 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:

September 30, 2023

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 8,609	32.22	(USD: NTD)	\$ 277,382
JPY	463,531	0.214	(JPY: NTD)	99,288
<u>Non-monetary items</u>				
Investments in associates and joint ventures using equity method				
CNY	97,487	0.139	(CNY: USD)	438,160
VND	32,344,061	0.0013	(VND: NTD)	42,209
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	1,055	32.32	(USD: NTD)	34,098
JPY	516,242	0.218	(JPY:NTD)	112,644

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				
CNY	101,688	0.144	(CNY: 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	(USD: NTD)	57,378

September 30, 2022

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 16,592	31.7	(USD: NTD)	\$ 525,966
JPY	322,276	0.218	(JPY:NTD)	70,288
<u>Non-monetary items</u>				
Investments in associates and joint ventures using equity method				
CNY	99,422	0.141	(CNY: USD)	444,613
VND	31,239,544	0.0013	(VND: NTD)	41,080
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	1,246	31.80	(USD: NTD)	39,623
JPY	193,098	0.222	(JPY:NTD)	42,887

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	Three Months Ended		Three Months Ended	
	September 30, 2023		September 30, 2022	
	Exchange Rate	Net Foreign Exchange (Losses)	Exchange Rate	Net Foreign Exchange (Losses)
USD	32.22 (USD: NTD)	\$ 13,835	31.700 (USD: NTD)	\$ 5,412
JPY	0.214 (JPY:NTD)	1,619	0.218 (JPY:NTD)	4,823
Foreign Currencies	Nine Months Ended		Nine Months Ended	
	September 30, 2023		September 30, 2022	
	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Losses
USD	32.22 (USD: NTD)	\$ 19,960	31.70 (USD: NTD)	\$ 22,980
JPY	0.214 (JPY:NTD)	(1,695)	0.218 (JPY:NTD)	(1,154)

31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided: 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) Trading in derivative instruments: 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, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

32. OPERATING SEGMENTS 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:

Fine (high precision) chemicals: Mainly engaged in the manufacture, processing and trading of chemical cleaning and etching agents, etc. °

Basic chemicals: Mainly engaged in the manufacture, processing and trading of food additives

a. Segment Revenue and Results

The following was an analysis of the Company's revenue and results from continuing operations by reportable segments:

	Fine Chemicals	Basic Chemicals	Write off by Segment	Total
<u>For the nine months ended September 30, 2023</u>				
Revenue of general customers	\$2,867,354	\$ 807,256	\$ -	\$3,674,610
Revenue of segment	<u>66,354</u>	<u>32,603</u>	(98,957)	<u>-</u>
Total	<u>\$2,933,708</u>	<u>\$ 839,859</u>	<u>(\$ 98,957)</u>	<u>\$3,674,610</u>
Profit from operations	<u>\$ 479,891</u>	(<u>130,114</u>)	<u>\$ -</u>	\$ 349,777
Other income				26,247
Other gain and losses				19,025
Financial cost				(21,330)
Investments using equity method				25,742
Interest income				<u>5,240</u>
Income before income tax				<u>\$ 404,701</u>

For the nine months ended September 30, 2022

Revenue of general customers	\$3,453,692	\$ 963,687	\$ -	\$ 4,417,379
Revenue of segment	<u>-</u>	<u>55,760</u>	(55,760)	<u>-</u>
Total	<u>\$3,453,692</u>	<u>\$1,019,447</u>	<u>(\$ 55,760)</u>	<u>\$ 4,417,379</u>
Profit from operations	<u>\$ 871,646</u>	(<u>53,850</u>)	<u>\$ -</u>	\$ 817,796
Other income				28,002
Other profit and loss				69,443
Financial cost				(12,371)
Investments using equity method				60,198
Interest income				<u>3,882</u>
Income before income tax				<u>\$ 966,950</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, interest income, bargain purchase gain 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Segment assets</u>			
Continuing operations			
Fine chemicals	\$ 4,551,535	\$ 4,262,505	\$ 4,704,336
Basic chemicals	2,102,196	2,102,683	2,032,605
Investment	<u>880,984</u>	<u>856,072</u>	<u>896,715</u>
Consolidated total assets	<u>\$ 7,534,715</u>	<u>\$ 7,221,260</u>	<u>\$ 7,633,656</u>

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCINGS PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts Expressed in thousands of New Taiwan Dollar, 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	\$ -	\$ -	-	Short-term financing is required	\$ -	Operating capital	\$ -	-	\$ -	\$ 431,939	\$ 1,727,757	(Note 3)
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	250,000	250,000	-	-	Short-term financing is required	-	Operating capital	-	-	-	431,939	1,727,757	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	200,074 (USD 6,200,000) (Note 4)	2%	Short-term financing is required	-	Operating capital	-	-	-	431,939	1,727,757	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	72,285 (USD 2,240,000) (Note 4)	2%	Short-term financing is required	-	Operating capital	-	-	-	431,939	1,727,757	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	33,884 (USD 1,050,000) (Note 4)	2%	Short-term financing is required	-	Operating capital	-	-	-	431,939	1,727,757	(Note 3)
1	VinaSanFu Industrial Gas Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	261	261	-	-	Short-term financing is required	-	Operating capital	-	-	-	31,184	124,734	(Note 3)
2	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	653	653	-	-	Short-term financing is required	-	Operating capital	-	-	-	29,974	119,895	(Note 3)

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 financing provided to others:

- a. The maximum amount of financing provided by the Company shall not exceed 40% of the Company's net worth.
- b. 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 40% 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: The amounts were calculated based on the foreign currency exchange rate dated September 30, 2023 (USD\$1 = NT\$ 32.27)

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GURANTEES PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts Expressed in thousands of New Taiwan Dollar, Unless Specified Otherwise)

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized 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 A 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.	\$ 431,939	\$ 400,000	\$ 400,000	\$ 290,000	\$	9.26%	\$ 1,727,757	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.	431,939	300,000	300,000	210,000		6.95%	1,727,757	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.	431,939	400,000	200,000	193,620		4.63%	1,727,757	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.	431,939	400,000	200,000	193,620		4.63%	1,727,757	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 NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts Expressed in thousands of New Taiwan Dollar, Unless Specified Otherwise)

TABLE 3

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units Note (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
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	25,011	0.45%	25,011	Note 2
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu Biotech Co., Ltd.	REGiMMUNE Co, Ltd.	-	Financial assets at fair value through other comprehensive income	1,075,130	51,028	4.72%	51,028	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	61,692	2.40%	61,692	

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 September 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts Expressed in thousands of New Taiwan Dollar, Unless Specified Otherwise)

TABLE 4

Company Nam	Marketable Securities Type and Name	Financial Statement Account	Trading Purpose	Relation-ship	Beginning Balance		Acquisition		Adjustment (Note 1)	Sale				Ending	
					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)	(\$ 8,195)	-	\$ -	\$ -	\$ -	120,000,000	\$1,136,036

Note 1: Including the carrying amount of profits and losses of subsidiaries recognized by the equity method.

Note 2: The above subjects have been written off when preparing the consolidated financial statements.

Note 3: International Nitto Technology Co., Ltd. conducted a cash capital increase 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts Expressed in thousands of New Taiwan Dollar, Unless Specified Otherwise)

TABLE 5

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	1	Accounts receivable - related parties, net	\$ 10,989	Due 90 days net from invoice date	0.15%
				Other receivables - related parties, net	980	According to the contract	0.01%
				Sales revenue	4,858	Due 90 days net from invoice date	0.06%
				Accounts payable - related parties, net	20,713	Due 90 days net from invoice date	0.56%
				Purchase	9,555	Due 90 days net from invoice date	0.26%
				International Nitto Technology Co., Ltd.	1	Accounts receivable - related parties, net	4,214
		Accounts payable - related parties, net	58,921	Due 90 days net from invoice date		0.78%	
		Sales revenue	3,996	Due 90 days net from invoice date		0.11%	
		Purchase	2,342	Due 90 days net from invoice date		0.06%	
		Outsourcing processing fee	56,579	Due 90 days net from invoice date		1.54%	
		VinaSanFu Industrial Gas Company Ltd.	1	Other receivables - related parties, net		202,322	According to the contract
		Interest revenue		2,648	According to the contract	0.07%	

Note 1: "1" represents the transactions between the parent company and subsidiaries.

Note 2: When the consolidated financial statements are prepared, they were all written off.

San Fu Chemical Co., Ltd. and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE Company EXERCISES SIGNIFICANT INFLUENCE

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts Expressed in thousands of New Taiwan Dollar, Unless Specified Otherwise)

TABLE 6

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2023			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				September 30, 2023	December 31, 2022	Shares (In Thousands)	%	Carrying Value			
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	USD 2,351,000	USD 2,351,000	2,350,840	100%	\$ 613,070	\$ 21,666	\$ 21,666	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Engaged in industrial gas production	USD 13,650,000	USD 13,650,000	-	100%	311,835	(36,068)	(36,068)	"
	VinaSanFu Material Company Limited	Vietnam	Engaged in the production of chemical materials	USD 12,200,000	USD 12,200,000	-	100%	299,737	(17,009)	(17,009)	"
	San Fu Biotech Co., Ltd.	Taiwan	Engaged in the manufacture and sale of food additives	210,000	210,000	22,790,000	93%	257,472	89	83	"
	International Nitto Technology Co., Ltd	Taiwan	Engaged in electronic component manufacturing business	1,277,904	977,904	120,000,000	100%	1,136,036	(8,196)	(8,196)	"
	Hongchong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	14,405	780	390	"
	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%	88,220	(2,904)	(2,526)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Engaged in industrial gas production	USD 1,232,000	USD 1,232,000	2,659,974	33.33%	42,209	2,444	814	"
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	Engaged in the operation of international trade business	USD 2,151,000	USD 2,151,000	-	50%	438,160	49,076	24,538	"
	Sino Star Holding Limited	Samoa	Investment activities	USD 1,868,000	USD 1,868,000	1,867,838	100%	62,821	9	9	Note 1
VinaSanFu Material Company Limited	VinaSanFu Materials Trading Co., Ltd.	Vietnam	Engaged in the production of chemical materials	USD 400,000	USD 160,000	-	100%	20,423	8,147	8,147	"

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts Expressed in thousands of New Taiwan Dollar, Unless Specified Otherwise)

TABLE 7

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023 (Note 1)	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2023
					Outflow	Inflow						
Sanfuming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 290,430 (US\$ 9,000,000) (Notes 1 and 4)	Through the third company reinvest in China mainland companies	\$ 21,008 (US\$ 651,000)	\$-	\$-	\$ 21,008 (US\$ 651,000)	\$ 49,076	50	\$ 24,538	\$ 438,160 (US\$ 13,578,000)	\$ -
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in the production and sales of chemical products	1,143,740 (CNY 260,000,000) (Note 2)	Through the third company reinvest in China mainland companies	60,216 (US\$ 1,866,000)	-	-	60,216 (US\$ 1,866,000)	(Note 7)	2.4	-	61,691 (US\$ 1,912,000)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$188,263 (US\$ 5,834,000) (Notes 5 and 6)	\$308,469 (US\$ 9,559,000)	\$2,610,323

Note 1: The exchange rate on September 30, 2023 was USD\$1=NT\$ 32.27

Note 2: The exchange rate on September 30, 2023 was RMB\$1=NT\$4.399

Note 3: The average exchange rate was based on the USD\$1=NT\$ 30.928 for nine months ended September 30, 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 a financial asset measured at fair value through other comprehensive profit or loss.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023

TABLE 8

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
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 capital stock 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.