

Stock Code : 4755

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

**Consolidated Financial Statements for the
First Quarter Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

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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 March 31, 2023 and 2022, the related consolidated balance sheets, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month then ended March 31, 2023 and 2022, and the 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 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 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 March 31, 2023 and 2022 were amounted to NT\$902,815,000 and NT\$2,184,108,000 respectively, amounted to 12% and 31% of the Company’s consolidated total assets. The total liabilities were amounted to NT\$117,325,000 and NT\$256,310,000 respectively, which amounted to 4% and 9% of the consolidated total liabilities respectively. The total consolidated profit and loss for the quarterly reporting period from January 1 to March 31, 2023 and 2022 were amounted to (NT\$9,192,000) and NT\$19,604,000 respectively, which amounted to (11%) and 5% 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 March 31, 2023 and 2022 of San Fu Chemical Co., Ltd. and its subsidiaries adopted equity method of accounting were amounted to NT\$517,799,000 and NT\$499,512,000 respectively. The amount of consolidated profits and losses of affiliated companies and joint ventures recognized by the equity method accounting from January 1 to March 31, 2023 and 2022 were amounted to NT\$ 13,153,000 and NT\$42,196,000 respectively, and the

relevant information of the reinvestment business mentioned in the note 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 Independent Auditors' Review Report (please refer to the following Other Mentionable Items), 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 financial position of San Fu Chemical Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Mentionable Items

Regarding the 2023 Q1 Consolidated Financial Statements of San Fu Chemical Co., Ltd. and its Subsidiaries, the Financial Statements of its subsidiary Vina San Fu Industrial Gas Company Limited have not been reviewed by us, but by other auditor. Therefore, in the review report issued by us on the above-mentioned Consolidated Financial Statements, the amount listed in the aforementioned company's financial statements is based on the review report reviewed by other auditor. The total assets of the above-mentioned subsidiary as of March 31, 2023 was NT\$531,795,000, represented 7% of the total consolidated assets, and the net operating revenue as of March 31, 2023 was NT\$19,939,000, represented 2 % of the consolidated net operating revenue.

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

Dated May 05, 2023

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 March 31, 2023, December 31 and March 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 668,095	9	\$ 602,138	8	\$ 603,149	8
1110	Financial Assets at Fair Value Through Profit and Loss – Current (Note 7)	-	-	11,890	-	-	-
1136	Financial assets at amortized cost-current (Note 9)	237,868	3	238,427	3	233,850	3
1140	Contract asset - current (Note 21)	8,622	-	8,173	-	10,659	-
1150	Notes receivable, net (Note 10)	43,571	1	43,300	1	57,340	1
1170	Accounts receivable, net (Notes 10)	1,228,775	16	1,185,450	17	1,673,271	24
1180	Receivable from related parties (Note 28)	13,349	-	10,062	-	8,437	-
130X	Inventories (Note 11)	651,067	9	717,450	10	757,462	11
1410	Prepayments	513,588	7	488,861	7	353,481	5
1220	Current income tax assets	79	-	79	-	-	-
1470	Other current assets	79,245	1	59,894	1	65,014	1
11XX	Total current assets	<u>3,444,259</u>	<u>46</u>	<u>3,365,724</u>	<u>47</u>	<u>3,762,663</u>	<u>53</u>
NONCURRENT ASSETS							
1517	Financial asset at fair value through other comprehensive income - noncurrent (Note 8)	151,922	2	100,851	1	87,433	1
1550	Investments accounted for using equity method (Note 13)	517,799	7	504,904	7	499,512	7
1600	Property, plant and equipment (Note 14)	3,082,746	42	3,018,028	42	2,479,017	35
1755	Right-of-use asset (Note 15)	134,305	2	138,176	2	132,827	2
1840	Deferred income tax assets (Note 23)	29,563	-	26,589	-	32,953	1
1915	Prepayments for equipment	72,749	1	59,709	1	76,359	1
1920	Refundable deposits	11,618	-	7,279	-	29,317	-
1990	Other noncurrent assets	-	-	-	-	147	-
15XX	Total noncurrent assets	<u>4,000,702</u>	<u>54</u>	<u>3,855,536</u>	<u>53</u>	<u>3,337,565</u>	<u>47</u>
1XXX	TOTAL	<u>\$ 7,444,961</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>	<u>\$ 7,100,228</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term loans (Note 16)	\$ 1,292,600	18	\$ 926,869	13	\$ 1,227,923	17
2130	Contract liabilities - current (Note 21)	266,130	4	260,165	4	178,750	3
2170	Notes and accounts payable (Note 17)	226,801	3	364,719	5	384,968	5
2180	Accounts payable - related parties (Note 28)	1,885	-	7,368	-	2,788	-
2200	Other payables (Note 18)	683,745	9	387,151	5	654,543	9
2230	Current income tax liabilities (Note 23)	169,731	2	138,291	2	186,097	3
2280	Lease liabilities-current (Note 15)	20,785	-	22,485	-	20,276	-
2320	Long-term liabilities due within one year or with the company's business cycle (Note 16)	250,000	3	100,000	2	70,000	1
2399	Other current liabilities	6,683	-	5,119	-	9,490	-
21XX	Total current liabilities	<u>2,918,360</u>	<u>39</u>	<u>2,212,167</u>	<u>31</u>	<u>2,734,835</u>	<u>38</u>
NONCURRENT LIABILITIES							
2540	Long-term bank loans (Note 16)	150,000	2	325,000	4	35,000	1
2570	Deferred income tax liabilities (Note 23)	8,474	-	8,474	-	8,474	-
2580	Lease liabilities-noncurrent (Note 15)	46,331	1	47,503	1	45,970	1
2640	Net defined benefit liability - noncurrent (Note 19)	6,489	-	6,676	-	27,720	-
2670	Other noncurrent liabilities	1,244	-	1,369	-	2,330	-
25XX	Total noncurrent liabilities	<u>212,538</u>	<u>3</u>	<u>389,022</u>	<u>5</u>	<u>119,494</u>	<u>2</u>
2XXX	Total liabilities	<u>3,130,898</u>	<u>42</u>	<u>2,601,189</u>	<u>36</u>	<u>2,854,329</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)							
Capital stock							
3110	Ordinary shares	<u>1,007,060</u>	<u>14</u>	<u>1,007,060</u>	<u>14</u>	<u>1,007,060</u>	<u>14</u>
3200	Capital surplus	<u>766,168</u>	<u>10</u>	<u>762,268</u>	<u>11</u>	<u>963,750</u>	<u>13</u>
Retained earnings							
3310	Legal reserve	358,315	5	358,315	5	291,281	4
3320	Special reserve	124,794	2	124,794	2	103,348	2
3350	Unappropriated earnings	<u>2,083,787</u>	<u>28</u>	<u>2,380,458</u>	<u>33</u>	<u>1,931,649</u>	<u>27</u>
3300	Total retained earnings	<u>2,566,896</u>	<u>35</u>	<u>2,863,567</u>	<u>40</u>	<u>2,326,278</u>	<u>33</u>

	Other equity						
3410	Exchange differences on translating foreign operations	(23,195)	-	(18,377)	-	(48,006)	(1)
3420	Unrealized profit and Loss measured at fair value through other comprehensive gains and losses	(34,981)	(1)	(26,549)	(1)	(35,981)	-
3400	Total other equity	(58,176)	(1)	(44,926)	(1)	(83,987)	(1)
31XX	Total Equity Attributable To Shareholders Of The Parent	<u>4,281,948</u>	<u>58</u>	<u>4,587,969</u>	<u>64</u>	<u>4,213,101</u>	<u>59</u>
36XX	NON-CONTROLLING INTERESTS	<u>32,115</u>	<u>-</u>	<u>32,102</u>	<u>-</u>	<u>32,798</u>	<u>1</u>
3XXX	Total equity	<u>4,314,063</u>	<u>58</u>	<u>4,620,071</u>	<u>64</u>	<u>4,245,899</u>	<u>60</u>
	TOTAL	<u>\$ 7,444,961</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>	<u>\$ 7,100,228</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on May 05, 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 Three Months Ended March 31, 2023 and 2022

Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

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

<u>Code</u>		Three Months Ended March 31		2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	OPERATING REVENUE(Notes 21 and 28)	\$ 1,200,126	100	\$ 1,652,612	100
5000	OPERATING COSTS(Notes 11, 22 and 28)	<u>972,971</u>	<u>81</u>	<u>1,133,164</u>	<u>68</u>
5900	GROSS PROFIT	<u>227,155</u>	<u>19</u>	<u>519,448</u>	<u>32</u>
	OPERATING EXPENSES (Notes 22 and 28)				
6100	Selling and marketing expenses	52,454	5	83,688	5
6200	General and administrative expenses	43,177	4	63,143	4
6300	Research and development expenses	<u>16,190</u>	<u>1</u>	<u>11,524</u>	<u>1</u>
6000	Total operating expenses	<u>111,821</u>	<u>10</u>	<u>158,355</u>	<u>10</u>
6900	PROFIT FROM OPERATIONS	<u>115,334</u>	<u>9</u>	<u>361,093</u>	<u>22</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Note 22)	6,520	1	8,813	-
7020	Other gains and losses (Note 22)	(4,932)	-	13,748	1
7050	Financial Cost (Note 22)	(5,528)	(1)	(3,048)	-
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Note 13)	11,426	1	26,099	2
7100	Interest income	<u>1,849</u>	<u>-</u>	<u>274</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>9,335</u>	<u>1</u>	<u>45,886</u>	<u>3</u>
7900	PROFIT BEFORE INCOME TAX	124,669	10	406,979	25
7950	INCOME TAX EXPENSE (Note 23)	(<u>28,573</u>)	(<u>2</u>)	(<u>79,358</u>)	(<u>5</u>)
8200	NET PROFIT FOR Q12023 & 2022	<u>96,096</u>	<u>8</u>	<u>327,621</u>	<u>20</u>

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Code		Three Months Ended March 31		2022	
		2023		Amount	%
		Amount	%	Amount	%
	Other Comprehensive Profit and Loss				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized loss on financial assets at fair value through other comprehensive income	(\$ 8,432)	(1)	(\$ 1,286)	-
8310	Items that may be reclassified to profit and loss in the future	(8,432)	(1)	(1,286)	-
8361	Exchange differences on translating the financial statements of foreign operations	(6,545)	-	25,996	1
8370	Share of the other comprehensive loss of associates and joint ventures using the equity method	1,727	-	16,097	1
8360	Items that may be reclassified subsequently to profit or loss:				
8300	Other comprehensive loss for the year, net of income tax	(4,818)	-	42,093	2
		(13,250)	(1)	40,807	2
8500	TOTAL COMPREHENSIVE INCOME FOR Q12023 & 2022	\$ 82,846	7	\$ 368,428	22
	NET PROFIT ATTRIBUTABLE TO:				
8610	Shareholders of the Parent	\$ 96,083	8	\$ 326,709	20
8620	Non-Controlling Interests	13	-	912	-
8600		\$ 96,096	8	\$ 327,621	20
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
	TO:				
8710	Shareholders of the Parent	\$ 82,833	7	\$ 367,516	22
8720	Non-Controlling Interests	13	-	912	-
8700		\$ 82,846	7	\$ 368,428	22
	EARNINGS PER SHARE (Note 24)				
9750	Basic earnings per share	\$ 0.95		\$ 3.24	
9850	Diluted earnings per share	\$ 0.95		\$ 3.24	

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on May 05, 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 Three Months Ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

(Expressed in thousands of New Taiwan Dollars)

代 碼	Equity Attributable to the Shareholders of the Parent											
	<u>Share Capital (Note 20)</u>		Capital Surplus (Note 20)	Retained Earnings (Note 20)			Other Equity		Sub-Total	Non-Controlling Interests (Note (20))	Total Equity	
	Shares (In Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
A1	BALANCE JANURAY 1, 2022	100,706	\$ 1,007,060	\$ 960,750	\$ 291,281	\$ 103,348	\$ 1,907,058	(\$ 90,099)	(\$ 34,695)	\$ 4,144,703	\$ 31,886	\$ 4,176,589
B5	Appropriation of 2021 earnings Cash dividend distributed to Shareholders	-	-	-	-	-	(302,118)	-	-	(302,118)	-	(302,118)
C3	Other changes in capital surplus Donations from shareholders	-	-	3,000	-	-	-	-	-	3,000	-	3,000
D1	Net income for the three months ended March 31, 2022	-	-	-	-	-	326,709	-	-	326,709	912	327,621
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2022	-	-	-	-	-	42,093	(1,286)	40,807	-	-	40,807
D5	Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	326,709	42,093	(1,286)	367,516	912	368,428
Z1	BALANCE MARCH 31, 2022	100,706	\$ 1,007,060	\$ 963,750	\$ 291,281	\$ 103,348	\$ 1,931,649	(\$ 48,006)	(\$ 35,981)	\$ 4,213,101	\$ 32,798	\$ 4,245,899
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
B5	Appropriation of 2022 Earnings: Cash dividend distributed to Shareholders	-	-	-	-	-	(392,754)	-	-	(392,754)	-	(392,754)
C3	Other changes in capital surplus Donations from shareholders	-	-	3,900	-	-	-	-	-	3,900	-	3,900
D1	Net income for the three months ended March 31, 2023	-	-	-	-	-	96,083	-	-	96,083	13	96,096
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2023	-	-	-	-	-	(4,818)	(8,432)	(13,250)	-	-	(13,250)
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	96,083	(4,818)	(8,432)	82,833	13	82,846
Z1	BALANCE MARCH 31, 2023	100,706	\$ 1,007,060	\$ 766,168	\$ 358,315	\$ 124,794	\$ 2,083,787	(\$ 23,195)	(\$ 34,981)	\$ 4,281,948	\$ 32,115	\$ 4,314,063

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

(Refer to Audit Report of Deloitte & Touche on May 05, 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 Three Months Ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

(Expressed in thousands of New Taiwan Dollars)

<u>Code</u>		<u>Three Months Ended March 31</u>	
		<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Income before income tax	\$ 124,669	\$ 406,979
	Adjustments for:		
A20100	Depreciation expenses	89,354	72,530
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	4,072	-
A20900	Finance costs	5,528	3,048
A21200	Interest income	(1,849)	(274)
A22300	Share of profit of associates and joint ventures	(11,426)	(26,099)
A22600	Property, plant and equipment	100	-
A23800	Reversal of write-down of inventories	3,408	3,660
A24100	Unrealized foreign currency exchange (gain) loss	9,898	(11,337)
A29900	Lease modification benefits	-	(5)
A30000	Change in operating assets and liabilities		
A31125	Contract asset - current	(449)	(2,459)
A31130	Notes receivable	(271)	(707)
A31150	Accounts receivable	(48,998)	(157,229)
A31160	Accounts receivable – related parties	(7,287)	14,336
A31200	Inventories	62,919	(40,828)
A31230	Prepayments	(24,896)	(84,895)
A31240	Other current assets	(15,525)	34,866
A32125	Contract liability	5,965	(24,481)
A32150	Notes and accounts payable	(136,905)	(119,526)
A32160	Accounts payable - related parties	(4,750)	(3,527)
A32180	Other payables	(95,102)	693
A32230	Other current liabilities	1,564	4,728
A32240	Net defined benefit liabilities - noncurrent	(187)	(71)
A32990	Other noncurrent liabilities	(125)	(124)
A33000	Cash generated from operations	(40,293)	69,278

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<u>Code</u>		Three Months Ended March 31	
		2023	2022
A33100	Interest received	\$ 1,849	\$ 274
A33300	Interest paid	(5,504)	(2,908)
A33500	Income tax paid	(107)	-
AAAA	Net cash generated from (used) in operating activities	(44,055)	66,644
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(60,000)	-
B00020	Sale of financial assets at fair value through other comprehensive income	7,818	-
B02700	Payments for property, plant and equipment	(147,283)	(175,852)
B03700	Increase in refundable deposits	(4,339)	(23,501)
B06700	Increase in other noncurrent assets	-	(147)
B07100	Increase in prepayments for equipment	(19,174)	(20,902)
BBBB	Net cash used in investing activities	(222,978)	(220,402)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	365,673	297,471
C01700	Repayment of long-term loans	(25,000)	(89,502)
C04020	Repayment of the principal portion of lease liabilities	(6,898)	(6,029)
CCCC	Net cash generated from (used in) financing activities	333,775	201,940
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(785)	2,201
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	65,957	50,383
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	602,138	552,766
E00200	CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 668,095	\$ 603,149

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on May 05, 2023)

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

VIII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

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

1. GENERAL

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

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

On November 27, 2013, the Company’s shares were listed on the Taiwan Stock Exchange (“TWSE”) The 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 Company’s board of directors on May 05, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the amendments to IAS 1 " Presentation of Financial Statements", the amendments to IAS 8 "Definition 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 material impact on the Company’s accounting policies.

New IFRSs issued by IASB but not yet endorsed and issued into effect

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IFRS 17 “First-time Adoption of IFRS17 and IFRS 9- Comparison of Information”	January 1, 2023
Amendments to IAS 1 “Classification of Debt with Covenants as current or non-current”	January 1, 2023
Amendments to IAS 1 “Non-current liabilities with covenants ”	January 1, 2024

Note 1: Unless stated otherwise, the above New 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 date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in 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). These consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

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.

Fair value measurement is divided into levels 1 to 3 according to the degree of observability and importance of relevant input values:

- 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 on a year-to-date basis, 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 estimated average annual effective income tax rate applied to the pre-tax income of the interim period..

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand and petty cash	\$ 557	\$ 516	\$ 479
Demand deposits in banks	667,538	446,796	602,670
Time deposits in banks	<u>-</u>	<u>154,826</u>	<u>-</u>
	<u>\$ 668,095</u>	<u>\$ 602,138</u>	<u>\$ 603,149</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Demand deposits in banks	0.001% ~ 1.25%	0.01% ~ 1.05%	0.001% ~ 0.2%
Time deposits in banks	-	4.45% ~ 4.64%	-

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Mandatorily measured at FVTPL			
Derivatives (unspecified hedging)			
-Foreign exchange contracts	\$ <u>-</u>	\$ <u>11,890</u>	\$ <u>-</u>

Outstanding forward exchange contracts consisted of the following:

December 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
Buy foreign exchange options	US\$: NT\$	March 1, 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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Domestic investments			
Publicly traded stocks	\$ 27,012	\$ 35,444	\$ 26,011
Non-publicly traded stocks	<u>66,698</u>	<u>6,698</u>	<u>6,698</u>
Subtotal	<u>93,710</u>	<u>42,142</u>	<u>32,709</u>
Foreign investments			
Non-publicly traded stocks	<u>58,212</u>	<u>58,709</u>	<u>54,724</u>
	<u>\$ 151,922</u>	<u>\$ 100,851</u>	<u>\$ 87,433</u>

These 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's strategy of holding these investments for long-term purposes. These investments of equity instruments were classified as financial assets at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTITIZED COST

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 65,468	\$ 66,027	\$ 11,450
Restricted demand deposits	<u>172,400</u>	<u>172,400</u>	<u>222,400</u>
	<u>\$ 237,868</u>	<u>\$ 238,427</u>	<u>\$ 233,850</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.62% ~ 3.5%, 0.495% ~ 3.5% and 0.06% ~ 0.41% per annum as of March 31, 2023, December 31, 2022 and March 1, 2022, respectively.

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

10. NOTES AND ACCOUNTS RECEIVABLE

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 43,571</u>	<u>\$ 43,300</u>	<u>\$ 57,340</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,234,975	\$ 1,191,650	\$ 1,679,471
Less: Loss allowance	<u>(6,200)</u>	<u>(6,200)</u>	<u>(6,200)</u>
	<u>\$ 1,228,775</u>	<u>\$ 1,185,450</u>	<u>\$ 1,673,271</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 the Company's credit risk was significantly reduced.

The Company measures 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 continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Aging analysis of receivables

<u>March 31, 2023</u>	<u>Not Past Due</u>	<u>1~90 Days</u>	<u>91~180 Days</u>	<u>181~365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,191,691	\$ 582	\$ 36,502	\$ -	\$ 6,200	\$1,234,975
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>(6,200)</u>
Amortized cost	<u>\$1,191,691</u>	<u>\$ 582</u>	<u>\$ 36,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,228,775</u>

December 31, 2022

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$ 1,146,906	\$ 2,137	\$ 36,407	\$ -	\$ 6,200	\$ 1,191,650
Loss allowance (Lifetime ECL)	-	-	-	-	(6,200)	(6,200)
Amortized cost	<u>\$ 1,146,906</u>	<u>\$ 2,137</u>	<u>\$ 36,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,450</u>

March 31, 2022

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$ 1,667,957	\$ 5,260	\$ 54	\$ 5,710	\$ 490	\$ 1,679,471
Loss allowance (Lifetime ECL)	-	-	-	(5,710)	(490)	(6,200)
Amortized cost	<u>\$ 1,667,957</u>	<u>\$ 5,260</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,673,271</u>

Movements of the loss allowance for accounts receivable

	Three Months Ended March 31	
	2023	2022
Balance at January 1 and March 31	<u>\$ 6,200</u>	<u>\$ 6,200</u>

11. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise	\$ 10,144	\$ 7,270	\$ 8,703
Finished goods	296,972	326,504	255,527
Work in progress	8,385	13,949	11,820
Semi-finished goods	200	1,894	1,580
Raw materials	297,512	334,334	441,767
Supplies and spare parts	<u>37,854</u>	<u>33,499</u>	<u>38,065</u>
	<u>\$ 651,067</u>	<u>\$ 717,450</u>	<u>\$ 757,462</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the three months ended March 31, 2023 and 2022 was \$972,971,000 and \$1,133,164,000 respectively.

The cost of goods sold included inventory write-downs \$3,408,000 and inventory write-downs \$3,660,000 for the three months ended March 31, 2023 and 2022 respectively.

12. SUBSIDIARIES**Subsidiaries included in the consolidated financial statements**

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

		Proportion of Ownership (%)				
Investor	Investee	Nature of Activities	3.31.2023	12.31.2022	3.31.2022	Refer to
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 industrial 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 Carbonate Co., Ltd.	Production of industrial 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		100%	100%	100%	Note 1

Note 1: Non-significant subsidiaries, their financial statements have not yet been reviewed by an independent CPA..

Note 2: The 2022 Q1 financial statements have not yet been reviewed by an independent CPA..

Among the above-mentioned consolidated financial statements preparation entities, except for the Company's consolidated financial statements which have been reviewed by an independent CPA, the standalone financial statements of other subsidiaries that are not individually material have not been reviewed by an independent CPA. Its total assets for the three months ended March 31, 2023 and 2022 was \$902,815,000 and \$2,184,108,000, respectively, represented 12% and 31% of the total consolidated assets, respectively. The total liabilities were \$117,325,000 and \$256,310,000, respectively, represented 4% and 9% of the consolidated total liabilities, respectively. For three months ended March 31, 2023 and 2022, the total recognized comprehensive profit and loss was (NT\$9,192,000) and NT\$19,604,000, respectively, represented (11%) and 5% of the total consolidated comprehensive profit and loss, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Investments in associates	\$ 55,761	\$ 56,517	\$ 52,367
Investments in joint ventures	<u>462,038</u>	<u>448,387</u>	<u>447,145</u>
	<u>\$ 517,799</u>	<u>\$ 504,904</u>	<u>\$ 499,512</u>

The share of total consolidated comprehensive income for the investments in associates and joint ventures recognized for the three months ended March 31, 2023 and 2022 was NT\$13,153,000 and NT\$42,196,000 respectively.

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

a. Investments in associates

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Associates that are not individually material	<u>\$ 55,761</u>	<u>\$ 56,517</u>	<u>\$ 52,367</u>

b. Investments in joint ventures

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Material joint ventures			
Sanfuming Electronic Material Co., Ltd.	<u>\$ 462,038</u>	<u>\$ 448,387</u>	<u>\$ 447,145</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 162,700	\$ 1,260,299	\$ 2,484,822	\$ 415,203	\$ 464,338	\$ 908,434	\$ 5,695,796
Reclassifications	-	25,120	42,714	508	3,664	(65,936)	6,070
Additions	-	2,514	5,224	4,040	5,124	129,515	146,417
Disposals	-	(55)	(1,022)	-	(450)	-	(1,527)
Effect of exchange rate changes	-	(1,069)	(3,426)	(94)	2	(1,035)	(5,622)
Balance at March 31, 2023	<u>\$ 162,700</u>	<u>\$ 1,286,809</u>	<u>\$ 2,528,312</u>	<u>\$ 419,657</u>	<u>\$ 472,678</u>	<u>\$ 970,978</u>	<u>\$ 5,841,134</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	<u>\$ 162,700</u>	<u>\$ 1,286,809</u>	<u>\$ 2,528,312</u>	<u>\$ 419,657</u>	<u>\$ 472,678</u>	<u>\$ 970,978</u>	<u>\$ 5,841,134</u>
Depreciation expenses	-	14,649	44,592	7,308	15,661	-	82,210
Disposals	-	(55)	(1,022)	-	(450)	-	(1,527)
Effect of exchange rate changes	-	(19)	(43)	(1)	-	-	(63)
Balance at January 1, 2023	<u>\$ -</u>	<u>\$ 534,263</u>	<u>\$ 1,532,216</u>	<u>\$ 333,151</u>	<u>\$ 358,758</u>	<u>\$ -</u>	<u>\$ 2,758,388</u>
Net Value at January 1, 2023	<u>\$ 162,700</u>	<u>\$ 752,546</u>	<u>\$ 996,096</u>	<u>\$ 86,506</u>	<u>\$ 113,920</u>	<u>\$ 970,978</u>	<u>\$ 3,082,746</u>
Balance at 12. 31, 2022 and 1.1. 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>
<u>Cost</u>							
Balance at January 1, 2022	\$ 162,700	\$ 1,145,606	\$ 2,162,086	\$ 352,833	\$ 417,323	\$ 639,282	\$ 4,879,830
Reclassifications	-	800	62,153	391	370	(4,809)	58,905
Additions	-	2,461	6,227	6,161	15,016	156,560	186,425
Disposals	-	(2,479)	(178,897)	(598)	(1,619)	-	(183,593)
Effect of exchange rate changes	-	2,054	3,571	75	-	16,006	21,706
Balance at March 31, 2022	<u>\$ 162,700</u>	<u>\$ 1,148,442</u>	<u>\$ 2,055,140</u>	<u>\$ 358,862</u>	<u>\$ 431,090</u>	<u>\$ 807,039</u>	<u>\$ 4,963,273</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 464,568	\$ 1,523,076	\$ 304,921	\$ 309,166	\$ -	\$ 2,601,731
Depreciation expenses	-	14,150	35,047	4,497	12,334	-	66,028
Disposals	-	(2,479)	(178,897)	(598)	(1,619)	-	(183,593)
Effect of exchange rate changes	-	31	54	5	-	-	90
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 476,270</u>	<u>\$ 1,379,280</u>	<u>\$ 308,825</u>	<u>\$ 319,881</u>	<u>\$ -</u>	<u>\$ 2,484,256</u>
Balance at March 31, 2022	<u>\$ 162,700</u>	<u>\$ 672,172</u>	<u>\$ 675,860</u>	<u>\$ 50,037</u>	<u>\$ 111,209</u>	<u>\$ 807,039</u>	<u>\$ 2,479,017</u>

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

Buildings	
Main building	3-45 years
Employee dormitory	25-50 years
Firefighting, air-conditioning and other systems	1-8 years
Engineering system	3-38 years
Transportation	1-7 years
Equipment	1-27 years
Other equipment	1-25 years

Property, plant and equipment pledged as collateral for bank loans is set out in Note 29.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Carrying amounts</u>			
Land	\$ 123,204	\$ 128,462	\$ 121,631
Buildings	5,860	3,470	4,085
Transportation equipment	<u>5,241</u>	<u>6,244</u>	<u>7,111</u>
	<u>\$ 134,305</u>	<u>\$ 138,176</u>	<u>\$ 132,827</u>
	<u>Three Months Ended March 31</u>		
	<u>2023</u>	<u>2022</u>	
Additions to right-of-use assets	<u>\$ 3,815</u>	<u>\$ 1,372</u>	
Depreciation charge for right-of-use assets			
Land	\$ 4,716	\$ 4,346	
Buildings	1,425	1,143	
Transportation equipment	<u>1,003</u>	<u>1,013</u>	
	<u>\$ 7,144</u>	<u>\$ 6,502</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 from January 1 to March 31, 2023 and 2022.

b. Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying Amounts			
Current portion	\$ 20,785	\$ 22,485	\$ 20,276
Noncurrent portion	<u>46,331</u>	<u>47,503</u>	<u>45,970</u>
	<u>\$ 67,116</u>	<u>\$ 69,988</u>	<u>\$ 66,246</u>

Range of discount rate for lease liabilities are⁴ as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
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. Other lease information

	Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 1,370</u>	<u>\$ 1,936</u>
Expenses relating to low-value asset leases	<u>\$ 327</u>	<u>\$ 262</u>
Total cash outflow for leases	(<u>\$ 12,550</u>)	(<u>\$ 8,464</u>)

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

16. LOANS

a. Short-term loans

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured loans (Note 29)</u>			
Bank loans	\$ 295,000	\$ 180,000	\$ 280,000
<u>Unsecured loans</u>			
Bank loans	<u>997,600</u>	<u>746,869</u>	<u>947,923</u>
	<u>\$1,292,600</u>	<u>\$ 926,869</u>	<u>\$1,227,923</u>

The range of weighted average effective interest rates on bank loans were 0.85% ~ 1.825%, 0.9% ~ 1.70% and 0.76% ~ 1.1% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

b. Long-term loans

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Unsecured loans</u>			
Bank loans	\$ 400,000	\$ 425,000	\$ 105,000
Less: Current portion matured within a year	(<u>250,000</u>)	(<u>100,000</u>)	(<u>70,000</u>)
Long-term loans	<u>\$ 150,000</u>	<u>\$ 325,000</u>	<u>\$ 35,000</u>

The range of weighted average effective interest rates on bank loans were 1.735% ~ 1.866%, 1.598% ~ 1.61% and 1.425% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

17. NOTES AND ACCOUNTS PAYABLE

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payable	<u>\$ 226,801</u>	<u>\$ 364,719</u>	<u>\$ 384,968</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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other payables	\$ 168,934	\$ 264,228	\$ 302,066
Dividend payable	392,754	-	302,118
Payable for constructions	71,415	33,434	28,353
Payable for purchases of equipment	<u>50,642</u>	<u>89,489</u>	<u>22,006</u>
	<u>\$ 683,745</u>	<u>\$ 387,151</u>	<u>\$ 654,543</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined contribution and benefit plans recognized from January 1 to March 31 in 2023 and 2022 are calculated based on the pension cost rate determined by actuarial calculation on December 31, 2022 and 2021, and the Amount was NT\$146,000 and NT\$188,000 respectively.

20. EQUITY

a. Capital stock

Ordinary shares

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Authorized shares (in thousands)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Authorized capital	<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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of common shares	\$ 669,199	\$ 669,199	\$ 870,611
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	35,773
Expired employee share options (2)	<u>2,151</u>	<u>2,151</u>	<u>2,151</u>
Others - Exercising the right of attribution (4)	30	30	-
Recognition of changes in ownership interests in subsidiaries (3)	(859)	(859)	(859)
	<u>\$ 766,168</u>	<u>\$ 762,268</u>	<u>\$ 963,750</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 share capital 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 reserve refers to the impact of equity transactions recognized by the Company's equity changes when the Company has not actually acquired or disposed of the subsidiary's equity, or the adjustment amount recognized by the Company's equity method to recognize the subsidiary's capital reserve.
4. The benefits obtained by exercising the right of attribution are essentially the investment of the holder of the right of claim to the Company, which does not meet the definition of income in the conceptual framework. The Company shall recognize the benefits obtained from exercising the right of attribution as capital reserves, and properly disclose its facts and effects.

c. Retained earnings and dividends policy

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

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be the basis for proposing the dividend distribution plan. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 22 (5).

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

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

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

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

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 67,034</u>
Special reserve	<u>\$ 21,446</u>
Cash dividends	<u>\$ 302,118</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>

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

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

The appropriation of earnings for 2022 had been approved by the Company's Board of Directors on February 24, 2023 were as follows:

	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 86,400</u>
Special reserve	<u>(\$ 79,868)</u>
Cash dividends	<u>\$ 392,753</u>
Cash dividends per share (NT\$)	<u>\$ 3.9</u>

The proposal for 2022 surplus distribution is to be resolved at the general meeting of shareholders expected to be held on June 16, 2023.

The company's board of directors has decided at its meeting on May 5, 2023 not to appropriate the quarterly earnings from January 1 to March 31, 2023.

d. Special capital reserve

	Three Months Ended March 31	
	2023	2022
Balance at March 31	<u>\$ 124,794</u>	<u>\$ 103,348</u>

e. Non-controlling interests

	Three Months Ended March 31	
	2023	2022
Beginning balance	\$ 32,102	\$ 31,886
Net profit current period	<u>13</u>	<u>912</u>
Ending balance	<u>\$ 32,115</u>	<u>\$ 32,798</u>

21. NET REVENUE

	Three Months Ended March 31	
	2023	2022
Revenue from sale of goods	\$ 1,155,184	\$ 1,613,518
Construction contract revenue	<u>44,942</u>	<u>39,094</u>
	<u>\$ 1,200,126</u>	<u>\$ 1,652,612</u>

Contact Balances

	March 31,	December 31, 2022	March 31, 2022
	2023		
Contract assets			
Properties construction - current	<u>\$ 8,622</u>	<u>\$ 8,173</u>	<u>\$ 10,659</u>
Contract liabilities			
Properties construction - current	\$ 263,914	\$ 257,784	\$ 168,591
Sale of goods- current	<u>2,216</u>	<u>2,381</u>	<u>10,159</u>
	<u>\$ 266,130</u>	<u>\$ 260,165</u>	<u>\$ 178,750</u>

22. NET PROFIT

a. Other income

	Three Months Ended March 31	
	2023	2022
Rendering of services	\$ 4,261	\$ 4,286
Others	<u>2,259</u>	<u>4,527</u>
	<u>\$ 6,520</u>	<u>\$ 8,813</u>

b. Other gains and losses

	Three Months Ended March 31	
	2023	2022
Net foreign exchange gains (losses)	(\$ 5,269)	\$ 13,772
Interests in financial assets at fair value through profit or loss	650	-
Others	<u>(313)</u>	<u>(24)</u>
	<u>(\$ 4,923)</u>	<u>\$ 13,748</u>

c. Depreciation

	<u>Three Months Ended March 31</u>	
	2023	2022
Properties, plants and equipment	\$ 82,210	\$ 66,028
Right-of-use assets	<u>7,144</u>	<u>6,502</u>
	<u>\$ 89,354</u>	<u>\$ 72,530</u>
Analysis of depreciation by function		
Operating costs	\$ 71,967	\$ 64,253
Operating expenses	<u>17,387</u>	<u>8,277</u>
	<u>\$ 89,354</u>	<u>\$ 72,530</u>

d. Employee benefits expense

	<u>Three Months Ended March 31</u>	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 3,728	\$ 3,286
Defined benefit plans (Note 19)	146	188
Short-term benefits		
Salaries	93,461	119,363
Labor and health insurance	8,564	7,780
Others	<u>13,732</u>	<u>23,823</u>
Total employee benefits expense	<u>\$ 119,631</u>	<u>\$ 154,440</u>
Analysis by function		
Operating costs	\$ 62,159	\$ 68,108
Operating expenses	<u>57,472</u>	<u>86,332</u>
	<u>\$ 119,631</u>	<u>\$ 154,440</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 three-month ended March 31, 2023 and 2022 were approved by the Company's Board of Directors, respectively as follows:

	<u>Three Months Ended March 31</u>	
	2023	2022
Employees' compensation	2.02%	2.01%
Remuneration of directors and supervisors	2.02%	2.01%

Amount

	<u>Three Months Ended March 31</u>	
	2023	2022
Employees' compensation	<u>\$ 2,600</u>	<u>\$ 8,450</u>
Remuneration of directors and supervisors	<u>\$ 2,600</u>	<u>\$ 8,450</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 2022 and 2021 are as respectively follows:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 21,457	\$ 16,588
Remuneration of directors and supervisors	21,457	16,588

The Company held board of directors' meetings on February 24, 2023 and February 25, 2022, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for 2023 and 2022 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2023 and 2022 respectively.

	For the Year Ended December 31			
	2022		2021	
	Employees' compensation	Remuneration of directors and supervisors	Employees' compensation	Remuneration of directors and supervisors
Amounts approved in the board of directors' meeting	<u>\$ 21,457</u>	<u>\$ 21,457</u>	<u>\$ 16,588</u>	<u>\$ 16,588</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 16,600</u>	<u>\$ 16,600</u>

Information on the employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 approved by the Company's board of directors is available at the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange.

f. Finance costs

	Three Months Ended March 31	
	2023	2022
	Interest on bank loans	\$ 5,317
Interest on lease liabilities	211	236
	<u>\$ 5,528</u>	<u>\$ 3,048</u>

g. Gains or losses on foreign currency exchange

	Three Months Ended March 31	
	2023	2022
	Foreign exchange gains	\$ 9,019
Foreign exchange losses	(14,288)	(2,170)
Net (Losses) Gains	<u>(\$ 5,269)</u>	<u>\$ 13,772</u>

23. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended March 31	
	2023	2022
	Current income tax expense	
Current tax expense recognized in the current period	\$ 31,548	\$ 76,543
Income tax adjustments on prior years	-	984
	<u>31,548</u>	<u>77,527</u>
77,527Deferred income tax		
Deferred income tax recognized in the current period	(2,975)	1,831
Income tax expense recognized in profit or loss	<u>\$ 28,573</u>	<u>\$ 79,358</u>

b. Income tax examination

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 March 31</u>	
	2023	2022
Basic earnings per share		
Basic EPS	<u>\$ 0.95</u>	<u>\$ 3.24</u>
Diluted earnings per share		
Diluted EPS	<u>\$ 0.95</u>	<u>\$ 3.24</u>

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

Net Income for the Year

	<u>Three Months Ended March 31</u>	
	2023	2022
Profit for the year attributable to owners of the Company	<u>\$ 96,083</u>	<u>\$ 326,709</u>

The weighted average number of common shares outstanding (in thousand shares) used in the computation of earnings per share are as follows:

	(Unit: in thousands shares)	
	<u>Three Months Ended March 31</u>	
	2023	2022
Weighted average number of common shares used in the computation of basic EPS	100,706	100,706
Effects of dilutive potential common shares:		
Employees' compensation	<u>118</u>	<u>115</u>
Weighted average number of common shares used in the computation of diluted EPS	<u>100,824</u>	<u>100,821</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

Three Months Ended March 31, 2023 and 2022, the Company entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

The Company reclassified and paid for property, plant and equipment partly for the three-month ended March 31, 2023 and 2022 are as follows (please refer to Notes 14 and 18):

	Three Months Ended March 31	
	2023	2022
Prepayments for equipment transferred (reclassification)	\$ 6,170	\$ 58,905
Purchase property, plant and equipment	\$ 146,417	\$ 186,425
(Decrease) Increase in payments for equipment and constructions	866	(10,573)
Paid in cash by acquiring property, plant and equipment	<u>\$ 147,283</u>	<u>\$ 175,852</u>

26. CAPITAL RISK MANAGEMENT

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

As for the strategy of the Company's capital structure management, the Company sets its suitable market share according to its industry scale, the growth of the industry and the blueprint of the product development. The Company estimates the required capacity, the equipment and related capital expenditure to be used. Then the Company calculates working capitals and cash 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 reliable estimated.

- b. Fair value of financial instruments that are 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>
<u>March 31, 2023</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 27,012	\$ -	\$ -	\$ 27,012
Domestic unlisted shares	-	-	66,698	66,698
Foreign unlisted shares	-	-	<u>58,212</u>	<u>58,212</u>
Total	<u>\$ 27,012</u>	<u>\$ -</u>	<u>\$ 124,910</u>	<u>\$ 151,922</u>
<u>December 31, 2022</u>				
<u>Financial assets at FVTPL</u>				
Derivatives - Foreign Exchange				
Option Contracts	<u>\$ -</u>	<u>\$ 11,890</u>	<u>\$ -</u>	<u>\$ 11,890</u>

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 35,444	\$ -	\$ -	\$ 35,444
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	<u>58,709</u>	<u>58,709</u>
Total	<u>\$ 35,444</u>	<u>\$ -</u>	<u>\$ 65,407</u>	<u>\$ 100,851</u>
<u>March 31, 2022</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 26,011	\$ -	\$ -	\$ 26,011
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	<u>54,724</u>	<u>54,724</u>
Total	<u>\$ 26,011</u>	<u>\$ -</u>	<u>\$ 61,422</u>	<u>\$ 87,433</u>

(Concluded)

There were no transfers of financial assets at FVTOCI between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.

- 2) Financial instruments applied for Level 3 adjustment at FVTOCI

	<u>Financial assets at FVTOCI</u>	
	<u>Through other comprehensive income</u>	
	<u>Three Months Ended March 31</u>	<u>Three Months Ended March 31</u>
	<u>2023</u>	<u>2022</u>
<u>Financial assets – Equity instrument</u>		
Beginning balance	\$ 65,407	\$ 59,615
Increase in the current period	60,000	-
Foreign exchange difference	(497)	<u>1,807</u>
Ending balance	<u>\$ 124,910</u>	<u>\$ 61,422</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>Type of Financial Instruments</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 evaluation date, the exercise price of the option, the exchange rate volatility, the contract expiration period, and the quoted risk-free interest rate during the contract expiration period.

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

- i. The fair values of domestic non-publicly trade equity investments are mainly determined by using the asset approach and the discounted cash flow method is used to capture the present

value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs are listed in the table below. Decrease in discount for the lack of marketability or non-controlling interests discount would result in increase in the fair value.

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Discount for lack of marketability	25%	25%
Non-controlling interests discount	20%	20%

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

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Discount for lack of marketability		
1% decrease	<u>\$ 112</u>	<u>\$ 69</u>
Non-controlling interests discount		
1% decrease	<u>\$ 105</u>	<u>\$ 65</u>

- ii. The fair values of foreign non-publicly trade equity investments are mainly determined by using the market approach, which mainly refers to the recent financing activities of the invested target or the market transaction price and market conditions of similar targets to evaluate its fair value. The evaluation method chosen by the merged company after careful evaluation is reasonable for fair value measurement, but different evaluation models or fair values may lead to different evaluation results.

c. Categories of financial instruments

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Fair value through profit or loss	\$ -	\$ 11,890	\$ -
Financial assets at amortized cost (Note 1)	2,191,658	2,079,377	2,576,047
Financial assets at FVTOCI	151,922	100,851	87,433
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	2,605,031	2,111,107	2,375,222

Note 1: The balance includes cash, financial assets measured at amortized cost - current, notes receivable and accounts and accounts receivable - net amount of related parties, etc. loans and receivables measured at amortized cost.

Note 2: The balance includes short-term loans, notes payable and accounts payable, accounts payable - related parties, long-term loans due within one year, other payables and long-term loans, which are measured at amortized cost.

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 are periodically reviewed to reflect changes to the market and the operations. Through the internal controls, such as training and setting up managing requirements and procedures, the Company is engaged in developing a disciplined and constructive control environment, in order to have all employees understand own responsibilities.

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

1) Market risk

The Company is exposed to the financial market risks, primarily changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and equity investment prices (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 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 entity at the end of the reporting period are shown in Note 30.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar. The following table shows the Company's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency of the Company) against the relevant foreign currencies. A 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and was adjusted at the end of the reporting period for a 5% change in foreign currency rates. The number in the table indicates the change in pretax profit associated with the 5% appreciation of the New Taiwan dollar against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be positive.

	Unit: Thousand NT\$	
	Currency USD Impact	
	Three Months Ended March 31	
	2023	2022
Profit or loss and Interests	<u>\$14,964</u> (*)	<u>\$14,587</u> (*)

* This was mainly attributable to the exposure on outstanding receivables and payables in Currency USD which were not hedged at the end of the reporting period.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for three months ended March 31, 2023 and 2022 are \$5,528,000 and \$3,048,000 respectively, which only constitute 0.46% and 0.2% of the

consolidated net sales revenue. Therefore, 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 reporting period were as follows:

	Unit: Thousand NT\$		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fair value interest rate risk			
Financial liabilities	\$ 444,716	\$ 386,857	\$ 1,246,246
Cash flow interest rate risk			
Financial liabilities	1,315,000	1,035,000	152,923

Sensitivity analysis

The sensitivity analyses were 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 three months ended March 31, 2023 and 2022 would increase/increase by NT\$164,000 and NT\$19,000 respectively.

c) Other price risks

The Company is exposed to price risk due to equity securities investment of domestic listed companies. The Company has established an immediate control mechanism and is 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 three months ended March 31, 2023 and 2022 would have increased/increased by \$7,596,000 and \$4,372,000 respectively, because of the changes in fair value of financial assets at FVTOCI.

2) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the balance sheets. The policy adopted by the Company is to trade with reputable objects only, and continue to supervise the credit risk insurance and the credit rating of the counterparty.

Apart from Company A, B and C, the Company did not have significant credit risk exposure from any single counterparty or any Company of counterparties with similar characteristics. Apart from Company 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 61% of the balance of accounts receivable of the consolidated company. The credit risk is expected to be immaterial as Company A, B and C are all trustworthy counterparties.

3) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company had available

unutilized short-term bank loan facilities NT\$1,811,375,000, NT\$2,110,018,000 and NT\$ 1,120,743,000 respectively.

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

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial instruments</u>					
Lease liabilities	\$ 2,299	\$ 4,599	\$ 14,499	\$ 25,675	\$ 22,498
Variable interest rate liabilities	25,000	915,000	225,000	150,000	-
Fixed interest rate liabilities	-	321,668	55,932	-	-
	<u>\$ 27,299</u>	<u>\$ 1,241,267</u>	<u>\$ 295,431</u>	<u>\$ 175,675</u>	<u>\$ 22,498</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 21,397</u>	<u>\$ 25,675</u>	<u>\$ 22,498</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial instruments</u>					
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	-	299,708	17,161	-	-
	<u>\$ 27,116</u>	<u>\$ 713,939</u>	<u>\$ 308,899</u>	<u>\$ 350,547</u>	<u>\$ 23,904</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 23,085</u>	<u>\$ 25,547</u>	<u>\$ 23,904</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial instruments</u>					
Lease liabilities	\$ 2,051	\$ 4,102	\$ 14,919	\$ 26,872	\$ 20,893
Variable interest rate liabilities	20,000	17,500	80,423	35,000	-
Fixed interest rate liabilities	590,000	440,000	150,000	-	-
	<u>\$ 612,051</u>	<u>\$ 461,602</u>	<u>\$ 245,342</u>	<u>\$ 61,872</u>	<u>\$ 20,893</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 21,072</u>	<u>\$ 26,872</u>	<u>\$ 20,893</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 other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
San Fu Global Ltd.	Investors with significant influence over the Company
Zhang Chun Ming	Investors with significant influence over the Company
Hongchong Enterprise Co., Ltd.	Associates
China Fangda (International) Investment Development Corporation	Associates
Shian Yun Joint Stock Company (Vietnam)	Associates
Sanfuming Electronic Material Co., Ltd.	Joint venture
Fulu Cultural Foundation	Others

b. Sales of goods

	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Sales</u>		
Joint ventures	\$ 2,461	\$ 159
Associates	<u>50</u>	<u>-</u>
	<u>\$ 2,511</u>	<u>\$ 159</u>
 <u>Purchases</u>		
Associates	<u>\$ 8,225</u>	<u>\$ 2,224</u>
 <u>Service revenue</u> (recognized as other income)		
Joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>\$ 1,561</u>	<u>\$ 1,586</u>
 <u>Service expense</u> (recognized as other expense)		
Investors with significant influence over the Company	<u>\$ 286</u>	<u>\$ 286</u>
 <u>Donation Expenses</u>		
Other related party		
Fulu Cultural Foundation	<u>\$ -</u>	<u>\$ 1,000</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Accounts receivable - related party</u>			
Joint ventures	\$ 1,553	\$ 3,784	\$ 159
Associates	<u>56</u>	<u>-</u>	<u>-</u>
	<u>1,609</u>	<u>3,784</u>	<u>159</u>
<u>Other receivables - related party</u>			
Investors with significant influence over the Company	\$ 3,900	-	3,000
Joint ventures	<u>7,840</u>	<u>6,278</u>	<u>5,278</u>
	<u>11,740</u>	<u>6,278</u>	<u>8,278</u>
	<u>\$ 13,349</u>	<u>\$ 10,062</u>	<u>\$ 8,437</u>
<u>Accounts payable - related party</u>			
Investors with significant influence over the Company	\$ -	\$ -	\$ 453
Associates	<u>1,885</u>	<u>7,368</u>	<u>2,335</u>
	<u>\$ 1,885</u>	<u>\$ 7,368</u>	<u>\$ 2,788</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 - Company is lessee

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities	Investors with significant influence			
	Sanfu Global Co., Ltd.	\$ 48,739	\$ 50,266	\$ 41,089
	Others	<u>514</u>	<u>-</u>	<u>514</u>
		<u>\$ 49,253</u>	<u>\$ 50,266</u>	<u>\$ 41,603</u>

Related Party Category/Name	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Interest expense</u>		
Investors with significant influence over the Company		
Sanfu Global Co., Ltd.	\$ 128	\$ 109
Others	<u>2</u>	<u>2</u>
	<u>\$ 130</u>	<u>\$ 111</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 three-month ended March 31, 2023 and 2022, respectively, and the revenue was credited in capital surplus-donations.

e. Compensation of key management personnel

	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 9,127	\$ 8,878
Post-employment benefits	<u>388</u>	<u>378</u>
	<u>\$ 9,515</u>	<u>\$ 9,256</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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 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>40,928</u>	<u>41,831</u>	<u>44,540</u>
	<u>\$ 253,677</u>	<u>\$ 254,580</u>	<u>\$ 307,289</u>

30. SIGNIFICANT EFFECTS ON FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The Group's significant financial assets and liabilities 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:

March 31, 2023

	Foreign Currencies (in Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,226	30.400 (USD: NTD)	\$ 310,870
JPY	572,142	0.227 (JPY: NTD)	129,762
Non-monetary items			
Affiliates and joint ventures accounted for using the equity method			
CNY	104,269	0.146 (CNY: USD)	462,038
VND	31,963,137	0.0013 (VND: NTD)	40,753
<u>Financial liabilities</u>			
Monetary items			
USD	380	30.500 (USD: NTD)	11,590
JPY	456,968	0.231 (JPY: NTD)	105,468

December 31, 2022

	Foreign Currencies (in Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 14,383	30.660 (USD: NTD)	\$ 440,983
JPY	298,233	0.230 (JPY: NTD)	68,713
Non-monetary items			
Affiliates and joint ventures accounted for using the equity method			
CNY	101,688	0.144 (CNY: USD)	448,387
VND	31,800,778	0.0013 (VND: NTD)	40,864
<u>Financial liabilities</u>			
Monetary items			
USD	791	30.760 (USD: NTD)	24,331
JPY	244,788	0.234 (JPY: NTD)	57,378

March 31, 2022

	Foreign Currencies (in Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,618	28.575 (USD: NTD)	\$ 360,559
JPY	547,223	0.233 (JPY: NTD)	127,667
Non-monetary items			
Affiliates and joint ventures accounted for using the equity method			
CNY	15,621	0.158 (CNY: USD)	447,145
VND	30,970,040	0.0012 (VND: NTD)	38,248
<u>Financial liabilities</u>			
Monetary items			
USD	2,400	28.675 (USD: NTD)	68,820
JPY	172,055	0.237 (JPY: NTD)	40,829

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

	Three Months Ended March 31			
	2023		2022	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Losses
USD	30.400 (USD: NTD)	(\$ 6,534)	28.575 (USD: NTD)	\$ 8,708
JPY	0.227 (JPY: NTD)	(3,365)	0.233 (JPY: NTD)	2,629

31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided: See Table 1 attached;
- 2) Endorsements/guarantees provided: See Table 2 attached;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
See Table 3 attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 attached;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital
(None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital
(None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the
paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital
(None)
- 9) Trading in derivative instruments: See Table 7 attached;

- 10) 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 on 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 SEGMENTS INFORMATION

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

Department of fine and high precision chemicals: Mainly engaged in the manufacturing, processing and trading of chemical cleaning and etching agents;

Department of basic chemicals: Mainly engaged in the manufacturing, processing and trading of food additives.

a. Segment revenue and results

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

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write Off by Segment</u>	<u>Total</u>
<u>Three Months Ended March 31, 2023</u>				
Revenue of general customers	\$ 937,387	\$ 262,739	\$ -	\$ 1,200,126
Revenue of operating segment	<u>-</u>	<u>11,057</u>	<u>(11,057)</u>	<u>-</u>
Total	<u>\$ 937,387</u>	<u>\$ 273,796</u>	<u>(\$ 11,057)</u>	<u>\$ 1,200,126</u>
Profit from operations	<u>\$ 199,115</u>	<u>(\$ 83,781)</u>	<u>\$ -</u>	\$ 115,334
Other income				6,520
Other gain and losses				(4,932)
Financial cost				(5,528)
Investments on affiliates using equity method				11,426
Interest income				<u>1,849</u>
Income before income tax				<u>\$ 124,669</u>

**Three Months Ended
March 31, 2022**

Revenue of general customers	\$ 1,264,822	\$ 387,790	\$ -	\$ 1,652,612
Revenue of operating segment	<u>-</u>	<u>23,854</u>	<u>(23,854)</u>	<u>-</u>
Total	<u>\$ 1,264,822</u>	<u>\$ 411,644</u>	<u>(\$ 23,854)</u>	<u>\$ 1,652,612</u>
Profit from operations	<u>\$ 360,266</u>	<u>\$ 827</u>	<u>\$ -</u>	\$ 361,093
Other income				8,813
Other gain and losses				13,748
Financial cost				(3,048)
Investments on affiliates using equity method				26,099
Interest income				<u>274</u>
Income before income tax				<u>\$ 406,979</u>

Segment profit refers to the profit before tax earned by each segment, excluding other income, other gains and losses, financial costs, share of profit or loss of investments using equity method, and income tax expense. 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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Segment assets</u>			
Fine chemicals	\$ 4,449,270	\$ 4,262,505	\$ 4,347,538
Basic chemicals	2,088,102	2,102,683	1,931,895
Investment	<u>907,589</u>	<u>856,072</u>	<u>820,795</u>
Consolidated total assets	<u>\$ 7,444,961</u>	<u>\$ 7,221,260</u>	<u>\$ 7,100,228</u>

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCINGS PROVIDED

For the Three Months Ended March 31, 2023

(Amounts In Thousands of New Taiwan Dollars, Unless Stated 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 Corporation	San Fu Biotech Co., Ltd.	Other receivables	Y	\$250,000	\$ -	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 428,195	\$ 1,712,779	(Note 3)
0	San Fu Chemical Corporation	International Nitto Technology Co., Ltd.	Other receivables	Y	250,000	250,000	-	-	The need for short-term financing	-	Operating capital	-	-	-	428,195	1,712,779	(Note 3)
0	San Fu Chemical Corporation	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	188,790 (US\$6,200,000) (Note 4)	2%	The need for short-term financing	-	Operating capital	-	-	-	428,195	1,712,779	(Note 3)
0	San Fu Chemical Corporation	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	30,450 (US\$ 1,000,000) (Note 4)	1.65%	The need for short-term financing	-	Operating capital	-	-	-	428,195	1,712,779	(Note 3)
0	San Fu Chemical Corporation	VinaSanFu Material Trading Company Limited	Other receivables	Y	15,000	15,000	13,703 (US\$ 450,000) (Note 4)	2%	The need for short	-	Operating capital	-	-	-	428,195	1,712,779	(Note 3)
1	VinaSanFu Industrial Gas Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	255	255	255 (US\$ 8,000) (Note 4)	10%	The need for short	-	Operating capital	-	-	-	33,135	132,538	(Note 3)
2	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	638	638	638 (US\$ 21,000) (Note 4)	10%	The need for short	-	Operating capital	-	-	-	30,354	121,415	(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 30% of their net worth; the maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth.

Note 3: Other receivables have been eliminated when preparing the consolidated financial statements.

Note 4: Calculated based on the exchange rate USD\$1=NT\$30.45 on March 31, 2023.

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GURANTEES PROVIDED

For the Three Months Ended March 31, 2023

(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Sanfu Chemical Corporation	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 428,195	\$ 400,000	\$400,000	\$290,000	\$ -	9.34%	\$1,712,779	Yes	No	No	
0	Sanfu Chemical Corporation	International Nitto Technology Co., Ltd	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	428,195	300,000	300,000	-	-	7.01%	1,712,779	Yes	No	No	
0	Sanfu Chemical Corporation	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	428,195	400,000	200,000	182,700	-	4.67%	1,712,779	Yes	No	No	
0	Sanfu Chemical Corporation	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	428,195	400,000	200,000	182,700	-	4.67%	1,712,779	Yes	No	No	

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 guarantees provided by the Company shall not exceed 40% of the Company's net worth.
- b. The maximum amount of guarantees provided to all subsidiaries shall not exceed 10% of the Company's net worth. The maximum amount of guarantees provided to an individual shall not exceed 10% of the Company's net worth.

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

For the Three Months Ended March 31, 2023

(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 3

Held Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	As of March 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
San Fu Chemical Corporation	E'Date 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	27,012	0.45%	27,012	
	Global Graphene Company	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu 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	-	58,212	2.40%	58,212	

Note 1: The information for investments in subsidiaries, associates and joint venture: See Tables 6 and 7 attached;

Note 2: The fair value is calculated based on closing prices on March 31, 2023.

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Three Months Ended March 31, 2023

(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 4

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Adjustment (Note 1)	Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount		Shares/Units (In Thousands)	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units (In Thousands)	Amount
San Fu Chemical Corporation	International Nitto Technology Co., Ltd	Investments accounted for using equity method	Seasoned Equity Offering	Subsidiary	90,000,000	\$ 844,231	30,000,000	\$ 300,000 (Note 3)	(\$ 11,864)	-	\$ -	\$ -	\$ -	120,000,000	\$ 1,132,367

Note 1: Including the profit and loss share of subsidiaries recognized using the equity method and shareholder adjustments, etc.

Note 2: The above subjects have been written off when preparing the Consolidated Financial Statements.

Note 3: International Nitto Technology Co., Ltd has conducted a seasoned equity offering on February 6, 2023.

San Fu Chemical Co., Ltd. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Three Months Ended March 31, 2023

(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 5

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Item	Amount	Payment Terms	
0	San Fu Chemical Corporation	San Fu Biotech Co., Ltd.	1	Accounts receivable - parties, net	\$ 6,720	90 days after the invoice date	0.09%
				Other receivables - parties, net	4,315	According to the contract	0.06%
				Sales revenue	6,400	90 days after the invoice date	0.53%
				Accounts payable - parties, net	5,894	90 days after the invoice date	0.08%
				Purchase	4,503	90 days after the invoice date	0.38%
		Lifu Carbonate Co., Ltd.	1	Purchase	1,795	90 days after the invoice date	0.15%
		VinaSanFu Industrial Gas Company Ltd.	1	Other receivables - parties, net	188,479	According to the contract	2.53%
		Interest income	695	According to the contract	0.06%		

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

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 the Three Months Ended March 31, 2023

(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 6

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) of Investee	Note
				March 31,2023	December 31, 2022	Shares (In Thousands)	Percent- age of Owner- ship	Carrying Value			
San Fu Chemical Corporation	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$ 587,783	\$ 12,501	\$ 12,501	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Manufacturing of industrial gas	US\$ 13,650,000	US\$ 13,650,000	-	100%	331,346	(9,037)	(9,037)	"
	VinaSanFu Material Company Limited	Vietnam	Manufacturing of chemical materials	US\$ 12,200,000	US\$ 12,200,000	-	100%	303,539	(6,136)	(6,136)	"
	San Fu Biotech Co., Ltd.	Taiwan	Manufacturing and sales of food additives	210,000	210,000	21,500,000	93%	267,719	2,078	1,943	"
	International Nitto Technology Co., Ltd	Taiwan	Manufacturing of electronic component	1,277,904	977,904	120,000,000	100%	1,132,367	(11,864)	(11,864)	"
	Hongchong Enterprise Co., Ltd.	Taiwan	Trades of liquid oxygen, oxygen, liquid nitrogen and other gas	10,527	10,527	1,200,000	50%	15,008	(1,293)	(646)	"
	Lifu Carbonate Co., Ltd.	Taiwan	Manufacturing, sales and marketing of carbon dioxide gas, carbonic acid fire extinguisher, dry ice etc.	77,523	77,523	1,740	87%	89,923	(947)	(824)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Manufacturing of industrial gas	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	40,753	442	147	"
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	International trades	US\$ 2,151,000	US\$ 2,151,000	-	50%	462,038	23,850	11,925	"
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	59,272	3	3	Note 1
VinaSanFu Material Company Limited	VinaSanfu Material Trading Co., Ltd	Vietnam	Manufacturing of chemical materials	US\$ 160,000	US\$ 160,000	-	100%	5,453	838	838	Notes 1, Note 3

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

Note 2: Information of investments in mainland China: See Table 7 attached;.

Note 3: VinaSanfu Material Trading Co., Ltd was incorporated into the consolidated financial statement preparation entity in March 2022..

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Three Months Ended March 31, 2023

Amounts In Thousands of New Taiwan Dollars, Unless Stated 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)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of March 31, 2023 (Note 1)	Net Income (Loss) of the Investee	Percentage of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow						
Sanfuming Electronic Material Co., Ltd.	International trades	\$ 274,050 (US\$9,000,000) (Notes 1 & 4)	Through the third company reinvest in mainland companies	\$ 19,823 (US\$651,000)	\$ -	\$ -	\$ 19,823 (US\$ 651,000)	\$ 23,850	50	\$ 11,925	\$ 462,038 (US\$ 15,174,000)	\$ -
Hubei Xingfu Electronic Materials Co., Ltd.	Manufacturing and sales of chemical products	1,147,900 (RMB 260,000,000) (Note 2)		56,820 (US\$1,866,000)	-	-	56,820 (US\$ 1,866,000)	(Note 7)	2.4	-	58,212 (US\$ 1,912,000)	-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
\$177,645 (US\$ 5,834,000) (Notes 5 & 6)	\$291,072 (US\$ 9,559,000)	\$2,588,438

Note 1: The exchange rate was USD\$1=NT\$30.45 on March 31, 2023.

Note 2: The exchange rate was RMB\$1=NT\$4.415 on March 31, 2023.

Note 3: The average exchange rate was USD\$1=NT\$30.395 for the three months ended March 31, 2023.

Note 4: In April 2021, the company raised US\$651,000 of capital by conducting a seasoned equity offering (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 stock.

Note 5: This includes accumulated outward remittance for investments in Keyron Top Chemical (Shanghai) Co., Ltd. (US\$2,017,000). The company was liquidated in August 2006.

Note 6: The investment in Shandong Fangda Jinke Additive Co., Ltd. was remitted from Taiwan (US\$1,300,000). The company was liquidated in January 2017.

Note 7: It refers to the financial assets measured at fair value through other comprehensive income.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON MAJOR SHAREHOLDERS

For the Three Months Ended March 31, 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 common shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustier 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.