

Stock Code : 4755

## **San Fu Chemical Co., Ltd. and Subsidiaries**

### **Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Review Report**

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## II.

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(English Translation)

### III. INDEPENDENT AUDITORS' REVIEW REPORT

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

#### Introduction

We have reviewed the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively, the “**Company**”), as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the six Months Ended June 30, 2023 and 2022, and for the six Months Ended June 30, 2023 and 2022, of changes in equity and of cash flows for the six 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 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 Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Basis for 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 June 30, 2023 and 2022 were amounted to NT\$1,140,296,000 and NT\$2,176,323,000 respectively, amounted to 15% and 30% of the Company’s consolidated total assets. Its total liabilities were amounted to NT\$259,655,000 and NT\$314,855,000 respectively, which amounted to 8% and 10% of the consolidated total liabilities respectively. The total consolidated profit and loss for the reporting periods April 1 - June 30, 2023 and 2022, and January 1 - June 30, 2023 and 2022 were amounted to NT\$ 75,000, (NT\$6,241,000), (NT\$9,117,000) and NT\$13,363,000 respectively, which amounted to 0%, 2%, 5% 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 June 30, 2023 and 2022 of San Fu Chemical Co., Ltd. and its subsidiaries recognized by the equity method of accounting were amounted to NT\$513,701,000 and NT\$479,011,000 respectively. The amount of consolidated profits and losses of affiliated companies and joint ventures recognized by the equity method of accounting for the periods April 1 - June 30, 2023 and 2022, and January 1 - June 30, 2023 and 2022 were amounted to (NT\$3,240,000), NT\$15,407,000, NT\$9,913,000 and NT\$57,603,000 respectively, and the relevant information of the reinvestment business mentioned in the notes 13 and 31 to the financial statements was based on the recognition and disclosure of the investee company's financial statements during the same period without being reviewed by an accountant.

## 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 consolidated financial statements may be adjusted, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated statement of financial position of San Fu Chemical Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022, its consolidated financial performance for the six Months Ended June 30, 2023 and 2022, and its consolidated financial performance and cash flows for the six Months Ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("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 Six Months Ended June 30, 2023 were not reviewed by our accountants, but were reviewed by the below mentioned 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 June 30, 2012 were NT\$534,489,000, accounting for 7% of the total consolidated assets. From April 1 to June 30 and January 1 to June 30, 2023 the net operating income was NT\$30,096,000 and NT\$50,035,000 respectively, accounting for 2% and 2% of the consolidated net operating income respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are XU Xiuming and Ong Yaling.

**Deloitte & Touche**  
Taipei, Taiwan  
Republic of China

Accountant: **Xu Xiuming**

Securities & Futures Institute  
License number: Taicaizheng-6-0920123784

Accountant : **Ong Yaling**

Financial Supervisory Commission  
License number: FSC-Review- 1020025513

August 4, 2023

### Notice to Readers

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

San Fu Chemical Co., Ltd. and Subsidiaries

**IV. CONSOLIDATED BALANCE SHEETS**  
**As of June 30, 2023, December 31 and June 30, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

Code	ASSETS	June 30, 2023 (Reviewed)		December 31, 2022 (Audited)		June 30, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						
1100	Cash and cash equivalents (Note 6)	\$ 514,802	7	\$ 602,138	8	\$ 623,194	8
1110	Financial assets at fair value through profit or loss - current (Note 7)	-	-	11,890	-	7,765	-
1136	Financial assets at amortized cost-current (Note 9)	239,351	3	238,427	3	286,001	4
1140	Contract asset - current (Note 21)	19,899	-	8,173	-	7,604	-
1150	Notes receivable, net (Note 10)	38,962	1	43,300	1	47,599	1
1170	Accounts receivable, net (Note 10)	1,254,874	17	1,185,450	17	1,588,639	22
1180	Receivable from related parties (Note 28)	13,529	-	10,062	-	10,528	-
130X	Inventories (Note 11)	579,294	8	717,450	10	897,058	12
1410	Prepayments	522,458	7	488,861	7	292,235	4
1220	Current income tax assets	37	-	79	-	-	-
1470	Other current assets	85,193	1	59,894	1	62,343	1
11XX	Total current assets	<u>3,268,399</u>	<u>44</u>	<u>3,365,724</u>	<u>47</u>	<u>3,822,966</u>	<u>52</u>
	<b>NONCURRENT ASSETS</b>						
1517	Financial asset at fair value through other comprehensive income - noncurrent (Note 8)	152,669	2	100,851	1	88,668	1
1550	Investments accounted for using the equity method (Note 13)	513,701	7	504,904	7	479,011	7
1600	Property, plant and equipment (Note 14)	3,163,954	42	3,018,028	42	2,693,865	37
1755	Right-of-use asset (Note 15)	128,748	2	138,176	2	130,784	2
1780	Other intangible assets	146,958	2	-	-	-	-
1840	Deferred income tax assets (Note 23)	26,766	-	26,589	-	32,302	-
1915	Prepayments for equipment	75,256	1	59,709	1	92,487	1
1920	Refundable deposits	17,216	-	7,279	-	25,948	-
1990	Other noncurrent assets	-	-	-	-	147	-
15XX	Total noncurrent assets	<u>4,225,268</u>	<u>56</u>	<u>3,855,536</u>	<u>53</u>	<u>3,543,212</u>	<u>48</u>
<b>1XXX</b>	<b>TOTAL</b>	<u>\$ 7,493,667</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>	<u>\$ 7,366,178</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>						
	<b>CURRENT LIABILITIES</b>						
2100	Short-term loans (Note 16)	\$ 1,197,717	16	\$ 926,869	13	\$ 1,298,376	18
2130	Contract liabilities - current (Note 21)	265,751	4	260,165	4	156,266	2
2170	Notes and accounts payable (Note 17)	259,463	3	364,719	5	304,415	4
2180	Accounts payable - related parties (Note 28)	8,141	-	7,368	-	1,534	-
2200	Other payables (Note 18)	1,021,255	14	387,151	5	897,320	12
2230	Current tax liabilities (Note 23)	55,852	1	138,291	2	146,541	2
2280	Lease liabilities-current (Notes 15 and 27)	16,452	-	22,485	-	20,143	-
2320	Long-term liabilities due within one year or one business cycle (Note 16)	250,000	3	100,000	2	120,000	2
2399	Other current liabilities	6,882	-	5,119	-	9,305	-
21XX	Total current liabilities	<u>3,081,513</u>	<u>41</u>	<u>2,212,167</u>	<u>31</u>	<u>2,953,900</u>	<u>40</u>
	<b>NONCURRENT LIABILITIES</b>						
2540	Long-term bank loans (Note 16)	125,000	2	325,000	4	-	-
2570	Deferred income tax liabilities (Note 23)	8,474	-	8,474	-	8,474	-
2580	Lease liabilities-noncurrent (Notes 15 and 27)	43,951	1	47,503	1	43,430	1
2640	Net defined benefit liabilities - noncurrent (Note 19)	6,475	-	6,676	-	27,644	-
2670	Other noncurrent liabilities	1,120	-	1,369	-	1,617	-
25XX	Total noncurrent liabilities	<u>185,020</u>	<u>3</u>	<u>389,022</u>	<u>5</u>	<u>81,165</u>	<u>1</u>
2XXX	Total liabilities	<u>3,266,533</u>	<u>44</u>	<u>2,601,189</u>	<u>36</u>	<u>3,035,065</u>	<u>41</u>
	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)</b>						
	Capital stock						
3110	Ordinary shares	1,007,060	13	1,007,060	14	1,007,060	14
3200	Capital surplus	564,756	8	762,268	11	762,368	10
	Retained earnings						
3310	Legal capital reserve	444,716	6	358,315	5	358,315	5
3320	Special capital reserve	44,926	1	124,794	2	124,794	1
3350	Unappropriated earnings	2,185,039	29	2,380,458	33	2,120,993	29
3300	Total retained earnings	<u>2,674,681</u>	<u>36</u>	<u>2,863,567</u>	<u>40</u>	<u>2,604,102</u>	<u>35</u>

(Continued)

Code	ASSETS	June 30, 2023 Reviewed)		December 31, 2022(Audited)		June 30, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Other equity						
3410	Exchange differences on translating foreign operations	( 15,666 )	-	( 18,377 )	-	( 38,433 )	( 1 )
3420	Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income	( 35,553 )	( 1 )	( 26,549 )	( 1 )	( 36,839 )	-
3400	Total other equity	( 51,219 )	( 1 )	( 44,926 )	( 1 )	( 75,272 )	( 1 )
31XX	Total Equity of the Business Owner	<u>4,195,278</u>	<u>56</u>	<u>4,587,969</u>	<u>64</u>	<u>4,298,258</u>	<u>58</u>
36XX	NON-CONTROLLING INTERESTS (Note 20)	<u>31,856</u>	-	<u>32,102</u>	-	<u>32,855</u>	<u>1</u>
3XXX	Total equity	<u>4,227,134</u>	<u>56</u>	<u>4,620,071</u>	<u>64</u>	<u>4,331,113</u>	<u>59</u>
	<b>TOTAL</b>	<u>\$ 7,493,667</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>	<u>\$ 7,366,178</u>	<u>100</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
(Refer to Audit Report of Deloitte & Touche on August 4, 2023)

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting Supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

**V. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the periods April 1 - June 30, 2023 and 2022, and January 1 - June 30, 2023 and 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 21 and 28)	\$1,260,361	100	\$1,546,966	100	\$2,460,487	100	\$3,199,578	100
5000	OPERATING COST (Notes 11, 22, 28)	<u>1,027,712</u>	<u>81</u>	<u>1,107,657</u>	<u>72</u>	<u>2,000,683</u>	<u>81</u>	<u>2,240,821</u>	<u>70</u>
5900	GROSS PROFIT	<u>232,649</u>	<u>19</u>	<u>439,309</u>	<u>28</u>	<u>459,804</u>	<u>19</u>	<u>958,757</u>	<u>30</u>
	OPERATING EXPENSES (Notes 22 and 28)								
6100	Selling and marketing expenses	57,431	5	69,138	4	109,885	4	152,826	5
6200	General and administrative expenses	42,440	3	46,841	3	85,617	4	109,984	3
6300	Research & Development Expenses	21,709	2	15,636	1	37,899	2	27,160	1
6450	Expected credit loss" (ECL)	<u>-</u>	<u>-</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>-</u>
6000	Total operating expenses	<u>121,580</u>	<u>10</u>	<u>131,701</u>	<u>8</u>	<u>233,401</u>	<u>10</u>	<u>290,056</u>	<u>9</u>
6900	PROFIT FROM OPERATIONS	<u>111,069</u>	<u>9</u>	<u>307,608</u>	<u>20</u>	<u>226,403</u>	<u>9</u>	<u>668,701</u>	<u>21</u>
	NON-OPERATING INCOME AND EXPENSES								
7010	Other income (Note 22)	7,795	-	8,916	1	14,315	1	17,729	1
7020	Other gains and losses (Note 22)	9,473	1	13,609	1	4,541	-	27,357	1
7050	Financial Cost (Note 22)	( 7,463)	( 1)	( 3,613)	-	( 12,991)	( 1)	( 6,661)	-
7060	Share of profit or loss of affiliated companies and joint ventures Recognized by Equity Method (Note 13)	7,825	1	21,651	1	19,251	1	47,750	1
7100	Interest income	<u>2,399</u>	<u>-</u>	<u>961</u>	<u>-</u>	<u>4,248</u>	<u>-</u>	<u>1,235</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>20,029</u>	<u>1</u>	<u>41,524</u>	<u>3</u>	<u>29,364</u>	<u>1</u>	<u>87,410</u>	<u>3</u>
7900	PROFIT BEFORE INCOME TAX	131,098	10	349,132	23	255,767	10	756,111	24
7950	INCOME TAX EXPENSE (Note 23)	( <u>23,573</u> )	( <u>2</u> )	( <u>71,251</u> )	( <u>5</u> )	( <u>52,146</u> )	( <u>2</u> )	( <u>150,609</u> )	
8200	NET PROFIT	<u>107,525</u>	<u>8</u>	<u>277,881</u>	<u>18</u>	<u>203,621</u>	<u>8</u>	<u>605,502</u>	<u>19</u>

(continued)

Code	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
	ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:							
8316	Unrealized loss on financial assets at fair value through other comprehensive income							
	( 572 )	-	( 858 )	-	( 9,004 )	-	( 2,144 )	-
8310	( 572 )	-	( 858 )	-	( 9,004 )	-	( 2,144 )	-
	Items that may be reclassified to profit and loss in the future							
8370	Share of the other comprehensive loss of affiliated companies and joint ventures using the equity method							
	( 11,065 )	( 1 )	( 6,244 )	-	( 9,338 )	-	9,853	-
8361	Exchange differences on translating the financial statements of foreign operations							
	18,594	2	15,817	1	12,049	-	41,813	1
8360	Items that may be reclassified subsequently to profit or loss							
	7,529	1	9,573	1	2,711	-	51,666	1
8300	Other comprehensive loss for the year, net of income tax							
	6,957	1	8,715	1	( 6,293 )	-	49,522	1
8500	TOTAL COMPREHENSIVE INCOME FOR THIS PERIOD							
	\$ 114,482	9	\$ 286,596	19	\$ 197,328	8	\$ 655,024	20
	NET PROFIT ATTRIBUTABLE TO:							
8610	Owners of the Company							
	\$ 107,784	8	\$ 277,824	18	\$ 203,867	8	\$ 604,533	19
8620	Non-controlling interests							
	( 259 )	-	57	-	( 246 )	-	969	-
8600								
	\$ 107,525	8	\$ 277,881	18	\$ 203,621	8	\$ 605,502	19

(Continued)

Code	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
	NET PROFIT							
	ATTRIBUTABLE TO:							
8610	Owners of the Company							
	\$ 107,784	8	\$ 277,824	18	\$ 203,867	8	\$ 604,533	19
8620	Non-controlling interests							
	( <u>259</u> )	-	<u>57</u>	-	( <u>246</u> )	-	<u>969</u>	-
8600	<u>\$ 107,525</u>	<u>8</u>	<u>\$ 277,881</u>	<u>18</u>	<u>\$ 203,621</u>	<u>8</u>	<u>\$ 605,502</u>	<u>19</u>
	TOTAL							
	COMPREHENSIVE							
	INCOME							
	ATTRIBUTABLE TO:							
8710	Owners of the Company							
	\$ 114,741	9	\$ 286,539	19	\$ 197,574	8	\$ 654,055	20
8720	Non-controlling interests							
	( <u>259</u> )	-	<u>57</u>	-	( <u>246</u> )	-	<u>969</u>	-
8700	<u>\$ 114,482</u>	<u>9</u>	<u>\$ 286,596</u>	<u>19</u>	<u>\$ 197,328</u>	<u>8</u>	<u>\$ 655,024</u>	<u>20</u>
	EARNINGS PER SHARE							
	( Note 24 )							
9750	Basic							
	<u>\$ 1.07</u>		<u>\$ 2.76</u>		<u>\$ 2.02</u>		<u>\$ 6.00</u>	
9850	Diluted							
	<u>\$ 1.07</u>		<u>\$ 2.76</u>		<u>\$ 2.02</u>		<u>\$ 6.00</u>	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
( Refer to Audit Report of Deloitte & Touche on August 4, 2023 )

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

San Fu Chemical Co., Ltd. and Subsidiaries

VI. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended June 30, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Code	Description	Capital stock ( Note 20 )		Equity Attributable to the Shareholders of the Parent					Other equity	Sub-Total	Non-controlling interests (Note 20)	Total Equity
		Shares (In thousands )	Amount	Capital Surplus (Note 20)	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations				
A1	BALANCE ON 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	-	-	3,000	-	-	-	-	-	3,000	-	3,000
C17	Exercise the right of attribution	-	-	30	-	-	-	-	-	30	-	30
D1	Net income for the six-Months Ended June 30, 2022	-	-	-	-	-	604,533	-	-	604,533	969	605,502
D3	Other Comprehensive Income (Loss)for the six-Months Ended June 30, 2022, after income tax	-	-	-	-	-	-	51,666	( 2,144)	49,522	-	49,522
D5	Other Comprehensive Income (Loss)for the six-Months Ended June 30, 2022	-	-	-	-	-	604,533	51,666	( 2,144)	654,055	969	655,024
	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 JUNE 30, 2022	100,706	\$1,007,060	\$ 762,368	\$ 358,315	\$ 124,794	\$2,120,993	(\$ 38,433)	(\$ 36,839)	\$4,298,258	\$ 32,855	\$ 4,331,113
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	-	-	3,900	-	-	-	-	-	3,900	-	3,900
D1	Net income for the six-Months Ended June 30, 2023	-	-	-	-	-	203,867	-	-	203,867	( 246)	203,621
D3	Other Comprehensive Income (Loss)for the six-Months Ended June 30, 2023, after income tax	-	-	-	-	-	-	2,711	( 9,004)	( 6,293)	-	( 6,293)
D5	Other Comprehensive Income (Loss)for the six-Months Ended June 30, 2023	-	-	-	-	-	203,867	2,711	( 9,004)	197,574	( 246)	197,328
	Distribution of Available Earnings for 2022											
B1	Recognized Legal capital 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 JUNE 30, 2023	100,706	\$1,007,060	\$564,756	\$ 444,716	\$ 44,926	\$2,185,039	(\$ 15,666)	(\$ 35,553)	\$4,195,278	\$ 31,856	\$ 4,227,134

The accompanying notes are an integral part of the consolidated financial statements.  
( Refer to Audit Report of Deloitte & Touche on August 4, 2023 )

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting Supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

**VII. CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Six Months Ended June 30, 2023 and 2022**

(Expressed in thousands of New Taiwan Dollars)

C o d e	Six Months Ended June 30		
	2023	2022	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
A10000	Net income before income tax	\$ 255,767	\$ 756,111
A20010	Adjustments for:		
A20100	Depreciation expenses	178,484	148,064
A20200	Amortization expense	3,042	-
A20300	Expected credit losses	-	86
A20400	Net loss of financial assets and liabilities at fair value through profit or loss	4,072	53
A20900	Finance costs	12,991	6,661
A21200	Interest income	( 4,248 )	( 1,235 )
A22300	Share of profit of affiliated companies and joint ventures	( 19,251 )	( 47,750 )
A22600	Recognition of transfer expenses for property, plant and equipment	100	-
A22500	Loss from disposal of property, plant and equipment	-	( 6 )
A23700	Loss on write-down of inventories	3,408	2,012
A24100	Unrealized foreign currency exchange gains	( 2,811 )	( 11,591 )
A29900	Lease modification benefits	-	( 5 )
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	4,338	9,034
A31150	Accounts receivable	( 72,240 )	( 75,470 )
A31160	Accounts receivable – related parties	2,248	12,241
A31125	Contract asset - current	( 11,726 )	596
A31200	Inventories	135,158	( 178,698 )
A31230	Prepayments	( 33,207 )	( 23,370 )
A31240	Other current assets	( 24,998 )	38,292
A31990	Other noncurrent assets	-	( 147 )
A32125	Contract liability	5,586	( 46,965 )
A32150	Notes and accounts payable	( 104,139 )	( 200,607 )
A32160	Accounts payable - related parties	( 4,265 )	( 5,885 )
A32180	Other payables	( 34,198 )	39,236
A32230	Other current liabilities	1,763	4,543
A32240	Net defined benefit liabilities - noncurrent	( 201 )	( 147 )
A32990	Other noncurrent liabilities	( 249 )	( 837 )
A33000	Cash generated from operations	295,424	424,216
A33100	Interest received	4,248	1,235
A33300	Interest paid	( 12,988 )	( 6,569 )
A33500	Income taxes paid	( 134,816 )	( 110,156 )
AAAA	Net cash generated from operating activities	<u>151,868</u>	<u>308,726</u>

( Continued )

C o d e	Six Months Ended June 30		
	2023	2022	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 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	-	( 49,982 )
B02700	Payments for property, plant and equipment	( 365,814 )	( 437,149 )
B02800	Disposal of property, plant and equipment	-	24
B03700	Increase or Loss in refundable deposits	( 9,937 )	( 20,132 )
B07100	Increase in prepayments for equipment	( 24,696 )	( 45,953 )
B07600	Dividend received	<u>1,639</u>	<u>36,407</u>
BBBB	Net cash used in investing activities	( <u>450,990</u> )	( <u>524,603</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
C00100	Increase in short-term loans	275,077	367,924
C01600	Long-term bank loans	-	120,000
C01700	Repayment of long-term bank loans	( 50,000 )	( 194,502 )
C04020	Repayment of the principal portion of lease liabilities	( 13,400 )	( 12,107 )
C09900	Cash outflow from financing activities by affiliated companies held for sale	<u>-</u>	<u>30</u>
CCCC	Net cash generated from financing activities	<u>211,677</u>	<u>281,345</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>109</u>	<u>4,960</u>
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	( 87,336 )	70,428
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>\$ 514,802</u>	<u>\$ 623,194</u>
			(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
( Refer to Audit Report of Deloitte & Touche on August 4, 2023 )

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

**VIII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTHS ENDED JUNE 30, 2023 AND 2022**

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

**1. GENERAL**

San Fu Chemical Co., Ltd. (the “Company”), a Republic of China (“R.O.C.”) corporation, was incorporated on March 17, 2003. The Company is mainly investing 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 as described in Note 12 (collectively referred to as the “Company”). The Company is mainly investing in the production and sale of industrial gases, chemical materials and food additives.

The Company’s shares started to be traded on the Taiwan Stock Exchange (“TWSE”) on November 27, 2013. The consolidated financial statements are presented in the New Taiwan dollar.

**2. THE AUTHORIZATION OF FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 4, 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), but not yet endorsed and issued into effect by the FSC

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Issued by IASB (Note 1)</b>
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
Amendments to IFRS 16 “Lease : Sale and Leaseback and Sublease”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “The initial application of IFRS 17 and IFRS 9 - Comparison Information”	January 1, 2023
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
Amendments to IAS 12 ” International Tax Reform—Pillar Two Model Rules”	(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: After the release of these amendments, the exceptions and disclosed facts that have been applied will be applied immediately, and will be applied retrospectively in accordance with the provisions of IAS 8; These other disclosure requirements are not applicable to the interim financial reports of the period ending before December 31, 2023.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of Compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 Interim Financial Reporting approved and issued by the Financial Supervisory Commission (FSC). This consolidated financial report does not include all IFRSs disclosure information required by the entire annual financial report.

##### **b. Basis of Preparation**

The 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 AND UNCERTAINTY**

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

**6. CASH AND CASH EQUIVALENTS**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash on hand and petty cash	\$ 600	\$ 516	\$ 507
Demand deposits	514,202	446,796	348,239
Cash equivalents (investments with original maturities of less than 3 months)	-	<u>154,826</u>	<u>274,448</u>
Time deposits	<u>\$ 514,802</u>	<u>\$ 602,138</u>	<u>\$ 623,194</u>

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Demand deposits	0.001%~1.35%	0.01%~1.05%	0.001%~0.35%
Time deposits	-	4.45%~4.64%	1.68~1.76%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	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>  7,765</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

### June 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 – NONCURRENT

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic investments			
Listed shares	\$ 26,440	\$ 35,444	\$ 25,153
Unlisted shares	<u>66,698</u>	<u>6,698</u>	<u>6,698</u>
Subtotal	<u>93,138</u>	<u>42,142</u>	<u>31,851</u>
Foreign investments			
Unlisted shares	<u>59,531</u>	<u>58,709</u>	<u>56,817</u>
	<u>\$ 152,669</u>	<u>\$ 100,851</u>	<u>\$ 88,668</u>

The investments in equity instruments are held for medium to long-term strategic purposes and expects to make profits through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at “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’ strategy of holding these investments for long-term purposes. These investments of equity instruments were classified as financial assets at fair value through other comprehensive income.

## 9. FINANCIAL ASSETS AT AMORTITIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 66,951	\$ 66,027	\$ 63,601
Restricted demand deposits	<u>172,400</u>	<u>172,400</u>	<u>222,400</u>
	<u>\$ 239,351</u>	<u>\$ 238,427</u>	<u>\$ 286,001</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% ~ 1.90% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

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

## 10. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 38,962</u>	<u>\$ 43,300</u>	<u>\$ 47,599</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,261,074	\$ 1,191,650	\$ 1,594,925
Less: Allowance for impairment loss	( <u>6,200</u> )	( <u>6,200</u> )	( <u>6,286</u> )
	<u>\$ 1,254,874</u>	<u>\$ 1,185,450</u>	<u>\$ 1,588,639</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 reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Company' 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 writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has declared bankruptcy and 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 accounts receivable

#### June 30, 2023

	Not Past Due	Past due 1~90 Days	Past due 91~180 Days	Past due 181~365 Days	Past due Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,252,144	\$ 2,569	\$ 161	\$ -	\$ 6,200	\$1,261,074
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	( <u>6,200</u> )	( <u>6,200</u> )
Amortized cost	<u>\$1,252,144</u>	<u>\$ 2,569</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,254,874</u>

**December 31, 2022**

	<u>Not Past Due</u>	<u>Past due 1~90 Days</u>	<u>Past due 91~180 Days</u>	<u>Past due 181~365 Days</u>	<u>Past due Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	50%	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>

**June 30, 2022**

	<u>Not Past Due</u>	<u>Past due 1~90 Days</u>	<u>Past due 91~180 Days</u>	<u>Past due 181~365 Days</u>	<u>Past due Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,586,244	\$ 2,390	\$ 37	\$ 54	\$ 6,200	\$1,594,925
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>(54)</u>	<u>(6,200)</u>	<u>(6,286)</u>
Amortized cost	<u>\$1,586,244</u>	<u>\$ 2,390</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,588,639</u>

**Movements of the loss allowance for accounts receivable**

	<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of period	\$ 6,200	\$ 6,200
Add: the beginning balance of impairment losses in the current year	<u>-</u>	<u>86</u>
Balance, end of period	<u>\$ 6,200</u>	<u>\$ 6,286</u>

**11. INVENTORIES**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Merchandise	\$ 13,601	\$ 7,270	\$ 8,110
Finished goods	265,751	326,504	299,204
Work in progress	8,622	13,949	12,957
Semi-finished goods	229	1,894	1,796
Raw materials	252,197	334,334	539,284
Supplies	<u>38,894</u>	<u>33,499</u>	<u>35,707</u>
	<u>\$ 579,294</u>	<u>\$ 717,450</u>	<u>\$ 897,058</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the periods from April 1 to June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022 was \$1,027,712,000, \$1,107,657,000, \$2,000,683,000 and \$2,240,821,000 respectively.

The cost of goods sold including the allowance for (reversal of write-down inventories) inventory losses for the periods from April 1 to June 30, 2023 and 2022, and from January 1, to June 30, 2023 and 2022 was \$0, \$ (1,648,000) and \$3,408,000 and \$2,012,000 respectively. The increase in the net realizable value of inventories was due to the increase in the selling price of the inventory market.

## 12. SUBSIDIARIES

### Subsidiaries included in the consolidated financial statements

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

<u>Investor</u>	<u>Investee</u> <u>(Name of Subsidiaries)</u>	<u>Nature of</u> <u>Activities</u>	<u>Proportion of Ownership (%)</u>			<u>Refer to</u>
			<u>June 30,</u> <u>2023</u>	<u>December</u> <u>31, 2022</u>	<u>June 30,</u> <u>2022</u>	
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%	100%	Note 1
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%	100%	Note 2
	VinaSanFu Material Company Limited	Production of chemical materials	100%	100%	100%	Note 1
	San Fu Biotech Co., Ltd.	Sales and production of food additives	93%	93%	93%	Note 1
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%	100%	Note 2
	Lifu Carbonic Acid Co., Ltd.	Production of chemical materials	87%	87%	87%	Note 1
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%	100%	Note 1
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd	Production of chemical materials	100%	100%	100%	Note 1

Note 1: It is a non-significant subsidiary whose financial statements have not been reviewed by accountants.

Note 2: Its financial statements for the six Months Ended June 30, 2022 have not been reviewed by accountants.

Among the above-mentioned consolidated financial statements preparation entities, except for the company's consolidated financial statements which have been reviewed by accountants, the standalone financial statements of other subsidiaries that are not individually material have not been reviewed by accountants. Its total assets for the six-month period ended June 30, 2023 and 2022 was \$1,140,296,000 and \$2,176,323,000 respectively, amounted to 15% and 30% of the total consolidated assets respectively.

The total liabilities were \$259,655,000 and \$314,855,000 respectively, which amounted to 8% and 10% of the consolidated total liabilities respectively. For the periods from April 1 to June 30, 2023 and 2022, and from January 1, to June 30, 2023 and 2022, the total recognized comprehensive profit and loss was \$75,000, (\$6,241,000), (\$9,117,000) and \$13,363,000 respectively, which amounted to 0%, 2%, 5% and 2% of the total consolidated comprehensive profit and loss, respectively.

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in affiliated companies	\$ 55,936	\$ 56,517	\$ 52,142
Investments in joint ventures	<u>457,765</u>	<u>448,387</u>	<u>426,869</u>
	<u>\$ 513,701</u>	<u>\$ 504,904</u>	<u>\$ 479,011</u>

The amount of total consolidated comprehensive income for the investments in affiliated companies and joint ventures recognized for the periods from April 1 to June 30, 2023 and 2022, and from January 1, to June 30, 2023 and 2022 was \$ (3,240,000), \$15,407,000, \$9,913,000 and \$57,603,000, respectively.

The Company's management 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 affiliated companies

	June 30, 2023	December 31, 2022	June 30, 2022
Affiliated companies that are not individually material	<u>\$ 55,936</u>	<u>\$ 56,517</u>	<u>\$ 52,142</u>

#### b. Investments in joint ventures

	June 30, 2023	December 31, 2022	June 30, 2022
Material joint ventures			
Sanfuming Electronic Material Co., Ltd.	<u>\$ 457,765</u>	<u>\$ 448,387</u>	<u>\$ 426,869</u>

For further information about the business nature of the above-mentioned joint venture, the main business place and the country of the company registration etc., please refer to the attached Table 6 - "Information on Investees" and Table 7 - "Information on Investments in Mainland China".

### 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Transport- ation	Other Equipment	Property under Construc- tion	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	164,560	498,452	14,363	3,669	( 679,323 )	9,321
Additions	-	9,324	9,692	9,965	7,751	253,211	289,943
Disposals	-	( 55 )	( 82,112 )	( 800 )	( 1,180 )	-	( 84,147 )
Effect of foreign currency exchange differences	-	<u>2,933</u>	<u>8,170</u>	<u>254</u>	<u>4</u>	<u>35</u>	<u>11,396</u>
Balance at June 30, 2023	<u>\$ 170,300</u>	<u>\$ 1,437,061</u>	<u>\$ 2,919,024</u>	<u>\$ 438,985</u>	<u>\$ 474,582</u>	<u>\$ 482,357</u>	<u>\$ 5,922,309</u>

(Continued)

Accumulated depreciation and impairment

Balance at January 1, 2023	\$ -	\$ 519,688	\$ 1,488,689	\$ 325,844	\$ 343,547	\$ -	\$ 2,677,768
Depreciation expenses	-	29,414	89,423	14,953	30,390	-	164,180
Disposals	-	( 55 )	( 82,112 )	( 800 )	( 1,180 )	-	( 84,147 )
Effect of foreign currency exchange differences	-	130	404	20	-	-	554
Carrying amounts at June 30, 2023	<u>\$ -</u>	<u>\$ 549,177</u>	<u>\$ 1,496,404</u>	<u>\$ 340,017</u>	<u>\$ 372,757</u>	<u>\$ -</u>	<u>\$ 2,758,355</u>
Carrying amounts at June 30, 2023	<u>\$ 170,300</u>	<u>\$ 887,884</u>	<u>\$ 1,422,620</u>	<u>\$ 98,968</u>	<u>\$ 101,825</u>	<u>\$ 482,357</u>	<u>\$ 3,163,954</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<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>

Cost

Balance at January 1, 2022	\$ 162,700	\$ 1,145,606	\$ 2,162,086	\$ 352,833	\$ 417,323	\$ 639,282	\$ 4,879,830
Reclassifications	-	6,433	84,463	12,896	3,420	( 39,398 )	67,814
Additions	-	5,701	21,953	27,407	20,713	374,815	450,589
Disposals	-	( 2,544 )	( 180,023 )	( 3,889 )	( 8,282 )	-	( 194,738 )
Effect of foreign currency exchange differences	-	3,172	5,594	110	-	23,688	32,564
Balance at June 30, 2022	<u>\$ 162,700</u>	<u>\$ 1,158,368</u>	<u>\$ 2,094,073</u>	<u>\$ 389,357</u>	<u>\$ 433,174</u>	<u>\$ 998,387</u>	<u>\$ 5,236,059</u>

Accumulated depreciation and impairment

Balance at January 1, 2022	\$ -	\$ 464,568	\$ 1,523,076	\$ 304,921	\$ 309,166	\$ -	\$ 2,601,731
Depreciation expenses	-	28,432	72,750	10,404	23,429	-	135,015
Disposals	-	( 2,544 )	( 180,023 )	( 3,889 )	( 8,264 )	-	( 194,720 )
Effect of foreign currency exchange differences	-	54	109	5	-	-	168
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 490,510</u>	<u>\$ 1,415,912</u>	<u>\$ 311,441</u>	<u>\$ 324,331</u>	<u>\$ -</u>	<u>\$ 2,542,194</u>
Carrying amounts at June 30, 2022, net	<u>\$ 162,700</u>	<u>\$ 667,858</u>	<u>\$ 678,161</u>	<u>\$ 77,916</u>	<u>\$ 108,843</u>	<u>\$ 998,387</u>	<u>\$ 2,693,865</u>

(Concluded)

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**

1-8 years

**Equipment**

1-27 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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Carrying amounts</u>			
Land	\$ 120,076	\$ 128,462	\$ 118,369
Buildings	4,434	3,470	6,319
Transportation equipment	<u>4,238</u>	<u>6,244</u>	<u>6,096</u>
	<u>\$ 128,748</u>	<u>\$ 138,176</u>	<u>\$ 130,784</u>

	<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 3,815</u>	<u>\$ 4,777</u>

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Depreciation of right-of-use assets				
Land	\$ 4,731	\$ 4,360	\$ 9,447	\$ 8,706
Buildings	1,426	1,143	2,851	2,286
Transportation equipment	<u>1,003</u>	<u>1,044</u>	<u>2,006</u>	<u>2,057</u>
	<u>\$ 7,160</u>	<u>\$ 6,547</u>	<u>\$ 14,304</u>	<u>\$ 13,049</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 for the six months ended June 30, 2023 and 2022.

### b. Lease Liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Carrying Amounts</u>			
Current	\$ 16,452	\$ 22,485	\$ 20,143
Noncurrent	<u>43,951</u>	<u>47,503</u>	<u>43,430</u>
	<u>\$ 60,403</u>	<u>\$ 69,988</u>	<u>\$ 63,573</u>

Ranges of discount rates for lease liabilities are as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
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. Another Lease Information

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 1,196</u>	<u>\$ 2,203</u>	<u>\$ 2,566</u>	<u>\$ 4,139</u>
Expenses relating to low-value asset leases	<u>\$ 286</u>	<u>\$ 296</u>	<u>\$ 613</u>	<u>\$ 558</u>
Total cash outflow for leases			( <u>\$ 16,975</u> )	( <u>\$ 17,255</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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured loans (Note 29)</u>			
Bank loans	\$ 175,000	\$ 180,000	\$ 350,000
<u>Unsecured loans</u>			
Bank loans	<u>1,022,717</u>	<u>746,869</u>	<u>948,376</u>
	<u>\$ 1,197,717</u>	<u>\$ 926,869</u>	<u>\$ 1,298,376</u>

The range of general working capital loan interest rates was 0.85% ~ 1.80%, 0.9% ~ 1.70% and 0.79% ~ 1.245% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

### b. Long-term loans

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Unsecured loans</u>			
Bank loans	\$ 375,000	\$ 425,000	\$ 120,000
Less: Current portion matured within a year	( <u>250,000</u> )	( <u>100,000</u> )	( <u>120,000</u> )
Long-term bank loans	<u>\$ 125,000</u>	<u>\$ 325,000</u>	<u>\$ -</u>

The range of the long-term interest rates on bank loans was 1.735% ~ 2%, 1.598% ~ 1.61% and 1.080% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

## 17. ACCOUNTS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	<u>\$ 259,463</u>	<u>\$ 364,719</u>	<u>\$ 304,415</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

	June 30, 2023	December 31, 2022	June 30, 2022
Other payables	\$380,038	\$264,228	\$340,564
Dividend payable	594,165	-	503,530
Payable for constructions	23,394	33,434	12,669
Payable for purchases of equipment	<u>23,658</u>	<u>89,489</u>	<u>40,557</u>
	<u>\$1,021,255</u>	<u>\$387,151</u>	<u>\$897,320</u>

## 19. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined contribution and benefit plans recognized from April 1 to June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 are calculated based on the pension cost rates determined by actuarial calculation on December 31, 2022 and 2021, and the amount was NT\$ 146,000, NT\$ 189,000, NT\$ 292,000 and NT\$ 377,000 respectively.

## 20. EQUITY

### a. Capital stock

#### Ordinary shares

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

### b. Capital Surplus

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Capital stock may be used to offset a deficit, distributed or transferred as cash dividends (1)</u>			
Issuance of ordinary shares	\$ 467,787	\$ 669,199	\$ 669,199
Donations (Note 28)	40,843	36,943	37,043
<u>May be used to offset a 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
Others - exercise of disgorgements (4)	30	30	30
Recognition of changes in ownership interests in subsidiaries (3)	( 859 )	( 859 )	( 859 )
	<u>\$ 564,756</u>	<u>\$ 762,268</u>	<u>\$ 762,368</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 is the amount of equity transaction impact recognized due to changes in the company's equity when the company has not actually acquired or disposed of equity in a subsidiary company, or the adjusted amount recognized by the company using the equity method to recognize the capital reserves of subsidiaries
4. The benefits obtained by exercising disgorgements 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 disgorgements as capital reserves, and properly disclose its facts and effects.

### c. Retained Earnings and Dividends Policy

The shareholders of the Company held their regular meeting on June 13, 2019 and in that meeting, 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 capital reserve of 10% of the remaining profit, setting aside or reversing a Special capital reserve in accordance with the laws and regulations, and then any remaining profit together with

any undistributed retained earnings shall be the basis for proposing the dividend distribution plan. The Board of Directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 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 capital reserve shall be made until the Legal capital reserve equals the Company's paid-in capital. The Legal capital reserve may be used to offset deficits. If the Company has no deficit and the Legal capital reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

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

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

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

	<b><u>Fourth Quarter of 2022</u></b>	<b><u>Third Quarter of 2022</u></b>	<b><u>Second Quarter of 2022</u></b>	<b><u>First Quarter of 2022</u></b>
Resolution Date of the Company's Board of Directors in its Meeting	<b>February 24, 2023</b>	<b>November 4, 2022</b>	<b>August 5, 2022</b>	<b>May6, 2022</b>
Cash dividends to shareholders	\$ 392,753	\$ -	\$ -	\$ -
Cash dividends per share (NT\$)	\$ 3.9	\$ -	\$ -	\$ -

The Company's regular shareholders' meetings resolved on July 17, 2023 and July 5, 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 Board of Directors respectively as follows:

	<b><u>Three Months Ended June 30, 2023</u></b>	<b><u>Three Months Ended March 31, 2023</u></b>
Date resolved by the Board of Directors	<b>August 4, 2023</b>	<b>May 5, 2023</b>
Cash Dividend	\$ -	\$ -
EPS Cash (NT\$)	\$ -	\$ -

**d. Special capital reserve**

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

**e. Non-controlling interests (Minority Interests)**

	<u>Six Months Ended June 30, 2023</u>	<u>Six Months Ended June 30, 2022</u>
Beginning Balance	\$ 32,102	\$ 31,886
Current Net Profit	( 246 )	969
Ending Balance	<u>\$ 31,856</u>	<u>\$ 32,855</u>

**21. REVENUE**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue from sale of goods	\$ 1,218,609	\$ 1,487,848	\$ 2,373,793	\$ 3,101,366
Construction contract revenue	<u>41,752</u>	<u>59,118</u>	<u>86,694</u>	<u>98,212</u>
	<u>\$ 1,260,361</u>	<u>\$ 1,546,966</u>	<u>\$ 2,460,487</u>	<u>\$ 3,199,578</u>

**Contract Balances**

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Contract assets			
Properties construction - current	<u>\$ 19,899</u>	<u>\$ 8,173</u>	<u>\$ 7,604</u>
Contract liabilities			
Properties construction - current	\$ 263,646	\$ 257,784	\$ 154,440
Sale of goods- current	<u>2,105</u>	<u>2,381</u>	<u>1,826</u>
	<u>\$ 265,751</u>	<u>\$ 260,165</u>	<u>\$ 156,266</u>

**22. NET PROFIT****a. Other Income**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Rendering of services	\$ 4,208	\$ 4,262	\$ 8,469	\$ 8,548
Others	<u>3,587</u>	<u>4,654</u>	<u>5,846</u>	<u>9,181</u>
	<u>\$ 7,795</u>	<u>\$ 8,916</u>	<u>\$ 14,315</u>	<u>\$ 17,729</u>

**b. Other Gains and Losses**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit on disposal of Properties, plants and equipment	\$ -	\$ 6	\$ -	\$ 6
Net Profit from foreign exchange	9,596	13,661	4,327	27,433
(Loss) / Gain of financial assets at fair value through profit or loss	-	( 53)	650	( 53)
Others	( 123)	( 5)	( 436)	( 29)
	<u>\$ 9,473</u>	<u>\$ 13,609</u>	<u>\$ 4,541</u>	<u>\$ 27,357</u>

**c. Depreciation and Amortization**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Properties, plants and equipment	\$ 81,970	\$ 68,987	\$ 164,180	\$ 135,015
Right-of-use assets	7,160	6,547	14,304	13,049
Other tangible assets	<u>3,042</u>	<u>-</u>	<u>3,042</u>	<u>-</u>
	<u>\$ 92,172</u>	<u>\$ 75,534</u>	<u>\$ 181,526</u>	<u>\$ 148,064</u>
Analysis of depreciation by function				
Operating costs	\$ 71,553	\$ 65,304	\$ 143,520	\$ 129,557
Operating expenses	<u>17,577</u>	<u>10,230</u>	<u>34,964</u>	<u>18,507</u>
	<u>\$ 89,130</u>	<u>\$ 75,534</u>	<u>\$ 178,484</u>	<u>\$ 148,064</u>
Amortization expenses summarized by function				
Operating expenses	<u>\$ 3,042</u>	<u>\$ -</u>	<u>\$ 3,042</u>	<u>\$ -</u>

**d. Employee Benefits Expense**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Post-employment benefits				
Defined contribution plans	\$ 3,821	\$ 3,579	\$ 7,549	\$ 6,865
Defined benefit plans (Note 19)	146	189	292	377
Short-term benefits				
Salaries	98,624	104,336	192,085	223,699
Labor and health insurance	\$ 9,093	\$ 9,310	\$ 17,657	\$ 17,090
Others	<u>11,994</u>	<u>15,506</u>	<u>25,726</u>	<u>39,329</u>
Total employee benefits expense	<u>\$ 123,678</u>	<u>\$ 132,920</u>	<u>\$ 243,309</u>	<u>\$ 287,360</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 61,000	\$ 65,627	\$ 123,159	\$ 133,735
Operating expenses	<u>62,678</u>	<u>67,293</u>	<u>120,150</u>	<u>153,625</u>
	<u>\$ 123,678</u>	<u>\$ 132,920</u>	<u>\$ 243,309</u>	<u>\$ 287,360</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 six-month period ended June 30, 2023 and 2022, which was approved by the Board of Directors, respectively, were as follows:

Estimation ratio

	<u>Six Months Ended June 30, 2023</u>	<u>Six Months Ended June 30, 2022</u>
Employees' compensation	1.96%	1.61%
Remuneration of directors and supervisors	1.96%	1.61%

Amount

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Employees' compensation	<u>\$ 2,600</u>	<u>\$ 4,000</u>	<u>\$ 5,200</u>	<u>\$ 12,450</u>
Remuneration of directors and supervisors	<u>\$ 2,600</u>	<u>\$ 4,000</u>	<u>\$ 5,200</u>	<u>\$ 12,450</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>	
	<u>2022 Cash</u>	<u>2021 Cash</u>
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 2023 and 2022 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>			
	<u>2022</u>		<u>2021</u>	
	<u>Employees' compensation</u>	<u>Remuneration of directors and supervisors</u>	<u>Employees' compensation</u>	<u>Remuneration of directors and supervisors</u>
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 Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

**f. Finance Costs**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 7,277	\$ 3,398	\$ 12,594	\$ 6,210
Interest on lease liabilities	<u>186</u>	<u>215</u>	<u>397</u>	<u>451</u>
	<u>\$ 7,463</u>	<u>\$ 3,613</u>	<u>\$ 12,991</u>	<u>\$ 6,661</u>

**g. Gains or Losses on Foreign Currency Exchange**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Foreign exchange gains	\$ 15,374	\$ 35,007	\$ 24,393	\$ 50,949
Foreign exchange losses	( <u>5,778</u> )	( <u>21,346</u> )	( <u>20,066</u> )	( <u>23,516</u> )
Net losses	<u>\$ 9,596</u>	<u>\$ 13,661</u>	<u>\$ 4,327</u>	<u>\$ 27,433</u>

**23. INCOME TAXES**

**a. Income Tax Recognized in Profit or Loss**

Income tax expense consisted of the following:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current tax				
In respect of the current period	\$ 25,474	\$ 73,555	\$ 57,022	\$ 150,098
Adjustments for prior periods	( <u>4,699</u> )	( <u>2,967</u> )	( <u>4,699</u> )	( <u>1,983</u> )
	<u>20,775</u>	<u>70,588</u>	<u>52,323</u>	<u>148,115</u>
Deferred tax				
In respect of the current period	<u>2,798</u>	<u>663</u>	( <u>177</u> )	<u>2,494</u>
Income tax expense recognized				
In the profit and loss	<u>\$ 23,573</u>	<u>\$ 71,251</u>	<u>\$ 52,146</u>	<u>\$ 150,609</u>

**b. Income Tax Assessments**

Income tax returns of San Fu Biotech Co., Ltd., Lifu Carbonate Co., Ltd. and International Nitto Technology Company Limited through 2021, and income tax returns of the Company through 2020 have been assessed by the tax authorities.

**24. EARNINGS PER SHARE**

	Unit: NT\$ Per Share			
	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Basic earnings per share				
Basic earnings per share	<u>\$ 1.07</u>	<u>\$ 2.76</u>	<u>\$ 2.02</u>	<u>\$ 6.00</u>
Diluted earnings per share				
Diluted earnings per share	<u>\$ 1.07</u>	<u>\$ 2.76</u>	<u>\$ 2.02</u>	<u>\$ 6.00</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

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net Profit attributed to the Owner of the Company	<u>\$ 107,784</u>	<u>\$ 277,824</u>	<u>\$ 203,867</u>	<u>\$ 604,533</u>

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

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
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>37</u>	<u>79</u>	<u>86</u>	<u>114</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,743</u>	<u>100,785</u>	<u>100,792</u>	<u>100,820</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 six-month period ended June 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:

- a. The Company reclassified and paid for property, plant and equipment partly for the six-month period ended June 30, 2023 and 2022 were as follows (please refer to Notes 14 and 18):

	<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Prepayments for equipment transferred (reclassification)	<u>\$ 9,321</u>	<u>\$ 67,814</u>
Decrease (Increase) in payments for equipment and constructions	\$ 75,871	(\$ 13,440)
Purchase property, plant and equipment	<u>289,943</u>	<u>450,589</u>
Paid in cash by acquiring property, plant and equipment	<u>\$ 365,814</u>	<u>\$ 437,149</u>

- b. The cash dividends distributed by the resolutions of the shareholders' meeting and the Board of Directors' meeting have not yet been paid on June 30, 2023 and June 30, 2022. (Refer to Notes 18 and 20)

## 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' 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 adopts a prudent risk management strategy.

## 27. FINANCIAL INSTRUMENTS

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

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

### b. Fair Value of Financial Instruments - Measured at Fair Value on A Recurring Basis

#### 1) Fair Value Hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>June 30, 2023</u></b>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 26,440	\$ -	\$ -	\$ 26,440
Domestic unlisted shares	-	-	66,698	66,698
Foreign unlisted shares	-	-	59,531	59,531
Total	<u>\$ 26,440</u>	<u>\$ -</u>	<u>\$126,229</u>	<u>\$152,669</u>
 <b><u>December 31, 2022</u></b>				
<u>Financial assets at FVTPL</u>				
Derivatives - Foreign Exchange				
Option Contracts	<u>\$ -</u>	<u>\$ 11,890</u>	<u>\$ -</u>	<u>\$ 11,890</u>
<u>Financial assets 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>
 <b><u>June 30, 2022</u></b>				
<u>Financial assets at FVTPL</u>				
Derivatives - Foreign Exchange				
Option Contracts	<u>\$ -</u>	<u>\$ 7,765</u>	<u>\$ -</u>	<u>\$ 7,765</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 25,153	\$ -	\$ -	\$ 25,153
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	56,817	56,817
Total	<u>\$ 25,153</u>	<u>\$ -</u>	<u>\$ 63,515</u>	<u>\$ 88,668</u>

There were no transfers of financial assets at fair value measurement between Levels 1 and 2 for the period for the six months ended June 30 in the fiscal years 30, 2023 and 2022.

2) Financial Instruments Applied for Level 3 Adjustment at FVTOCI

	<b><u>Financial assets at FVTOCI</u></b>	
	<b><u>Through other Profits or Loss</u></b>	
	<b>Six-month Ended</b>	<b>Six Months Ended</b>
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b><u>Financial assets—Equity instrument</u></b>		
Beginning balance	\$ 65,407	\$ 59,615
Foreign exchange difference	60,000	-
Ending balance	<u>822</u>	<u>3,900</u>
	<u>\$ 126,229</u>	<u>\$ 63,515</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 inputs applied for Level 2 fair value measurement

<u>Financial Instrument Category</u>	<u>Valuation techniques and input value</u>
Derivatives – Foreign Exchange Option Contracts	The fair value of the foreign exchange option contract is calculated based on the spot exchange rate on the appraisal date, the option exercise price, the exchange rate volatility, the contract expiry period and the quoted risk-free interest rate during the contract expiry period.

c) Valuation techniques and inputs applied for Level 3 fair value measurement

i. The domestic unlisted (over the counter) equity investment adopts the income method, and calculates the present value of the expected income from holding this investment by discounting the cash flow. Significant unobservable inputs are as follows. When the liquidity discount or the non-controlling interest discount decreases, the fair value of these investments will increase.

ii.

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Discount for lack of marketability	25%	25%
Non-controlling interests discount	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Discount for lack of marketability 1% decrease	<u>\$ 101</u>	<u>\$ 78</u>
Non-controlling interests discount 1% decrease	<u>\$ 95</u>	<u>\$ 73</u>

iii. The foreign unlisted (over the counter) equity investment is based on the market method, and its fair value is mainly assessed with reference to the recent financing activities of the invested target or the market transaction price and market conditions of similar targets. The evaluation method chosen by the Consolidated Companies after careful evaluation, therefore, the fair value measurement is reasonable, but the evaluation results may be different when different evaluation models or fair values are used.

**c. Categories of Financial Instruments**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Financial assets</u>			
Measured at FVTPL	\$ -	\$ 11,890	\$ 7,765
Financial assets at amortized cost (Note 1)	2,061,518	2,079,377	2,555,961
<u>Financial assets at FVTOCI-</u>			
Equity instrument investment	152,669	100,851	88,668
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	2,861,576	2,111,107	2,621,645

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. Financial Risk Management Objectives and Policies**

The Company's major financial instruments include financial assets at amortized cost, equity investments, short-term loans, notes and account payables, account payables - related parties, others payable, long-term loans due within one year, and long-term loans. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors is solely responsible for established and monitored the framework of risk management of the Company, the Board of Directors authorized the chairman develop and monitored the risk management policy of the Company with the operation center of the Company, and regularly reported the situation to the Board of Directors.

The Company's financial risk management policies are developed for identifying and analyzing the financial risks to the Company, evaluating the impacts of the financial risks, and executing the financial-risk aversion policies. The financial risk management is periodically reviewed to reflect changes to the market and the operations. Through the internal controls, such as training and setting up managing requirements and procedures, the Company are engaged in developing a disciplined and constructive control environment, in order to have all employees understand own responsibilities.

The Company's Board of Directors monitors the management on managing the compliance to the financial risk management policies and procedures and reviews the appropriateness of risk management structure.

**1) Market Risk**

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see a) below), interest rates (see b) below), and another price risk (see c) below).

**a) Foreign Currency Risk**

The Company has assets and liabilities not recorded in the same functional currency as that of the Company, thus, it is exposed to risks due to exchange rate fluctuation.

To manage risks within an acceptable level, the Company uses the natural hedge against its currency risk. The Company monitors and evaluates the movements of exchange rates and the

weakness or strength of a currency's performance in line with natural hedging.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities which were not in the same functional currency as the Company's entity at the end of the reporting period are shown in Note 30.

#### Sensitivity Analysis

The Company 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.

	<b>Unit: 1,000 NT\$</b>	
	<b><u>The Impact of The New Taiwan Dollar on The US Dollar</u></b>	
	<b><u>Six Months Ended June 30</u></b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$10,968</u> (i)	<u>\$ 25,088</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 are exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for the period for the six months ended June 30 in the fiscal years 2023 and 2022 were \$ 12,991,000 and \$ 6,661,000 respectively, which only constitute 0.53% and 0.21% 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:

	<b>Unit: 1,000 NT\$</b>		
	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Fair value interest rate risk			
Financial liabilities	\$ 603,120	\$ 386,857	\$ 1,213,573
Cash flow interest rate risk			
Financial liabilities	1,030,000	1,035,000	268,376

#### 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 six-month period for the six months ended June 30 in the fiscal years 2023 and 2022 would decrease/increase by \$ 258,000 and \$ 67,000, respectively.

### c) Other Price Risks

The Company are 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 the six-month period for the six months ended June 30 in the fiscal years 2023 and 2022 would have increased/decreased by \$ 7,633,000 and \$ 4,433,000 respectively, because of the changes in fair value of financial assets at FVTOCI.

## 2) Credit Risk

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' maximum exposure to credit risk, which will cause a financial loss to the Company because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the balance sheets. The policies adopted by the Company are to trade with reputable objects only, and continue to supervise the credit risk insurance and the credit rating of the counterparty

Apart from the companies A, B and C of the Company, the Company has no significant credit risk exposure from any single counterparty or any group of counterparties with similar characteristics. Apart from the companies A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A, B and C accounts for 59% of the balance of accounts receivable of the consolidated 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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company' short-, medium- and long-term funding and liquidity management requirements. The Company manages in 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 June 30, 2023, and December 31, 2022 and June 30, 2022, the Company had available unutilized short-term bank loan facilities in the amount of \$ 1,924,499,000, \$ 2,110,018,000 and \$ 2,239,290,000, respectively.

The following table shows the remaining contractual maturity of the Company for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

#### June 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
Lease liabilities	\$ 2,229	\$ 4,009	\$ 10,983	\$ 24,584	\$ 21,092
Variable interest rate liabilities	25,000	655,000	225,000	125,000	-
Fixed interest rate liabilities	-	502,588	40,129	-	-
	<u>\$ 27,229</u>	<u>\$1,161,597</u>	<u>\$ 276,112</u>	<u>\$ 149,584</u>	<u>\$ 21,092</u>

Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	<u>\$ 17,221</u>	<u>\$ 24,584</u>	<u>\$ 21,092</u>

**December 31, 2022**

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
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>299,708</u>	<u>17,161</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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	<u>\$ 23,085</u>	<u>\$ 25,547</u>	<u>\$ 23,90</u>

**June 30, 2022**

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
Lease liabilities	\$ 2,193	\$ 4,006	\$ 14,615	\$ 25,404	\$ 19,849
Variable interest rate liabilities	120,000	28,376	120,000	-	-
Fixed interest rate liabilities	<u>390,000</u>	<u>760,000</u>	-	-	-
	<u>\$ 512,193</u>	<u>\$ 792,382</u>	<u>\$ 134,615</u>	<u>\$ 25,404</u>	<u>\$ 19,849</u>

Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	<u>\$ 20,814</u>	<u>\$ 25,404</u>	<u>\$ 19,849</u>

**28. RELATED PARTY TRANSACTIONS**

The transaction, account balance, income and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and the other related parties are disclosed below.

**a. Related Party Name and Categories**

Related Party Name	Related Party Categories
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.	Affiliated companies
China Fangda (International) Investment Development Corporation	Affiliated companies
ShianYun Joint Stock Company ( Vietnam )	Affiliated companies
Sanfuming Electronic Material Co., Ltd.	Joint venture
Fulu Cultural Foundation	Other related party

**b. Sales of Goods**

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
<u>Sales</u>				
Affiliated companies	\$ 22	\$ -	\$ 72	\$ -
Joint ventures	174	76	2,635	235
	<u>\$ 196</u>	<u>\$ 76</u>	<u>\$ 2,707</u>	<u>\$ 235</u>
<u>Purchase</u>				
Affiliated companies	\$ 12,278	\$ 1,461	\$ 20,503	\$ 3,685
Joint ventures	200	-	200	-
	<u>\$ 12,478</u>	<u>\$ 1,461</u>	<u>\$ 20,703</u>	<u>\$ 3,685</u>
<u>Service revenue</u> (recognized as other income)				
Joint ventures				
Sanfuming Electronic Material Co., Ltd.	<u>\$ 1,615</u>	<u>\$ 1,748</u>	<u>\$ 3,176</u>	<u>\$ 3,334</u>
<u>Service expense</u> (recognized as other expense)				
Investors with significant influence over the Company	<u>\$ 285</u>	<u>\$ 285</u>	<u>\$ 571</u>	<u>\$ 571</u>
<u>Donation fee</u>				
Other related party				
Fulu Culture	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Receivables from related parties</u>			
Joint ventures	<u>\$ 281</u>	<u>\$ 3,784</u>	<u>\$ 687</u>
<u>Other receivables from related parties</u>			
Investors with significant influence	3,900	-	3,000
Joint ventures	9,348	6,278	6,841
	<u>13,248</u>	<u>6,278</u>	<u>9,841</u>
	<u>\$ 13,529</u>	<u>\$ 10,062</u>	<u>\$ 10,528</u>
<u>Payables to related parties</u>			
Investors with significant influence	\$ 579	\$ -	\$ -
Affiliated companies	7,562	7,368	1,534
	<u>\$ 8,141</u>	<u>\$ 7,368</u>	<u>\$ 1,534</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>Line Item</u>	<u>Related Party Category/Name</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Lease liabilities	Investors with significant influence			
	Sanfu Global Co., Ltd.	\$ 47,208	\$ 50,266	\$ 39,900
	Others	<u>343</u>	<u>-</u>	<u>343</u>
		<u>\$ 47,551</u>	<u>\$ 50,266</u>	<u>\$ 40,243</u>

<u>Related Party Category/Name</u>	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
<u>Interest Expense</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence				
Sanfu Global Co., Ltd.	\$ 124	\$ 105	\$ 252	\$ 214
Others	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>
	<u>\$ 125</u>	<u>\$ 106</u>	<u>\$ 255</u>	<u>\$ 217</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 \$3,900,000 and \$3,000,000 for the six-month period for the six months ended June 30, 2023 and 2022 respectively, and the revenue was credited in capital surplus-donations.

**e. Compensation of Key Management Personnel**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 12,898	\$ 13,382	\$ 22,025	\$ 22,260
Post-employment benefits	<u>388</u>	<u>387</u>	<u>776</u>	<u>765</u>
	<u>\$ 13,286</u>	<u>\$ 13,769</u>	<u>\$ 22,801</u>	<u>\$ 23,025</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

**29. PLEDGED ASSETS AS COLLATERAL OR FOR SECURITY**

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
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>40,026</u>	<u>41,831</u>	<u>43,637</u>
	<u>\$ 252,775</u>	<u>\$ 254,580</u>	<u>\$ 306,386</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:

#### June 30, 2023

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 7,402	31.090	(USD: NTD)	\$ 230,128
JPY	592,326	0.213	(JPY: NTD)	126,165
<u>Non-monetary items</u>				
Investments in affiliated companies and joint ventures using the equity method				
CNY	106,221	0.138	(CNY: USD)	457,765
VND	31,984,674	0.0013	(VND: NTD)	41,740
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	345	31.190	(USD: NTD)	10,761
JPY	541,763	0.217	(JPY: NTD)	117,563

#### December 31, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
<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 affiliated companies and joint ventures using the 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	(JPY: NTD)	57,378

#### June 30, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 17,698	29.670	(USD: NTD)	\$ 525,100
JPY	549,084	0.216	(JPY: NTD)	118,712

Non-monetary items

Investments in affiliated companies and joint ventures using the equity method

CNY	96,396	0.149	(CNY: USD)	426,870
VND	31,223,904	0.0013	(VND: NTD)	39,186

Foreign Currency LiabilitiesMonetary items

USD	784	29.77	(USD: NTD)	23,340
JPY	120,512	0.220	(JPY: NTD)	26,537

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

Foreign Currencies	For the three-month period			
	From April 1 to June 30, 2023		From April 1 to June 30, 2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.09 (USD: NTD)	\$ 12,659	29.67 (USD: NTD)	\$ 26,276
JPY	0.213 (JPY: NTD)	51	0.216 (JPY: NTD)	( 3,348 )

  

Foreign Currencies	For the six-month period			
	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.09 (USD: NTD)	\$ 6,125	29.67 (USD: NTD)	\$ 17,568
JPY	0.213 (JPY: NTD)	( 3,314 )	0.216 (JPY: NTD)	( 5,977 )

**31. ADDITIONAL DISCLOSURES****a. Information about significant transactions and investees:**

- 1) Financings provided: See Table 1 attached;
- 2) Endorsements/guarantees provided: See Table 2 attached;
- 3) Marketable securities held (excluding investments in subsidiaries, affiliated companies 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) Intercompany relationships and significant intercompany transactions: 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: See Table 8 attached;

**32. OPERATING SEGMENT INFORMATION**

Information reported to the chief operating decision maker for resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Company's reportable segments were as follows:

Fine (High Precision) chemicals: mainly engaged in the manufacture, processing and trading of chemical cleaning and etching agents.

Basic chemicals: mainly engaged in the manufacture, processing and trading of food additive

**a. Segment Revenue and Results**

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

	<b>Fine Chemicals</b>	<b>Basic Chemicals</b>	<b>Write off by Segment</b>	<b>Total</b>
<b><u>For the six-month period for the six months ended June 30, 2023</u></b>				
Revenue of general customers	\$ 1,906,496	\$ 553,991	\$ -	\$ 2,460,487
Revenue of segment	<u>-</u>	<u>49,059</u>	<u>( 49,059)</u>	<u>-</u>
Total	<u>\$ 1,906,496</u>	<u>\$ 603,050</u>	<u>( \$ 49,059)</u>	<u>\$ 2,460,487</u>
Profit from operations	<u>\$ 316,569</u>	<u>( \$ 90,166)</u>	<u>\$ -</u>	\$ 226,403
Other income				14,315
Other gain and losses				4,541
Financial cost				( 12,991)
Profit and loss share of affiliates and joint ventures using the equity method				19,251
Interest income				<u>4,248</u>
Income before income tax				<u>\$ 255,767</u>

**For the six-month period for the six months ended June 30, 2022**

Revenue of general customers	\$ 2,478,077	\$ 721,501	\$ -	\$ 3,199,578
Revenue of segment	<u>-</u>	<u>42,455</u>	<u>( 42,455)</u>	<u>-</u>
Total	<u>\$ 2,478,077</u>	<u>\$ 763,956</u>	<u>( \$ 42,455)</u>	<u>\$ 3,199,578</u>
Profit from operations	<u>\$ 672,879</u>	<u>( \$ 4,178)</u>	<u>\$ -</u>	\$ 668,701
Other income				17,729
Other gain and losses				27,357
Financial cost				( 6,661)
Profit and loss share of affiliates and joint ventures using the equity method				47,750
Interest income				<u>1,235</u>
Income before income tax				<u>\$ 756,111</u>

Segment profit refers to the profit before tax earned by each segment, excluding other income, other gains and losses, financial costs, carrying amount of profit or loss of investments of affiliate companies and joint ventures using equity method of accounting, income tax expense, bargain purchase gain and tax expenses etc. The measured amount serves as a basis for the chief operating decision maker to allocate resources and assess segment performance.

b. Segment Total Assets and Liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Segment assets</u>			
Fine chemicals	\$ 4,410,827	\$ 4,262,505	\$ 4,540,245
Basic chemicals	2,177,119	2,102,683	1,964,488
Investment	<u>905,721</u>	<u>856,072</u>	<u>861,445</u>
Consolidated total assets	<u>\$ 7,493,667</u>	<u>\$ 7,221,260</u>	<u>\$ 7,366,178</u>

**San Fu Chemical Co., Ltd. and Subsidiaries**

**FINANCING PROVIDED**

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(In thousands of New Taiwan Dollars, Unless Specified Otherwise)

**TABLE 1**

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	Other receivables	Y	\$ 250,000	\$ -	\$ -	-	Short-term financing required	\$ -	Operating capital	\$ -	-	\$ -	\$ 419,528	\$ 1,678,111	(Note 3)
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	250,000	250,000	-	-	Short-term financing required	-	Operating capital	-	-	-	419,528	1,678,111	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	193,068 (USD6,200,000) (Note 4)	2%	Short-term financing required	-	Operating capital	-	-	-	419,528	1,678,111	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	100,894 ( USD3,240,000 ) (Note 4)	1.65%~ 2%	Short-term financing required	-	Operating capital	-	-	-	419,528	1,678,111	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	32,697 ( USD1,050,000 ) (Note 4)	2%	Short-term financing is required	-	Operating capital	-	-	-	419,528	1,678,111	(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	-	-	-	32,795	131,180	(Note 3)
2	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	653	653	-	-	Short-term financing is required	-	Operating capital	-	-	-	30,730	122,919	(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 eliminated when preparing the consolidated financial statements.

Note 4: Calculated based on the foreign currency exchange rate dated June 30, 2023 (USD\$1 = NT\$ 31.14)

San Fu Chemical Co., Ltd. and Subsidiaries

**ENDORSEMENTS/GURANTEES PROVIDED**

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

**TABLE 2**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsemen t/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	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.	\$ 419,528	\$ 400,000	\$ 400,000	\$ 290,000	\$	9.53%	\$ 1,678,111	Y	N	N	
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.		419,528	300,000	300,000	60,000		7.15%	1,678,111	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.	419,528	400,000	200,000	186,840	-	4.77%	1,678,111	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.	419,528	400,000	200,000	186,840		4.77%	1,678,111	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**

JUNE 30, 2023

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

**TABLE 3**

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	As of June 30, 2023				Note
				Shares/Units	Carrying Value	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	Note (2)
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	26,440	0.45%	26,440	
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
Sanfu Biotech Co., Ltd.	Regimmune Limited	-	Financial assets at fair value through other comprehensive income	800,000	60,000	4.72%	60,000	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	59,531	2.40%	59,531	

Note 1: The information for investments in subsidiaries, affiliated companies and joint venture is included in Tables 6 and 7.

Note 2: The fair value is calculated based on closing prices on June 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 SIX MONTHS ENDED JUNE 30, 2023

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

**TABLE 4**

Securities Purchased/ Sold by	Marketable Securities Type & Name	Financial Statement Account	Trading Purpose	Relation-ship	Beginning Balance		Acquisition		Adjustment (Note 1)	Sale				Ending Balance	
					Quantity of Shares	Amount	Quantity of Shares	Amount		Quantity of Shares	Selling Price	Carrying Value	Gain (Loss) on Disposal	Quantity of Shares	Amount
San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Investment accounted for using equity method	Cash Capital Increase	Subsidiary	90,000,000	\$ 844,231	30,000,000	\$ 300,000 (Note 3)	(\$ 3,829)	\$ -	\$ -	\$ -	\$ -	120,000,000	\$1,140,402

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

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

Note 3: International Nitto Technology Co., Ltd. conducted a cash capital increase on February 6, 2023.

**San Fu Chemical Co., Ltd. and Subsidiaries**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

**TABLE 5**

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Payment Terms	% of Total Sales or Assets
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	1	Accounts receivable - parties, net	\$ 8,299	90 days after the invoice date	0.11%
				Other receivables - parties, net	2,932	According to the contract	0.04%
				Accounts payable - parties, net	4,174	90 days after the invoice date	0.06%
				Sales revenue	14,304	90 days after the invoice date	0.58%
				Purchase	7,740	90 days after the invoice date	0.31%
		International Nitto Technology Co., Ltd.	1	Accounts payable - parties, net	26,078	90 days after the invoice date	0.35%
				Outsourcing processing fee	25,463	90 days after the invoice date	1.03%
		VinaSanFu Industrial Gas Company Ltd.	1	Other receivables - parties, net	192,774	According to the contract	2.57%
				Interest income	1,651	According to the contract	0.07%

Note 1: "1" represents the transactions from parent company to Subsidiaries.

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

San Fu Chemical Co., Ltd. and Subsidiaries

**INFORMATION ON INVESTEEES**

FOR SIX MONTHS ENDED JUNE 30, 2023

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

**TABLE 6**

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$ 586,948	\$ 19,873	\$ 19,873	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	investing in industrial gas production	US\$13,650,000	US\$13,650,000	-	100%	327,950	( 20,200)	( 20,200)	Note 1
	VinaSanFu Material Company Limited	Vietnam	investing in the production of chemical materials	US\$12,200,000	US\$12,200,000	-	100%	307,298	( 9,564)	( 9,564)	Note 1
	San Fu Biotech Co., Ltd.	Taiwan	investing in the manufacture and sale of food additives	210,000	210,000	21,500,000	93%	265,930	164	154	Note 1
	International Nitto Technology Co., Ltd	Taiwan	investing in electronic component manufacturing business	1,277,904	977,904	120,000,000	100%	1,140,402	( 3,830)	( 3,830)	Note 1
	Hongchong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	14,196	363	181	Note 1
	Lifu Carbonic Acid Co., Ltd.	Taiwan	investing in carbon dioxide gas, carbonic acid fire extinguisher, dry ice manufacturing and its sales and marketing	77,253	77,253	1,740	87%	89,025	( 1,979)	( 1,722)	Note 1
	Shian Yun Joint Stock Company	Vietnam	investing in industrial gas production	US\$1,232,000	US\$1,232,000	2,659,974	33.33%	41,740	1,058	353	
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	investing in the operation of international trade business	US\$2,151,000	US\$2,151,000	-	50%	457,765	37,433	18,717	
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	60,618	6	6	Note 1
VinaSanFu Material Company Limited	Vinasanfu Materials Trading Co., Ltd	Vietnam	investing in the production of chemical materials	US\$160,000	US\$160,000	-	100%	17,544	5,417	5,417	Note,1

Note 1: When the consolidated financial statements are prepared, they were all written off.

Note 2: Information of investments in Mainland China is included in Table 7.

San Fu Chemical Co., Ltd. and Subsidiaries

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**

FOR SIX MONTHS ENDED JUNE 30, 2023

(Amounts in Thousands of New Taiwan Dollars, 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 June 30, 2023 (Note 1)	Net Income (Loss) of the Investee	Percentage of Ownership %	Investment Gain (Loss) (Note 3 and Note 7)	Carrying Amount as of June 30, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow						
Sanfuming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 280,260 ( US\$ 9,000,000) ( Note 1 and Note 4 )	Through the third company reinvest in mainland companies	\$ 20,272 ( US\$ 651,000)	\$ -	\$ -	\$ 20,272 ( US\$ 651,000)	\$ 37,433	50	\$ 18,717	\$ 457,765 (US\$ 14,700,000)	\$ -
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in the production and sales of chemical products	1,109,160 ( RMB 260,000,000) ( Note 2 )	Through the third company reinvest in mainland companies	58,107 ( US\$ 1,866,000)	-	-	58,107 ( US\$ 1,866,000)	( Note 7 )	2.4	-	59,531 ( US\$ 1,912,000)	-

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
\$181,671 ( US\$ 5,834,000 ) ( Notes 5 and 6 )	\$297,667 ( 9,559,000 )	\$2,536,280

Note 1: The exchange rate on June 30, 2023 was USD\$1=NT\$31.14

Note 2: The exchange rate on June 30, 2023 was RMB\$1=NT\$4.266

Note 3: The average exchange rate was based on the USD\$1=NT\$30.55 for the six-month period from January 1, 2023 to June 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: The financial assets are measured at fair value through other comprehensive profit or loss.

**San Fu Chemical Co., Ltd. and Subsidiaries**

**INFORMATION ON MAJOR SHAREHOLDERS**

JUNE 30, 2023

**TABLE 8**

Name of Major 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 Market Observation Post System.