

Stock Code : 4755

San Fu Chemical Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six-months Ended June 30, 2022 and 2021 and Independent Auditors' Review Report

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II.

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(English Translation)

III. INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively, the "Company"), as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, of changes in equity and of cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement on Auditing Standards No 65 (SAS 65) "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Opinion

As stated in Note 12 to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the consolidated financial statements for the same period have not been reviewed by accountants. Its total assets as of June 30, 2022 and 2021 were amounted to NT\$2,176,323 thousand and NT\$1,702,621 thousand respectively, amounted to 30% and 30% of the Company's consolidated total assets. The total liabilities were amounted to NT\$314,855 thousand and NT\$196,478 thousand respectively, which amounted to 10% and 11% of the consolidated total liabilities respectively. The total consolidated profit and loss for the reporting periods April 1 - June 30, 2022 and 2021, and January 1 - June 30, 2022 and 2021 were amounted to NT\$ (6,241) thousand, NT\$18,234 thousand, NT\$13,363 thousand and NT\$33,574 thousand respectively, which amounted to 2%, 13%, 2% and 14% of the total consolidated comprehensive profit and loss, respectively. In addition, as stated in Note 13 of the consolidated financial statements, the investment balance as of June 30, 2022 and 2021 of San Fu Chemical Co., Ltd. and its subsidiaries recognized by the equity method of accounting were amounted to NT\$479,011 thousand and NT\$399,124 thousand respectively. The amount of consolidated profits and losses of affiliated companies and joint ventures recognized by the equity method of accounting for the periods April 1 - June 30, 2022 and 2021, and January 1 - June 30, 2022 and 2021 were amounted to NT\$15,407 thousand, NT\$15,590 thousand, NT\$57,603 thousand and NT\$21,704 thousand respectively, and the relevant information of the reinvestment business mentioned in the notes 13 and 33 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, 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 33, if reviewed by an accountant, the consolidated financial statements may be adjusted, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated statement of financial position of San Fu Chemical Co., Ltd. and its subsidiaries as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

Accountant **Xu Xiuming**

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

Accountant **Ong Yaling**

Financial Supervisory Commission
License number: FSC-Review- 1020025513

August 5, 2022

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

San Fu Chemical Co., Ltd. and Subsidiaries

IV. CONSOLIDATED BALANCE SHEETS
As of June 30, 2022, December 31 and June 30, 2021
(Expressed in thousands of New Taiwan Dollars)

Code	ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 623,194	8	\$ 552,766	8	\$ 671,787	12
1136	Financial assets at amortized cost-current (Note 9)	286,001	4	233,472	4	233,544	4
1140	Contract asset - current (Note 21)	7,604	-	8,200	-	17,562	-
1150	Notes receivable, net (Note 10)	47,599	1	56,633	1	44,910	1
1170	Accounts receivable, net (Note 10)	1,588,639	22	1,504,822	23	921,496	16
1180	Receivable from related parties (Note 30)	10,528	-	19,627	-	12,012	-
130X	Inventories (Note 11)	897,058	12	719,825	11	483,250	9
1410	Prepayments	292,235	4	268,126	4	258,710	5
1470	Other current assets	<u>62,343</u>	<u>1</u>	<u>99,005</u>	<u>2</u>	<u>73,947</u>	<u>1</u>
11XX	Total current assets	<u>3,815,201</u>	<u>52</u>	<u>3,462,476</u>	<u>53</u>	<u>2,717,218</u>	<u>48</u>
	NONCURRENT ASSETS						
1510	Financial asset at fair value through comprehensive income - noncurrent (Note 7)	7,765	-	-	-	-	-
1517	Financial asset at fair value through other comprehensive income - noncurrent (Note 8)	88,668	1	86,912	1	145,905	3
1550	Investments accounted for using the equity method (Note 13)	479,011	7	456,327	7	399,124	7
1560	Contract asset - noncurrent (Note 21)	-	-	-	-	2,009	-
1600	Property, plant and equipment (Note 14)	2,693,865	37	2,278,099	35	1,923,340	34
1755	Right-of-use asset (Note 15)	130,784	2	137,211	2	141,602	3
1840	Deferred tax assets (Note 23)	32,302	-	34,784	-	23,475	-
1915	Prepayments for equipment	92,487	1	113,951	2	311,575	5
1920	Refundable deposits	25,948	-	5,816	-	8,639	-
1990	Other noncurrent assets	<u>147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
15XX	Total noncurrent assets	<u>3,550,977</u>	<u>48</u>	<u>3,113,100</u>	<u>47</u>	<u>2,955,669</u>	<u>52</u>
1XXX	TOTAL	<u>\$ 7,366,178</u>	<u>100</u>	<u>\$ 6,575,576</u>	<u>100</u>	<u>\$ 5,672,887</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 16)	\$ 1,298,376	18	\$ 930,000	14	\$ 620,000	11
2130	Contract liabilities - current (Note 21)	156,266	2	203,231	3	169,854	3
2170	Notes and accounts payable (Note 17)	304,415	4	502,080	8	283,276	5
2180	Accounts payable - related parties (Note 30)	1,534	-	3,770	-	2,755	-
2200	Other payables (Note 18)	897,320	12	340,986	5	362,158	7
2230	Current tax liabilities (Note 23)	146,541	2	108,570	2	43,097	1
2280	Lease liabilities-current (Notes 15 and 30)	20,143	-	22,427	-	18,934	-
2320	Long-term liabilities due within one year or one business cycle (Note 16)	120,000	2	90,572	1	73,072	1
2399	Other current liabilities	<u>9,305</u>	<u>-</u>	<u>4,762</u>	<u>-</u>	<u>4,347</u>	<u>-</u>
21XX	Total current liabilities	<u>2,953,900</u>	<u>40</u>	<u>2,206,398</u>	<u>33</u>	<u>1,577,493</u>	<u>28</u>
	NONCURRENT LIABILITIES						
2540	Long-term borrowings (Note 16)	-	-	103,930	2	149,215	3
2570	Deferred tax liabilities (Note 23)	8,474	-	8,474	-	8,474	-
2580	Lease liabilities-noncurrent (Notes 15 and 30)	43,430	1	49,940	1	56,845	1
2640	Net defined benefit liabilities - noncurrent (Note 19)	27,644	-	27,791	-	23,804	-
2670	Other noncurrent liabilities	<u>1,617</u>	<u>-</u>	<u>2,454</u>	<u>-</u>	<u>2,703</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>81,165</u>	<u>1</u>	<u>192,589</u>	<u>3</u>	<u>241,041</u>	<u>4</u>
2XXX	Total liabilities	<u>3,035,065</u>	<u>41</u>	<u>2,398,987</u>	<u>36</u>	<u>1,818,534</u>	<u>32</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>15</u>	<u>1,007,060</u>	<u>18</u>
3200	Capital surplus	<u>762,368</u>	<u>10</u>	<u>960,750</u>	<u>15</u>	<u>1,062,415</u>	<u>19</u>
	Retained earnings						
3310	Legal capital reserve	358,315	5	291,281	4	250,297	4
3320	Special capital reserve	124,794	1	103,348	2	56,293	1
3350	Unappropriated earnings	<u>2,120,993</u>	<u>29</u>	<u>1,907,058</u>	<u>29</u>	<u>1,540,482</u>	<u>27</u>
3300	Total retained earnings	<u>2,604,102</u>	<u>35</u>	<u>2,301,687</u>	<u>35</u>	<u>1,847,072</u>	<u>32</u>

(Continued)

Code	ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Other equity						
3410	Exchange differences on translating foreign operations	(38,433)	(1)	(90,099)	(1)	(91,323)	(1)
3450	Unrealized evaluation gains and losses of the equity instrument investment benefit measured at fair value through other comprehensive gains and losses	(36,839)	-	(34,695)	(1)	14,092	-
3400	Total other equity	(75,272)	(1)	(124,794)	(2)	(77,231)	(1)
31XX	Total Equity of the Business Owner	4,298,258	58	4,144,703	63	3,839,316	68
36XX	NON-CONTROLLING INTERESTS (Note 20)	32,855	1	31,886	1	15,037	-
3XXX	Total equity	4,331,113	59	4,176,589	64	3,854,353	68
	TOTAL	<u>\$ 7,366,178</u>	<u>100</u>	<u>\$ 6,575,576</u>	<u>100</u>	<u>\$ 5,672,887</u>	<u>100</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on August 5, 2022)

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting Supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

V. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the periods April 1 - June 30, 2022 and 2021, and January 1 - June 30, 2022 and 2021

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

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

Code		For the Three Months Ended June 30				For the Six-months Ended June 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 21 and 30) `	\$1,546,966	100	\$ 990,197	100	\$3,199,578	100	\$1,959,991	100
5000	OPERATING COST (Notes 11, 22, 30)	<u>1,107,657</u>	<u>72</u>	<u>793,629</u>	<u>80</u>	<u>2,240,821</u>	<u>70</u>	<u>1,550,635</u>	<u>79</u>
5900	GROSS PROFIT								
	OPERATING EXPENSES (Notes 22 and 30)	<u>439,309</u>	<u>28</u>	<u>196,568</u>	<u>20</u>	<u>958,757</u>	<u>30</u>	<u>409,356</u>	<u>21</u>
6100	Selling and marketing expenses	69,138	4	57,109	6	152,826	5	113,422	6
6200	General and administrative expenses	46,841	3	36,104	4	109,984	3	72,065	4
6300	Research & Development Expenses	15,636	1	11,273	1	27,160	1	20,348	1
6450	Expected credit loss** (ECL)	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>131,701</u>	<u>8</u>	<u>104,486</u>	<u>11</u>	<u>290,056</u>	<u>9</u>	<u>205,835</u>	<u>11</u>
6900	PROFIT FROM OPERATIONS								
	NON-OPERATING INCOME AND EXPENSES	<u>307,608</u>	<u>20</u>	<u>92,082</u>	<u>9</u>	<u>668,701</u>	<u>21</u>	<u>203,521</u>	<u>10</u>
7010	Other income (Note 22)	8,916	1	6,860	1	17,729	1	17,611	1
7020	Other gains and losses (Note 22)	13,609	1	15,189	1	27,357	1	14,896	1
7050	Financial Cost (Note 22)	(3,613)	-	(1,755)	-	(6,661)	-	(3,724)	-
7060	Share of profit or loss of affiliated companies and joint ventures Recognized by Equity Method (Note 13)	21,651	1	19,037	2	47,750	1	26,775	1
7100	Interest income	961	-	498	-	1,235	-	624	-
7140	Bargain purchase gain-acquiring a subsidiary (Note 25)	<u>-</u>	<u>-</u>	<u>372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>41,524</u>	<u>3</u>	<u>40,201</u>	<u>4</u>	<u>87,410</u>	<u>3</u>	<u>56,554</u>	<u>3</u>
7900	PROFIT BEFORE INCOME TAX	349,132	23	132,283	13	756,111	24	260,075	13
7950	INCOME TAX EXPENSE (Note 23)	(<u>71,251</u>)	(<u>5</u>)	(<u>17,511</u>)	(<u>2</u>)	(<u>150,609</u>)	(<u>5</u>)	(<u>44,518</u>)	(<u>2</u>)
8200	NET PROFIT FOR Q2 2022 & 2021	<u>277,881</u>	<u>18</u>	<u>114,772</u>	<u>11</u>	<u>605,502</u>	<u>19</u>	<u>215,557</u>	<u>11</u>

ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:									
8316	Unrealized loss on financial assets at fair value through other comprehensive income	(<u>858</u>)	<u>-</u>	(<u>3,800</u>)	<u>-</u>	(<u>2,144</u>)	<u>-</u>	(<u>10,381</u>)	(<u>1</u>)
8310		(<u>858</u>)	<u>-</u>	(<u>3,800</u>)	<u>-</u>	(<u>2,144</u>)	<u>-</u>	(<u>10,381</u>)	(<u>1</u>)
	Items that may be reclassified to profit and loss in the future								
8370	Share of the other comprehensive loss of affiliated companies and joint ventures using the equity method	(6,244)	-	(3,447)	-	9,853	-	(5,071)	-
8361	Exchange differences on translating the financial statements of foreign operations	<u>15,817</u>	<u>1</u>	<u>36,014</u>	<u>3</u>	<u>41,813</u>	<u>1</u>	<u>41,569</u>	<u>2</u>
8360	Items that may be reclassified subsequently to profit or loss	<u>9,573</u>	<u>1</u>	<u>32,567</u>	<u>3</u>	<u>51,666</u>	<u>1</u>	<u>36,498</u>	<u>2</u>
8300	Other comprehensive loss for the year, net of income tax	<u>8,715</u>	<u>1</u>	<u>28,767</u>	<u>3</u>	<u>49,522</u>	<u>1</u>	<u>26,117</u>	<u>1</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THIS PERIOD	<u>\$ 286,596</u>	<u>19</u>	<u>\$ 143,539</u>	<u>14</u>	<u>\$ 655,024</u>	<u>20</u>	<u>\$ 241,674</u>	<u>12</u>

(Continued)

Code		For the Three Months Ended June 30				For the Six-months Ended June 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
	NET PROFIT								
	ATTRIBUTABLE TO:								
8610	Owners of the Company	\$ 277,824	18	\$ 114,943	11	\$ 604,533	19	\$ 215,728	11
8620	Non-controlling interests	<u>57</u>	-	(<u>171</u>)	-	<u>969</u>	-	(<u>171</u>)	-
8600		<u>\$ 277,881</u>	<u>18</u>	<u>\$ 114,772</u>	<u>11</u>	<u>\$ 605,502</u>	<u>19</u>	<u>\$ 215,557</u>	<u>11</u>
	TOTAL								
	COMPREHENSIVE								
	INCOME								
	ATTRIBUTABLE TO:								
8710	Owners of the Company	\$ 286,539	19	\$ 143,710	14	\$ 654,055	20	\$ 241,845	12
8720	Non-controlling interests	<u>57</u>	-	(<u>171</u>)	-	<u>969</u>	-	(<u>171</u>)	-
8700		<u>\$ 286,596</u>	<u>19</u>	<u>\$ 143,539</u>	<u>14</u>	<u>\$ 655,024</u>	<u>20</u>	<u>\$ 241,674</u>	<u>12</u>
	EARNINGS PER SHARE								
	(Note 24)								
9750	Basic	<u>\$ 2.76</u>		<u>\$ 1.14</u>		<u>\$ 6.00</u>		<u>\$ 2.14</u>	
9850	Diluted	<u>\$ 2.76</u>		<u>\$ 1.14</u>		<u>\$ 6.00</u>		<u>\$ 2.14</u>	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on August 5, 2022)

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

San Fu Chemical Co., Ltd. and Subsidiaries

VI. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended June 30, 2022 and 2021

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

(Expressed in thousands of New Taiwan Dollars)

Code	Description	Equity Attributable to the Shareholders of the Parent										
		Capital stock (Note 20)		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 AT JANURAY 1, 2021	100,706	\$ 1,007,060	\$ 1,056,191	250,297	\$ 56,293	\$1,526,166	(\$ 127,821)	\$ 24,473	\$3,792,659	\$ -	\$3,792,659
	Other Changes in Capital Surplus											
C3	Donations from Shareholders	-	-	6,224	-	-	-	-	-	6,224	-	6,224
D1	Net income for the six-months ended June 30, 2021	-	-	-	-	-	215,728	-	-	215,728	(171)	215,557
D3	Other Comprehensive Income (Loss) for the six-months ended June 30, 2021, net of income tax	-	-	-	-	-	-	36,498	(10,381)	26,117	-	26,117
D5	Other Comprehensive Income (Loss) for the six-months ended June 30, 2021	-	-	-	-	-	215,728	36,498	(10,381)	241,845	(171)	241,674
	Distribution of Available Earnings for 2020											
B5	Cash Dividend Distributed to Shareholders	-	-	-	-	-	(201,412)	-	-	(201,412)	-	(201,412)
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	15,208	15,208
Z1	BALANCE JUNE 30, 2021	100,706	\$ 1,007,060	\$ 1,062,415	\$250,297	\$ 56,293	\$ 1,50,482	(\$ 91,323)	\$ 14,092	\$ 3,839,316	\$ 15,037	\$3,845,353
A1	BALANCE JANUARY 1, 2022	100,706	\$ 1,007,060	\$ 960,750	\$ 291,281	\$ 103,348	\$ 1,907,058	(\$90,099)	(\$ 34,695)	\$4,144,703	\$ 31,886	\$4,176,589
	Other Changes in Capital Surplus											
C3	Donations from Shareholders	-	-	3,000	-	-	-	-	-	3,000	-	3,000
C17	Exercise the right of attribution	-	-	30	-	-	-	-	-	-	-	30
D1	Net income for the six-months ended June 30, 2022	-	-	-	-	-	604,533	-	-	604,533	969	605,502
D3	Other Comprehensive Income (Loss) for the six-months ended June 30, 2022, net of income tax	-	-	-	-	-	-	51,666	(2,144)	49,522	-	49,522
D5	Other Comprehensive Income (Loss) for the six-months ended June 30, 2022	-	-	-	-	-	604,533	51,666	(2,144)	654,055	969	655,024
	Distribution of Available Earnings for 2021											
B1	Recognized Legal capital reserve for 2021	-	-	-	67,034	-	(67,034)	-	-	-	-	-
B3	Recognized Special capital reserve for 2021	-	-	-	-	21,446	(21,446)	-	-	-	-	-
B5	Cash Dividend Distributed to Shareholders	-	-	(201,412)	-	-	(302,118)	-	-	(503,530)	-	(503,530)
Z1	BALANCE JUNE 30, 2022	100,706	\$1,007,060	\$ 762,368	\$ 358,315	\$ 124,794	\$ 2,120,993	(\$38,433)	(\$ 36,839)	\$ 4,298,258	\$ 32,855	\$ 4,331,113

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on August 5, 2022)

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting Supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

VII. CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six-months Ended June 30, 2022 and 2021

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

(Expressed in thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>Six-months Ended June 30</u>	
		<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Net income before income tax	\$ 756,111	\$ 260,075
A20010	Adjustments for:		
A20100	Depreciation expenses	148,064	139,212
A20300	Expected credit losses	86	-
A20400	Net loss of financial assets and liabilities at fair value through profit or loss	53	-
A20900	Finance costs	6,661	3,724
A21200	Interest income	(1,235)	(624)
A22300	Share of profit of affiliated companies and joint ventures	(47,750)	(26,775)
A22500	Loss from disposal of property, plant and equipment	(6)	269
A29900	Profit gained from disposal of subsidiaries	-	(424)
A23200	Disposal of investment interest recognized by equity method of accounting	-	(22,797)
A23700	Loss for market price decline and obsolete and slow-moving inventories	2,012	(203)
A24100	Unrealized foreign currency exchange (gain) loss	(11,591)	(725)
A29900	Bargain purchase Gain	-	(372)
A29900	Lease modification benefits	(5)	(6)
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	9,034	(1,389)
A31150	Accounts receivable	(75,470)	130,253
A31160	Accounts receivable – related parties	12,241	3,817
A31125	Contract asset - current	596	(8,832)
A31200	Inventories	(178,698)	(89,309)
A31230	Prepayments	(23,370)	(170,338)
A31240	Other current assets	38,292	(45,354)
A31260	Contract asset – noncurrent	-	3,932
A31990	Other noncurrent assets	(147)	-
A32125	Contract liability	(46,965)	12,932
A32150	Notes and accounts payable	(200,607)	30,920
A32160	Accounts payable - related parties	(5,885)	701
A32180	Other payables	39,236	(15,390)
A32230	Other current liabilities	4,543	(2,470)
A32240	Net defined benefit liabilities - noncurrent	(\$ 147)	(\$ 734)
A32990	Other noncurrent liabilities	(837)	340
A33000	Cash generated from operations	424,216	200,433
A33100	Interest received	1,235	624
A33300	Interest paid	(6,569)	(3,683)
A33500	Income taxes paid	(110,156)	(62,585)
AAAA	Net cash generated from operating activities	<u>308,726</u>	<u>134,789</u>

(Continued)

<u>C o d e</u>		<u>Six-months Ended June 30</u>	
		<u>2022</u>	<u>2021</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(7,818)	-
B00040	Purchase of financial assets at amortized cost	(49,982)	-
B02200	Net cash outflow acquired from the subsidiaries	-	(56,777)
B02700	Payments for property, plant and equipment	(437,149)	(107,144)
B02800	Disposal of property, plant and equipment	24	-
B03700	Increase or Loss in refundable deposits	(20,132)	(4,053)
B07100	Increase in prepayments for equipment	(45,953)	(116,836)
B07600	Dividend received	<u>36,407</u>	<u>21,636</u>
BBBB	Net cash used in investing activities	(<u>524,603</u>)	(<u>263,174</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase or Loss in short-term borrowings	367,924	30,000
C01600	Long-term borrowings	120,000	-
C01700	Repayment of long-term borrowings	(194,502)	(10,286)
C04020	Repayment of the principal portion of lease liabilities	(12,107)	(11,929)
C09900	Cash outflow from financing activities by affiliated companies held for sale	<u>30</u>	<u>-</u>
CCCC	NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	<u>281,345</u>	<u>7,785</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,960</u>	(<u>2,219</u>)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	70,428	(122,819)
E00100	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>552,766</u>	<u>794,606</u>
E00200	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 623,194</u>	<u>\$ 671,787</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on August 5, 2022)

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

**VIII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS ENDED JUNE 30, 2022 AND 2021**

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

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

1. GENERAL

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

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

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 5, 2022.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The initial application of the amendments to the Annual Improvements to IFRS Standards 2018-2020, the Amendments to IFRS 3 “Reference to the Conceptual Framework”, the Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”, the Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract” and the Amendment to the IFRS 16 “Covid-19-Related Rent Concessions after June 30, 2021” endorsed and issued into effect by the FSC did not have a significant effect on the Company’s accounting policies.

- b. The International Financial Reporting Standards (IFRS) recognized by FSC applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definitions of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: This amendment applies for annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning after January 1, 2023.

Note 3: The amendment is applicable to transactions occurring after January 1, 2022, except that deferred income tax is recognized on January 1, 2022 on temporary differences in lease and decommissioning obligations.

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

- c. The IFRSs issued by International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “The initial application of IFRS 17 and IFRS 9— Comparison Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Preparation

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

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

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

c. Basis of Consolidation

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

d. Other Significant Accounting Policies

In addition to the following descriptions, please refer to the summary description of significant accounting policies in the consolidated financial report for the year 2021.

- 1) The defined Contribution Retirement Benefit Plans
Pension cost for an interim period is calculated based on a year-to-date basis using the actually pension cost rate at the end of the prior financial year, and calculated based on the beginning of the year to the end of the current period, and the major market fluctuations in the current period, the major plan amendments and the settlement or other major one-time matters will be properly adjusted
- 2) Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. The income tax in the interim period is assessed on an annual basis, and is calculated based on the interim pre-tax benefits based on the tax rate applicable to the expected annual total surplus.

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

Please refer to the Critical Accounting Judgments and Key Sources of Estimation and Uncertainty described in the Consolidated Financial Statements for the year 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and petty cash	\$ 507	\$ 437	\$ 453
Demand deposits	348,239	552,329	671,334
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>274,448</u>	<u>-</u>	<u>-</u>
	<u>\$ 623,194</u>	<u>\$ 552,766</u>	<u>\$ 671,787</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Demand deposits	0.001%~0.35%	0.001%~0.3%	0.001%~0.3%
Time deposits	1.68~1.76%	-	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
Mandatorily measured at FVTPL			
Derivatives (unspecified hedging)			
- Forward exchange contracts	<u>\$ 7,765</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding forward exchange contracts that did not apply hedge accounting and have not yet expired on the balance sheet date consisted of the following:
June 30, 2022

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NONCURRENT

	June 30, 2022	December 31, 2021	June 30, 2021
Domestic investments			
Listed shares	\$ 25,153	\$ 27,297	\$ 36,639
Unlisted shares	<u>6,698</u>	<u>6,698</u>	<u>6,698</u>
Subtotal	<u>31,851</u>	<u>33,995</u>	<u>43,337</u>
Foreign investments			
Unlisted shares	<u>56,817</u>	<u>52,917</u>	<u>102,568</u>
	<u>\$ 88,668</u>	<u>\$ 86,912</u>	<u>\$ 145,905</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’ 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.

The Company holds 1.42% of the ordinary shares of Global Graphene Group, whose main operating activity is the research and development of graphene-related product technologies. Assessed by the management of the merged company, Global Graphene Group’s graphene technology commercialization progress was delayed and its profitability failed to improve. In 2011, it recognized the unrealized evaluation loss of financial assets measured at fair value through other comprehensive gains and losses of NTD 49,307,000.

9. FINANCIAL ASSETS AT AMORTITIZED COST

<u>Current</u>	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits with original maturities of more than 3 months	\$ 63,601	\$ 11,072	\$ 11,144
Restricted demand deposits	<u>222,400</u>	<u>222,400</u>	<u>222,400</u>
	<u>\$ 286,001</u>	<u>\$ 233,472</u>	<u>\$ 233,544</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.06% ~ 1.90%, 0.06% ~ 0.28% and 0.06% ~ 0.66% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

Refer to Note 31 for information relating to investments in financial assets at amortized cost pledge as security.

10. NOTES AND ACCOUNTS RECEIVABLE

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Notes receivable</u>			
Notes receivable - operating	\$ 47,599	\$ 56,633	\$ 44,910
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,594,925	\$ 1,511,022	\$ 922,067
Less: Allowance for impairment loss	(6,286)	(6,200)	(571)
	<u>\$ 1,588,639</u>	<u>\$ 1,504,822</u>	<u>\$ 921,496</u>

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

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

Aging analysis of accounts receivable

June 30, 2022

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

December 31, 2021

	<u>Not Past Due</u>	<u>Past due 1~90 Days</u>	<u>Past due 91~180 Days</u>	<u>Past due 181~365 Days</u>	<u>Past due Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	100%	100%	-
Gross Carrying Amount	\$1,494,329	\$ 10,447	\$ 46	\$ 5,710	\$ 490	\$1,511,022
Loss allowance (Lifetime ECL)	-	-	-	(5,710)	(490)	(6,200)
Amortized cost	<u>\$1,494,329</u>	<u>\$ 10,447</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,504,822</u>

June 30, 2021

	Not Past Due	Past due 1~90 Days	Past due 91~180 Days	Past due 181~365 Days	Past due Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$ 905,799	\$ 15,697	\$ -	\$ -	\$ 571	\$ 922,067
Loss allowance (Lifetime ECL)	-	-	-	-	(571)	(571)
Amortized cost	<u>\$ 905,799</u>	<u>\$ 15,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 921,496</u>

Movements of the loss allowance for accounts receivable

	Six-month Ended June 30	
	2022	2021
Balance, beginning of period	\$ 6,200	\$ 571
Add: the beginning balance of impairment losses in the current year	<u>86</u>	<u>-</u>
Balance, end of period	<u>\$ 6,286</u>	<u>\$ 571</u>

11. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Merchandise	\$ 8,110	\$ 13,851	\$ 9,852
Finished goods	299,204	208,272	118,967
Work in progress	12,957	11,032	13,015
Semi-finished goods	1,796	1,988	2,998
Raw materials	539,284	458,141	316,898
Supplies	<u>35,707</u>	<u>26,541</u>	<u>21,520</u>
	<u>\$ 897,058</u>	<u>\$ 719,825</u>	<u>\$ 483,250</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the periods from April 1 to June 30, 2022 and 2021, and from January 1 to June 30, 2022 and 2021 was \$1,107,657 thousand and \$793,629 thousand, and \$2,240,821 thousand and \$1,550,635 respectively.

The cost of goods sold including the allowance for (reversal of write-down inventories) inventory losses for the periods from April 1 to June 30, 2022 and 2021, and from January 1, to June 30, 2022 and 2021 was \$ (1,648) thousand and \$963 thousand, and \$ 2,012 thousand and (\$ 203) respectively. The increase in the net realizable value of inventories was due to the increase in the selling price of the inventory market

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

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

Investor	Investee (Name of Subsidiaries)	Nature of Activities	Proportion of Ownership (%)			Refer to
			June 30, 2022	December 31, 2021	June 30, 2021	
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%	100%	Note 4
	San Fu Food Additives Investments Limited	Investment	-	-	-	Note 1 Note 4
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%	100%	Note 4
	VinaSanFu Material Company Limited	Production of chemical materials	100%	100%	100%	//
	San Fu Biotech Co., Ltd.	Sales and production of food additives	93%	93%	100%	Note 3 Note 4
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%	100%	Note 4
	Lifu Carbonic Acid Co., Ltd.	Production of chemical materials	87%	87%	87%	Note 2 Note 4
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%	100%	Note 4
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd	Production of chemical materials	100%	-	-	Note 4 Note 5

Note 1: The company “San Fu Food Additives Investments Limited” was liquidated and dissolved in May 2021.

Note 2: On May 5, 2021 the Board of Directors of the Company resolved to acquire 62 % of the equity of Lifu Carbonic Acid Co., Ltd. originally held by Lifeng Carbonic Acid Co., Ltd., and the consolidated company in the second quarter of 2021 has completed the relevant transaction. Since May 10, 2021, the Company’s shareholding ratio in Lifu Carbonic Acid Co., Ltd. has increased from 25% to 87%. Therefore, the investment affiliates that was originally evaluated by the equity method was converted into subsidiaries, and NT\$ 22,797 thousand was recognized as the disposal of the investment benefit.

Note 3: On December 20, 2021, the Company did not subscribe for the cash capital increase of Sanfu Biotech Co., Ltd. in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 100% to 93%.

Note 4: It is a non-significant subsidiary whose financial statements have not been reviewed by accountants.

Note 5: VinaSanFu Material Company Limited was established in March 2022.

Among the above-mentioned consolidated financial statements preparation entities, except for the company's consolidated financial statements which have been reviewed by accountants, the standalone financial statements of other subsidiaries that are not individually material have not been reviewed by accountants. Its total assets for the six-month period ended June 30, 2022 and 2021 was \$2,176,323 thousand and \$1,702,621 thousand, respectively, amounted to 30% and 30% of the total consolidated assets, respectively. The total liabilities were \$314,855 thousand and \$196,478 thousand, respectively, which

amounted to 10% and 11% of the consolidated total liabilities, respectively. For the periods from April 1 to June 30, 2022 and 2021, and from January 1, to June 30, 2022 and 2021, the total recognized comprehensive profit and loss was (\$ 6,241) thousand and \$ 18,234 thousand, and \$13,363 thousand and \$33,574 respectively, which amounted to 2% and 13%, and 2% and 14% of the total consolidated comprehensive profit and loss, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Investments in affiliated companies	\$ 52,142	\$ 51,488	\$ 50,947
Investments in joint ventures	<u>426,869</u>	<u>404,839</u>	<u>348,177</u>
	<u>\$ 479,011</u>	<u>\$ 456,327</u>	<u>\$ 399,124</u>

The amount of total consolidated comprehensive income for the investments in affiliated companies and joint ventures recognized for the periods from April 1 to June 30, 2022 and 2021, and from January 1, to June 30, 2022 and 2021 was \$15,407 thousand and \$ 15,590 thousand, and \$57,603 thousand and \$21,704 thousand, respectively.

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

a. Investments in affiliated companies

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Affiliated companies that are not individually material	<u>\$ 52,142</u>	<u>\$ 51,488</u>	<u>\$ 50,947</u>

b. Investments in joint ventures

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Material joint ventures			
Sanfuming Electronic Material Co., Ltd.	<u>\$ 426,869</u>	<u>\$404,839</u>	<u>\$348,177</u>

For further information about the business nature of the above-mentioned joint venture, the main business place and the country information of the company registration etc., please refer to the attached Table 5 - "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

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Transport- ation</u>	<u>Other Equipment</u>	<u>Property under Construc- tion</u>	<u>Total</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 162,700	\$1,145,606	\$2,162,086	\$ 352,833	\$417,323	\$ 639,282	\$4,879,830
Reclassifications	-	6,433	84,463	12,896	3,420	(39,398)	67,814
Additions	-	5,701	21,953	27,407	20,713	374,815	450,589
Disposals	-	(2,544)	(180,023)	(3,889)	(8,282)	-	(194,738)
Effect of foreign currency exchange differences							
Carrying amounts at							
June 30, 2022	<u>\$ 162,700</u>	<u>\$1,158,368</u>	<u>\$2,094,073</u>	<u>\$ 389,357</u>	<u>\$433,174</u>	<u>\$ 998,387</u>	<u>\$5,236,059</u>

<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	-	28,432	72,750	10,404	23,429	-	135,015
Disposals	-	(2,544)	(180,023)	(3,889)	(8,264)	-	(194,720)
Effect of foreign currency exchange differences	-	54	109	5	-	-	168
Carrying amounts at June 30, 2022	<u>\$ -</u>	<u>\$ 490,510</u>	<u>\$ 1,415,912</u>	<u>\$ 311,441</u>	<u>\$ 324,331</u>	<u>\$ -</u>	<u>\$ 2,542,194</u>
Carrying amounts at June 30, 2022	<u>\$ 162,700</u>	<u>\$ 667,858</u>	<u>\$ 678,161</u>	<u>\$ 77,916</u>	<u>\$ 108,843</u>	<u>\$ 998,387</u>	<u>\$ 2,693,865</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<u>\$ 162,700</u>	<u>\$ 681,038</u>	<u>\$ 639,010</u>	<u>\$ 47,912</u>	<u>\$ 108,157</u>	<u>\$ 639,282</u>	<u>\$ 2,278,099</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 63,707	\$ 1,069,711	\$ 1,970,226	\$ 348,403	\$ 373,247	\$ 332,099	\$ 4,157,393
Reclassifications	-	-	28,106	-	340	11,092	39,538
Additions	-	3,225	21,868	1,825	18,358	52,494	97,770
Disposals	-	-	(28,936)	-	(1,233)	-	(30,169)
Acquired due to merge	98,993	697	8,195	6	4,535	-	112,426
Effect of foreign currency exchange differences	-	6	4	-	-	23,581	23,591
Balance at June 30, 2021	<u>\$ 162,700</u>	<u>\$ 1,073,639</u>	<u>\$ 1,999,463</u>	<u>\$ 350,234</u>	<u>\$ 395,247</u>	<u>\$ 419,266</u>	<u>\$ 4,400,549</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 408,606	\$ 1,420,700	\$ 286,058	\$ 265,419	\$ -	\$ 2,380,783
Depreciation expenses	-	28,439	67,026	9,474	21,386	-	126,325
Disposals	-	-	(28,662)	-	(1,238)	-	(29,900)
Effect of foreign currency exchange differences	-	1	-	-	-	-	1
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 437,046</u>	<u>\$ 1,459,064</u>	<u>\$ 295,532</u>	<u>\$ 285,567</u>	<u>\$ -</u>	<u>\$ 2,477,209</u>
Carrying amounts at June 30, 2021, net	<u>\$ 162,700</u>	<u>\$ 636,593</u>	<u>\$ 540,399</u>	<u>\$ 54,702</u>	<u>\$ 109,680</u>	<u>\$ 419,266</u>	<u>\$ 1,923,340</u>

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

Buildings	
Main building	3-45 years
Employee dormitory	25-50 years
Firefighting, air-conditioning and other systems	1-8 years
Engineering system	3-38 years
Transportation	1-10 years
Equipment	1-27 years
Other equipment	1-25 years

Property, plant and equipment pledged as collateral for bank borrowings are described in Note 31.

15. LEASE ARRANGEMENTS

a. Right-of-use Assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	
<u>Carrying amounts</u>				
Land	\$ 118,369	\$ 122,939	\$ 127,213	
Buildings	6,319	6,687	4,891	
Transportation equipment	<u>6,096</u>	<u>7,585</u>	<u>9,498</u>	
	<u>\$ 130,784</u>	<u>\$ 137,211</u>	<u>\$ 141,602</u>	
	Six-month Ended June 30			
	2022	2021		
Additions to right-of-use assets	<u>\$ 4,777</u>	<u>\$ 10,790</u>		
	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Depreciation of right-of-use assets				
Land	\$ 4,360	\$ 4,198	\$ 8,706	\$ 8,400
Buildings	1,143	1,452	2,286	2,904
Transportation equipment	<u>1,044</u>	<u>998</u>	<u>2,057</u>	<u>1,583</u>
	<u>\$ 6,547</u>	<u>\$ 6,648</u>	<u>\$ 13,049</u>	<u>\$ 12,887</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 June 30, 2022 and 2021.

b. Lease Liabilities

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Carrying Amounts</u>			
Current	\$ 20,143	\$ 22,427	\$ 18,934
Noncurrent	<u>43,430</u>	<u>49,940</u>	<u>56,845</u>
	<u>\$ 63,573</u>	<u>\$ 72,367</u>	<u>\$ 75,779</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</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. Another Lease Information

	<u>Three Month Ended June 30</u>		<u>Six-month Ended June 30</u>	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 2,203</u>	<u>\$ 565</u>	<u>\$ 4,139</u>	<u>\$ 1,202</u>
Expenses relating to low-value asset leases	<u>\$ 296</u>	<u>\$ 226</u>	<u>\$ 558</u>	<u>\$ 488</u>
Total cash outflow for leases			<u>(\$ 17,255)</u>	<u>(\$ 14,181)</u>

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

16. BORROWINGS

a. Short-term loans

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Secured loans (Note 31)</u>			
Bank loans	\$ 350,000	\$ 280,000	\$ 200,000
<u>Unsecured loans</u>			
Bank loans	<u>948,376</u>	<u>650,000</u>	<u>420,000</u>
	<u>\$1,298,376</u>	<u>\$ 930,000</u>	<u>\$ 620,000</u>

The range of general working capital loan interest rates was 0.79% ~ 1.245%, 0.78% ~ 1.02% and 0.8% ~ 1.02% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

b. Long-term loans

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Unsecured loans</u>			
Bank loans	\$ 120,000	\$ 194,502	\$ 222,287
Less: Current portion matured within a year	(<u>120,000</u>)	(<u>90,572</u>)	(<u>73,072</u>)
Long-term borrowings	<u>\$ -</u>	<u>\$ 103,930</u>	<u>\$ 149,215</u>

The range of the long-term interest rates on bank loans was 1.080%, 1.175% ~ 1.25% and 1.175% ~ 1.25% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

17. NOTES AND ACCOUNTS PAYABLE

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes payable	\$ -	\$ 479	\$ 479
Accounts payable	<u>304,415</u>	<u>501,601</u>	<u>282,797</u>
	<u>\$ 304,415</u>	<u>\$ 502,080</u>	<u>\$ 283,276</u>

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

18. OTHER PAYABLES

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Other payables	\$ 340,564	\$ 301,200	\$ 141,992
Dividend payable	503,530	-	201,412
Payable for constructions	12,669	16,935	4,215
Payable for purchases of equipment	<u>40,557</u>	<u>22,851</u>	<u>14,539</u>
	<u>\$ 897,320</u>	<u>\$ 340,986</u>	<u>\$ 362,158</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined contribution and benefit plans recognized from April 1 to June 30, 2022 and 2021 and from January 1 to June 30, 2022 and 2021 are calculated based on the pension cost rates determined by actuarial calculation on December 31, 2021 and 2020, and the amount was NT\$ 189 thousand, NT\$ 224 thousand, NT\$ 377 thousand and NT\$ 356 thousand respectively.

20. EQUITY

a. Capital stock

Ordinary shares

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Authorized shares (in thousands)	120,000	120,000	120,000
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousands)	100,706	100,706	100,706
Issued capital	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

b. Capital Surplus

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Capital stock may be used to offset a deficit, distributed or transferred as cash dividends (1)</u>			
Issuance of ordinary shares	\$ 669,199	\$ 870,611	\$ 971,317
Donations (Note 30)	37,043	34,043	34,143
<u>May be used to offset a deficit only</u>			
Exercised employee share options (2)	54,804	54,804	54,804
Expired employee share options (2)	2,151	2,151	2,151
Others - exercise of vesting rights	30	-	-
Recognition of changes in ownership interests in subsidiaries (3)	(859)	(859)	-
	<u>\$ 762,368</u>	<u>\$ 960,750</u>	<u>\$ 1,062,415</u>

1. Capital surplus in excess of par or from donations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred once a year to Capital stock within a certain percentage of the Company's paid-in capital.
2. The capital surplus resulting from exercised or expired employee share options shall only be used to offset a deficit.
3. This type of capital surplus is the amount of equity transaction impact recognized due to changes in the company's equity when the company has not actually acquired or disposed of equity in a subsidiary company, or the adjusted amount recognized by the company using the equity method to recognize the capital reserves of subsidiaries

c. Retained Earnings and Dividends Policy

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

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

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

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

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

The appropriations of earnings for the fiscal years 2021 and 2020 were approved in the shareholders' meetings on June 16, 2022 and July 5, 2021 as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Legal capital reserve	<u>\$ 67,034</u>	<u>\$ 40,984</u>
Special capital reserve	<u>\$ 21,446</u>	<u>\$ 47,054</u>
Cash dividends	<u>\$ 302,118</u>	<u>\$ 201,412</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>	<u>\$ 2.0</u>

The appropriations of 2021 quarterly earnings have been approved by the Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	<u>Fourth Quarter of 2021</u>	<u>Third Quarter of 2021</u>	<u>Second Quarter of 2021</u>	<u>First Quarter of 2021</u>
Resolution Date of the Company's Board of Directors in its Meeting	February 25, 2022	November 5, 2021	August 6, 2021	May 5, 2021
Cash dividends to shareholders	<u>\$ 302,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company's regular shareholders' meetings resolved on July 17, 2022 and July 5, 2021 to issue cash out of the capital reserves NT\$ 201,412 thousand and NT\$ 100,706 thousand respectively, and to issue cash dividends per share at NT\$ 2.0 and NT\$ 1.0 respectively.

The quarterly appropriation of earnings and the Earnings per Share (EPS) for 2022 were approved by the Board of Directors respectively as follows:

	<u>4.1.-6.30.2022.</u>	<u>1.1.-3.31.2022.</u>
Date resolved by the Board of Directors	August 6, 2022	May 5, 2022
Cash Dividend	\$ _____	\$ _____
EPS Cash (NT\$)	\$ _____	\$ _____
d. Special capital reserve		
	Six-months Ended	Six-months Ended
	June 30,2022	June 30, 2021
Beginning Balance	\$ 103,348	\$ 56,293
Recognized Special Revenue		
Recognized other deductible equity items	21,446	-
Ending Balance	<u>\$ 124,794</u>	<u>\$ 56,293</u>
e. Non-controlling interests (Minority Interests)		
	Six-months Ended	Six-months Ended
	June 30,2022	June 30, 2021
Beginning Balance	\$ 31,886	\$ -
Current Net Profit	969	(171)
Non-controlling interests gained from subsidiaries (Note25)	-	15,208
Ending Balance	<u>\$ 32,855</u>	<u>\$ 15,037</u>

21. REVENUE

	<u>Three Month Ended June 30</u>		<u>Six-month Ended June 30</u>	
	2022	2021	2022	2021
Revenue from sale of goods	\$ 1,487,848	\$ 951,731	\$ 3,101,366	\$ 1,915,231
Construction contract revenue	59,118	38,466	98,212	44,760
	<u>\$ 1,546,966</u>	<u>\$ 990,197</u>	<u>\$ 3,199,578</u>	<u>\$ 1,959,991</u>

Contract Balances

	<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	2022	2021	2021
Contract assets			
Properties construction - current	\$ 7,604	\$ 8,200	\$ 17,562
Properties construction - noncurrent	-	-	2,009
	<u>\$ 7,604</u>	<u>\$ 8,200</u>	<u>\$ 19,571</u>
Contract liabilities	\$ 154,440	\$ 182,441	\$ 157,807
Properties construction - current	1,826	20,790	12,047
Sale of goods- current	<u>\$ 156,266</u>	<u>\$ 203,231</u>	<u>\$ 169,854</u>

22. NET PROFIT

a. Other Income

	<u>Three Month Ended June 30</u>		<u>Six-month Ended June 30</u>	
	2022	2021	2022	2021
Rendering of services	\$ 4,262	\$ 4,217	\$ 8,548	\$ 8,446
Subsidy income	-	-	-	3,500
Others	4,654	2,643	9,181	5,665
	<u>\$ 8,916</u>	<u>\$ 6,860</u>	<u>\$ 17,729</u>	<u>\$ 17,611</u>

b. Other Gains and Losses

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Loss for disposal of Properties, plants and equipment	\$ 6	(\$ 269)	\$ 6	(\$ 269)
Gain from disposal of subsidiaries	-	424	-	424
Investment gains recognized by equity method of accounting	-	22,797	-	22,797
Net foreign exchange loss	13,661	(7,753)	27,433	(8,046)
Loss of financial assets at fair value through profit or loss	(53)	-	(53)	-
Others	(5)	(10)	(29)	(10)
	<u>\$ 13,609</u>	<u>\$ 15,189</u>	<u>\$ 27,357</u>	<u>\$ 14,896</u>

c. Depreciation

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Properties, plants and equipment	\$ 68,987	\$ 62,559	\$ 135,015	\$ 126,325
Right-of-use assets	6,547	6,648	13,049	12,887
	<u>\$ 75,534</u>	<u>\$ 69,207</u>	<u>\$ 148,064</u>	<u>\$ 139,212</u>
Analysis of depreciation by function				
Operating costs	\$ 65,304	\$ 62,043	\$ 129,557	\$ 125,530
Operating expenses	10,230	7,164	18,507	13,682
	<u>\$ 75,534</u>	<u>\$ 69,207</u>	<u>\$ 148,064</u>	<u>\$ 139,212</u>

d. Employee Benefits Expense

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Post-employment benefits	\$ 3,579	\$ 2,984	\$ 6,865	\$ 5,885
Defined contribution plans	189	11	377	356
Defined benefit plans (Note 19)				
Short-term benefits	104,336	84,340	223,699	164,578
Salaries	9,310	7,377	17,090	14,259
Labor and health insurance	15,506	12,139	39,329	24,377
Others	<u>\$ 132,920</u>	<u>\$ 106,851</u>	<u>\$ 287,360</u>	<u>\$ 209,455</u>
Total employee benefits expense				
Analysis of employee benefits expense by function				
Operating costs	\$ 65,627	\$ 51,208	\$ 133,735	\$ 103,598
Operating expenses	67,293	55,643	153,625	105,857
	<u>\$ 132,920</u>	<u>\$ 106,851</u>	<u>\$ 287,360</u>	<u>\$ 209,455</u>

e. Employees' Compensation and Remuneration of Directors and Supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of 1%~3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the six-month period ended June 30, 2022 and 2021, which was approved by the Board of Directors, respectively, were as follows:

Estimation ratio

	<u>Six-months Ended June 30, 2022</u>	<u>Six-months Ended June 30, 2021</u>
Employees' compensation	1.61%	2.26%
Remuneration of directors and supervisors	1.61%	2.26%

Amount

	<u>Three Month Ended June 30</u>		<u>Six-month Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Employees' compensation	<u>\$ 4,000</u>	<u>\$ 3,400</u>	<u>\$ 12,450</u>	<u>\$ 6,030</u>
Remuneration of directors and supervisors	<u>\$ 4,000</u>	<u>\$ 3,400</u>	<u>\$ 12,450</u>	<u>\$ 6,030</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 25, 2022 and February 26, 2021, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for the fiscal years 2021 and 2020 are as respectively follows:

	<u>For the Fiscal Year</u>	
	<u>2021</u>	<u>2020</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 16,588	\$ 10,547
Remuneration of directors and supervisors	16,588	10,547

The Company held Board of Directors' Meetings on February 25, 2022 and February 26, 2021, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for the fiscal years 2022 and 2021 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, respectively. Since the difference was not significant, therefore, it was adjusted to profit and loss for the years ended December 31, 2022 and 2021 respectively.

	<u>For the Year Ended December 31</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Employees' compensation</u>	<u>Remuneration of directors and supervisors</u>	<u>Employees' compensation</u>	<u>Remuneration of directors and supervisors</u>
Amounts approved in the Board of Directors' meeting	<u>\$ 16,588</u>	<u>\$ 16,588</u>	<u>\$ 10,547</u>	<u>\$ 10,547</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 16,600</u>	<u>\$ 16,600</u>	<u>\$ 9,800</u>	<u>\$ 9,800</u>

Information on the employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2022 and 2021 approved by the Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Finance Costs

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 3,398	\$ 1,479	\$ 6,210	\$ 3,162
Interest on lease liabilities	<u>215</u>	<u>276</u>	<u>451</u>	<u>562</u>
	<u>\$ 3,613</u>	<u>\$ 1,755</u>	<u>\$ 6,661</u>	<u>\$ 3,724</u>

g. Gains or Losses on Foreign Currency Exchange

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 35,007	\$ 4,432	\$ 50,949	\$ 11,802
Foreign exchange losses	(<u>21,346</u>)	(<u>12,185</u>)	(<u>23,516</u>)	(<u>19,848</u>)
Net losses	<u>\$ 13,661</u>	<u>(\$ 7,753)</u>	<u>\$ 27,433</u>	<u>(\$ 8,046)</u>

23. INCOME TAXES

a. Income Tax Recognized in Profit or Loss

Income tax expense consisted of the following:

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 73,555	\$ 19,927	\$ 150,098	\$ 45,255
Adjustments for prior periods	(<u>2,967</u>)	(<u>4,700</u>)	(<u>1,983</u>)	(<u>4,070</u>)
	<u>70,588</u>	<u>15,227</u>	<u>148,115</u>	<u>41,185</u>
Deferred tax				
In respect of the current period	<u>663</u>	<u>2,284</u>	<u>2,494</u>	<u>3,333</u>
Income tax expense recognized In the profit and loss	<u>\$ 71,251</u>	<u>\$ 17,511</u>	<u>\$ 150,609</u>	<u>\$ 44,518</u>

b. Income Tax Assessments

The Income tax returns of the Company, the San Fu Biotech Co., Ltd. and the International Nitto Technology Company Limited up to the fiscal year 2020, and the income tax returns of Lifu Carbonic Acid Co., Ltd. up to the fiscal year 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	Unit: NT\$ Per Share			
	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Basic earnings per share				
Basic earnings per share	<u>\$ 2.76</u>	<u>\$ 1.14</u>	<u>\$ 6.00</u>	<u>\$ 2.14</u>
Diluted earnings per share				
Diluted earnings per share	<u>\$ 2.76</u>	<u>\$ 1.14</u>	<u>\$ 6.00</u>	<u>\$ 2.14</u>

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

Net Profit for the Periods

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Net Profit attributed to the Owner of the Company	<u>\$ 277,824</u>	<u>\$ 114,943</u>	<u>\$ 604,533</u>	<u>\$ 215,728</u>

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

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,706	100,706	100,706	100,706
Effect of potentially dilutive ordinary shares				
Employees' compensation	<u>79</u>	<u>94</u>	<u>114</u>	<u>146</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,785</u>	<u>100,800</u>	<u>100,820</u>	<u>100,852</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. AMALGAMATION OF COMPANIES

a. Acquisition of Subsidiary

	Major Operating Activity	Acquisition Date	Ownership with Voting Rights/ Acquisition Ratio (%)	Transfer Consideration
Lifu Carbonic Acid Co., Ltd.	Carbon dioxide manufacturing plant	May 10, 2022	62%	<u>\$ 70,060</u>

The main purpose of this acquisition is to increase the company's customer base and operate carbon dioxide business, which will bring performance growth, increase profits and create more value to the company's merger.

b. Assets Acquired and Liabilities Assumed on the Acquisition Date

	<u>Lifu Carbonic Acid Co., Ltd.</u>
Current assets	
Cash and cash equivalents	\$ 13,283
Other	59
Noncurrent assets	
Real estate, plant and equipment	112,426
Other	17
Current liabilities	
Other	(323)
Noncurrent liabilities	
Deferred income tax liabilities	(8,474)
	<u>\$ 116,988</u>

c. Non-controlling Interests (Minority Interests)

The non-controlling interest (13% ownership interest) of Lifu Carbonic Acid Co., Ltd. was measured at the fair value of the identifiable net assets at the acquisition date of NT\$ 116,988 thousand

d. Bargain Purchase Gain Arising from Acquisitions

	<u>Lifu Carbonic Acid Co., Ltd.</u>
Transfer consideration	\$ 70,060
Add: Measure the original equity of Lifu Carbonic Acid based on fair value (*Note)	31,348
Add: Non-controlling interests	15,208
Less: The fair value of the identifiable net assets obtained	(116,988)
Cheap purchase benefits arising from acquisitions	(372)

The bargain purchase gain arising from the acquisition of Lifu Carbonic Acid Co., Ltd. was the difference between the transfer consideration and the fair value of the identifiable net assets obtained from the acquisition, and this bargain purchase gain was recognized as the current profit and loss.

*Note: The fair value was estimated using the income method, and the main assumptions used to determine the fair value were as follows:

1. The discount rate was 7.2%,
2. The long-term sustained growth rates were 4.2% to 5.5%, and
3. Adjustments to factors considered by market participants (including the lack of market liquidity of the stock, etc.).

e. Net Cash Outflow from Acquiring Subsidiaries

	<u>Lifu Carbonic Acid Co., Ltd.</u>
Cash payment consideration	(\$ 70,060)
Less: cash obtained and cash equivalent balance	13,283
	<u>(\$ 56,777)</u>

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sanfu Biotech Co., Ltd. increased its capital in cash on December 20, 2021 and issued shares to be subscribed by its employees pursuant to the applicable laws and regulations, resulting in a decrease in the shareholding ratio of the merged company from 100% to 93.48%.

	<u>Sanfu Biotech Co., Ltd.</u>
Cash consideration received	\$ 15,000
The carrying amount of the subsidiary's net assets is calculated based on the change in relative equity and the amount to be transferred out of non-controlling interests	(<u>15,859</u>)
Equity trade difference	(<u>859</u>)
<u>Adjustment for equity trade difference</u>	
Capital reserve - recognition of changes in ownership equity of subsidiaries	(<u>859</u>)

27. NON-CASH TRANSACTION

For the six-month period ended June 30, 2022 and 2021, the Company engaged in the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

- a. The Company reclassified and paid for property, plant and equipment partly for the six-month period ended June 30, 2022 and 2021 were as follows (please refer to Notes 14 and 18):

	<u>Six-month Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Prepayments for equipment transferred (reclassification)	<u>\$ 67,814</u>	<u>\$ 39,538</u>
Acquire subsidiary assets	<u>\$ -</u>	<u>\$ 112,426</u>
(Increase) Decrease in payments for equipment and constructions	(\$ 13,440)	\$ 9,374
Purchase property, plant and equipment	<u>450,589</u>	<u>97,770</u>
Paid in cash by acquiring property, plant and equipment	<u>\$ 437,149</u>	<u>\$ 107,144</u>

- b. The cash dividends distributed by the resolutions of the shareholders' meeting and the Board of Directors' meeting have not yet been paid on June 30, 2022 and June 30, 2021. (Refer to Notes 18 and 20)

28. CAPITAL RISK MANAGEMENT

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

As for the strategy of the Company' capital structure management, the Company set its suitable market share according to its industry scale, the growth of the industry and the blueprint of the product development. The Company estimate the required capacity, the equipment and related capital expenditure to be used. Then the Company calculate the working capitals and cash based on the industry character to support a complete plan for its long-term development. Finally, the Company estimate 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 adopt a prudent risk management strategy.

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair Value Hierarchy

	Level 1	Level 2	Level 3	Total
<u>June 30, 2022</u>				
<u>Financial assets at FVTOCI</u>				
Derivatives - Foreign Exchange				
Option Contracts	\$ -	\$ 7,765	\$ -	\$ 7,765
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 25,153	\$ -	\$ -	\$ 25,153
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	56,817	56,817
Total	<u>\$ 25,153</u>	<u>\$ -</u>	<u>\$ 63,515</u>	<u>\$ 88,668</u>

<u>December 31, 2021</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 27,297	\$ -	\$ -	\$ 27,297
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	52,917	52,917
Total	<u>\$ 27,297</u>	<u>\$ -</u>	<u>\$ 59,615</u>	<u>\$ 86,912</u>

	Level 1	Level 2	Level 3	Total
<u>June 30, 2021</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 36,639	\$ -	\$ -	\$ 36,639
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	102,568	102,568
Total	<u>\$ 36,639</u>	<u>\$ -</u>	<u>\$ 109,266</u>	<u>\$ 145,905</u>

There were no transfers of financial assets at FVTOCI between Levels 1 and 2 for the period from January 1 to June 30 in the fiscal years 30, 2022 and 2021.

2) Financial Instruments Applied for Level 3 Adjustment At FVTOCI

	Financial assets at FVTOCI Through other comprehensive income	
	1.1-6.30. 2022	1.1.-6.30.2021
<u>Financial assets – Equity instrument</u>		
Beginning balance	\$ 59,615	\$ 110,451
Foreign exchange difference	<u>3,900</u>	<u>(1,185)</u>
Ending balance	<u>\$ 63,515</u>	<u>\$ 109,266</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

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

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

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

	June 30, 2022	June 30, 2021
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:

	June 30, 2022	June 30, 2021
Discount for lack of marketability 1% decrease	<u>\$ 78</u>	<u>\$ 86</u>
Non-controlling interests discount 1% decrease	<u>\$ 73</u>	<u>\$ 80</u>

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

c. Categories of Financial Instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Measured at fair value through other comprehensive income	\$ 7,765	\$ -	\$ -
Financial assets at amortized cost (Note 1)	2,555,961	2,367,320	1,883,749
Financial assets at FVTOCI-			
Equity instrument investment	88,668	86,912	145,905
<u>Financial liabilities</u>	2,621,645	1,971,338	1,490,476
Financial liabilities at amortized cost (Note 2)			

Note 1) The balances include loans and receivables at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, account and notes receivables, and receivables from related parties.

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

d. Financial Risk Management Objectives and Policies

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

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

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

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

1) Market Risk

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

a) Foreign Currency Risk

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

To manage risks within an acceptable level, the Company use the natural hedge against its currency risk. The Company monitor and evaluate the movements of exchange rates and the weakness or strength of a currency's performance in line with natural hedging.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities which were not in the same functional currency as the Company's entity at the end of the reporting period are shown in Note 32.

Sensitivity Analysis

The Company were mainly exposed to the U.S. dollar.

The following table shows the Company's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency of the Company) against the relevant foreign currencies. A 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and was adjusted at the end of the reporting period for a 5% change in foreign

currency rates. The number in the table indicates the change in pretax profit associated with the 5% appreciation of the New Taiwan dollar against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be positive.

Unit: Thousand NT\$

**The Impact of The New Taiwan Dollar
on The US Dollar
Six Months Ended June 30**

	<u>2022</u>	<u>2021</u>
Profit or loss	<u>\$25,088</u> (i)	<u>\$ 12,419</u> (i)

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

b) Interest Rate Risk

The Company are exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for the period from January 1 to June 30 in the fiscal years 2022 and 2021 were \$ 6,661 thousand and \$ 3,724 thousand respectively, which only constitute 0.21% and 0.19% of consolidated net sales revenue. Therefore, the interest rate risk has no significant impact on the Company.

The carrying amounts of the Company' financial liabilities with exposure to interest rates at the end of the balance sheet reporting period were as follows:

	Unit: Thousand NT\$		
	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
Fair value interest rate risk			
Financial liabilities	\$ 1,213,573	\$ 967,367	\$ 605,779
Cash flow interest rate risk			
Financial liabilities	268,376	229,502	312,287

Sensitivity Analysis

The sensitivity analysis was determined based on the Company' 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' pre-tax profit for the six-month period from January 1 to June 30 in the fiscal years 2022 and 2021 would decrease/increase by \$ 67 thousand and \$ 78 thousand, respectively.

c) Other Price Risks

The Company are exposed to price risk due to equity securities investment of domestic listed companies. The Company have established an immediate control mechanism and are therefore not expected to have significant price risk.

Sensitivity Analysis

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the six-month period from January 1 to June 30 in the fiscal years 2022 and 2021 would have increased/decreased by \$ 4,433 thousand and \$ 7,295 thousand respectively, because of the changes in fair value of financial assets at FVTOCI.

2) Credit Risk

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

Apart from the companies A, B and C of the Company, the Company have no significant credit risk exposure from any single counterparty or any group of counterparties with similar characteristics. Apart from the companies A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The credit risk is expected to be immaterial as the companies A, B and C are all reliable and trustworthy counterparties.

3) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manage in liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of June 30, 2022, and December 31, 2021 and June 30, 2021, the Company had available unutilized short-term bank loan facilities in the amount of \$ 2,239,290 thousand, \$ 746,415 thousand and \$ 949,275 thousand, 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.

June 30, 2022

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

Additional information about the maturity analysis for lease liabilities

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

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$ 2,154	\$ 4,201	\$ 17,288	\$ 29,592	\$ 21,938
Variable interest rate liabilities	-	57,643	67,929	103,930	-
Fixed interest rate liabilities	<u>595,000</u>	<u>280,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
	<u>\$597,154</u>	<u>\$341,844</u>	<u>\$105,217</u>	<u>\$133,522</u>	<u>\$ 21,938</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 23,643</u>	<u>\$ 29,592</u>	<u>\$ 21,938</u>

June 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$ 2,083	\$ 3,687	\$ 14,056	\$ 35,093	\$ 24,027
Variable interest rate liabilities	90,000	5,143	67,929	149,215	-
Fixed interest rate liabilities	<u>260,000</u>	<u>170,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>\$352,083</u>	<u>\$178,830</u>	<u>\$181,985</u>	<u>\$184,308</u>	<u>\$ 24,027</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	<u>\$ 19,826</u>	<u>\$ 35,093</u>	<u>\$ 24,027</u>	<u>\$ -</u>

30. RELATED PARTY TRANSACTIONS

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

a. Related Party Name and Categories

Related Party Name	Related Party Categories
San Fu Global Ltd.	Investors with significant influence over the Company
Zhang Chun Ming	Investors with significant influence over the Company
Lifu Carbonic Acid Co., Ltd.	Affiliated companies (Acquisition Subsidiary on May 10, 2021)
Hongchong Enterprise Co., Ltd.	Affiliated companies
China Fangda (International) Investment Development Corporation	Affiliated companies
Sanfuming Electronic Material Co., Ltd.	Joint venture
Fulu Cultural Foundation	Other related party

b. Sales of Goods

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
<u>Sales</u>				
Joint ventures	\$ <u>76</u>	\$ <u>2,627</u>	\$ <u>235</u>	\$ <u>4,888</u>
<u>Purchase</u>				
Affiliated companies	\$ 1,461	\$ 2,642	\$ 3,685	\$ 5,168
Joint ventures	<u>-</u>	<u>1</u>	<u>-</u>	<u>83</u>
	<u>\$ 1,461</u>	<u>\$ 2,643</u>	<u>\$ 3,685</u>	<u>\$ 5,251</u>
<u>Service revenue</u> (recognized as other income)				
Joint ventures				
Sanfuming Electronic Material Co., Ltd.	\$ <u>1,748</u>	\$ <u>1,517</u>	\$ <u>3,334</u>	\$ <u>3,046</u>
<u>Service expense</u> (recognized as other expense)				
Investors with significant influence over the Company	\$ <u>285</u>	\$ <u>285</u>	\$ <u>571</u>	\$ <u>571</u>
<u>Donation fee</u>				
Other related party				
Fulu Culture	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,000</u>	\$ <u>-</u>

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

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
<u>Receivables from related parties</u>			
Joint ventures	\$ 687	\$ 15,935	\$ 2,742
<u>Other receivables from related parties</u>			
Investors with significant influence	3,000	-	6,224
Joint ventures	<u>6,841</u>	<u>3,692</u>	<u>3,046</u>
	<u>\$ 10,528</u>	<u>\$ 19,627</u>	<u>\$ 12,012</u>
<u>Payables to related parties</u>			
Investors with significant influence	\$ -	\$ 300	\$ -
Affiliated companies	<u>1,534</u>	<u>3,470</u>	<u>2,755</u>
	<u>\$ 1,534</u>	<u>\$ 3,770</u>	<u>\$ 2,755</u>

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

c. Lease Arrangements

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
Lease liabilities	Investors with significant influence			
	Sanfu Global Co., Ltd.	\$ 39,900	\$ 43,159	\$ 42,760
	Others	<u>343</u>	<u>1,019</u>	<u>1,525</u>
		<u>\$ 40,243</u>	<u>\$ 44,178</u>	<u>\$ 44,285</u>

Related Party Category/Name	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Interest Expense				
Investors with significant influence				
Sanfu Global Co., Ltd.	\$ 105	\$ 112	\$ 214	\$ 228
Others	<u>1</u>	<u>4</u>	<u>3</u>	<u>9</u>
	<u>\$ 106</u>	<u>\$ 116</u>	<u>\$ 217</u>	<u>\$ 237</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 \$3,000 thousand and \$6,224 thousand for the six-month period from January 1 to June 30, 2022 and 2021 respectively, and the revenue was credited in capital surplus-donations.

e. Compensation of Key Management Personnel

	Three Month Ended June 30		Six-month Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 13,382	\$ 10,206	\$ 22,260	\$ 21,149
Post-employment benefits	<u>387</u>	<u>360</u>	<u>765</u>	<u>731</u>
	<u>\$ 13,769</u>	<u>\$ 10,566</u>	<u>\$ 23,025</u>	<u>\$ 21,880</u>

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

31. PLEDGED ASSETS AS COLLATERAL OR FOR SECURITY

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

	June 30, 2022	December 31, 2021	June 30, 2021
Pledged deposits (classified as financial assets at amortized cost)	\$ 222,400	\$ 222,400	\$ 222,400
Land	40,349	40,349	40,349
Buildings, net	<u>43,637</u>	<u>45,443</u>	<u>47,248</u>
	<u>\$ 306,386</u>	<u>\$ 308,192</u>	<u>\$ 309,997</u>

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of each individual group entity of the Company denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30, 2022

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$17,698	29.670	(USD: NTD)	\$ 525,100
JPY	549,085	0.216	(JPY: NTD)	118,712
 <u>Non-monetary items</u>				
Investments in affiliated companies and joint ventures using the equity method				
CNY	96,396	0.149	(CNY: USD)	426,870
VND	31,223,904	0.0013	(VND: NTD)	39,186
 <u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	784	29.77	(USD: NTD)	23,340
JPY	120,512	0.220	(JPY: NTD)	26,537

December 31, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$13,099	27.630	(USD: NTD)	\$ 361,925
JPY	656,637	0.239	(JPY: NTD)	156,608
 <u>Non-monetary items</u>				
Investments in affiliated companies and joint ventures using the equity method				
CNY	93,249	0.149	(CNY: USD)	404,839
VND	30,943,933	0.0012	(VND: NTD)	36,978
 <u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	1,706	27.730	(USD: NTD)	47,307
JPY	149,248	0.243	(JPY: NTD)	36,193

June 30, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$10,422	27.81	(USD: NTD)	\$ 289,836
JPY	128,128	0.250	(JPY: NTD)	32,045
 <u>Non-monetary items</u>				
Investments in affiliated companies and joint ventures using the equity method				
CNY	80,734	0.155	(CNY: USD)	348,177
VND	31,045,188	0.0012	(VND: NTD)	37,099
 <u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	1,485	27.91	(USD: NTD)	41,446

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

For the three-month period				
From April 1 to June 30, 2022			From April 1 to June 30, 2021	
<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Losses</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Losses</u>
USD	29.67 (USD: NTD)	\$ 26,276	27.81 (USD: NTD)	(\$ 3,523)
JPY	0.216 (JPY: NTD)	(3,348)	0.250 (JPY: NTD)	-

For the six-month period				
From January 1 to June 30, 2022			From January 1 to June 30, 2021	
<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Losses</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Losses</u>
USD	29.67 (USD: NTD)	\$ 17,568	27.81 (USD: NTD)	(\$ 3,523)
JPY	0.216 (JPY: NTD)	(5,977)	0.250 (JPY: NTD)	-

33. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

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

b. Information on investees: See Table 6 attached;

- c. Information on investments in Mainland China
- 1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: See Table 7 attached;
 - 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
 - d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 8 attached;

34. OPERATING SEGMENT INFORMATION

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

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

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

a. Segment Revenue and Results

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

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write off by Segment</u>	<u>Total</u>
<u>For the six-month period from January 1 to June 30, 2022</u>				
Revenue of general customers	\$ 2,478,077	\$ 721,501	\$ -	\$ 3,199,578
Revenue of segment	-	<u>42,455</u>	(<u>42,455</u>)	-
Total	<u>\$ 2,478,077</u>	<u>\$ 763,956</u>	<u>(\$ 42,455)</u>	<u>\$ 3,199,578</u>
Profit from operations	<u>\$ 672,879</u>	<u>(\$ 4,178)</u>	<u>\$ -</u>	\$ 668,701
Other income				17,729
Other gain and losses				27,357
Financial cost				(6,661)
Profit and loss share of affiliates and joint ventures using the equity method				47,750
Interest income				<u>1,235</u>
Income before income tax				<u>\$ 756,111</u>

For the six-month period from January 1 to June 30, 2021

Revenue of general customers	\$ 1,424,577	\$ 535,414	\$ -	\$ 1,959,991
Revenue of segment	-	<u>30,077</u>	(<u>30,077</u>)	-
Total	<u>\$ 1,424,577</u>	<u>\$ 565,491</u>	<u>(\$ 30,077)</u>	<u>\$ 1,959,991</u>
Profit from operations	<u>\$ 232,021</u>	<u>(\$ 28,500)</u>	<u>\$ -</u>	\$ 203,521
Other income				17,611
Other gain and losses				14,896
Financial cost				(3,724)
Profit and loss share of affiliates and joint ventures using the equity method				26,775
Interest income				624
Bargain purchase gain- Acquiring a subsidiary				<u>372</u>
Income before income tax				<u>\$ 260,075</u>

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

b. Segment Total Assets and Liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Segment assets</u>			
Fine chemicals	\$ 4,540,245	\$ 4,430,791	\$ 3,303,312
Basic chemicals	1,964,488	1,368,074	1,591,002
Investment	<u>861,445</u>	<u>776,711</u>	<u>778,573</u>
Consolidated total assets	<u>\$ 7,366,178</u>	<u>\$ 6,575,576</u>	<u>\$ 5,672,887</u>

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCING PROVIDED

FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

TABLE 1

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	Other receivables	Y	\$ 250,000	\$ 250,000	\$ -	-	Short-term financing required	\$ -	Operating capital	\$ -	-	\$ -	\$ 429,825	\$ 1,719,304	(Note 3)
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	250,000	250,000	-	-	Short-term financing required	-	Operating capital	-	-	-	429,825	1,719,304	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	300,000	300,000	124,824 (USD4,200,000) (Note 4)	1%~ 1.25%	Short-term financing required	-	Operating capital	-	-	-	429,825	1,719,304	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	Other receivables	Y	300,000	300,000	4,755 (USD160,000) (Note 4)	1%	Short-term financing required	-	Operating capital	-	-	-	429,825	1,719,304	(Note 3)

Note 1: The items are numbered as follows:

- a. Issuer is numbered as "0".
- b. Investee companies are numbered from "1".

Note 2: The maximum amount for financing provided to others:

- a. The maximum amount of financing provided by the Company shall not exceed 40% of the Company's net worth.
- b. The maximum amounts of financing provided by the Company and its subsidiaries are as follows:
 - i. The maximum amount of financing provided to all businesses shall not exceed 10% of the Company's net worth. The maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth, and the gross transaction amount (the higher of purchase amount or sales amount between the two parties) for the past year.
 - ii. In the case of financing companies with short-term financing needs, the maximum amount of financing provided to such companies shall not exceed 40% of their net worth, the maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth.

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

Note 4: Calculated based on the foreign currency exchange rate dated June 30, 2022 (USD\$1 = NT\$ 29.72)

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GURANTEES PROVIDED

FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

TABLE 2

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsemen t/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 429,825	\$ 250,000	\$ 250,000	\$140,000	\$ -	5.82 %	\$ 1,719,304	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	429,825	300,000	300,000	178,320	-	6.98 %	1,719,304	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	429,825	300,000	300,000	178,320	-	6.98 %	1,719,304	Y	N	N	

Note 1: The items are numbered as follows:

- a. Issuer is numbered as "0".
- b. Investee companies are numbered from "1".

Note 2: The maximum amount for guarantees provided to others:

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

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

JUNE 30, 2022

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

TABLE 3

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	As of June 30, 2022				Note
				Shares/Units (in Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
San Fu Chemical Co., Ltd.	E'Dale Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	Note (2)
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	25,153	0.45%	25,153	
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	56,817	2.40%	56,817	

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

Note 2: The fair value is calculated based on closing prices on June 30, 2022.

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$ 300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR SIX MONTHS ENDED JUNE 30, 2022
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 4

Securities Purchased/ Sold by	Marketable Securities Type & Name	Financial Statement Account	Trading Purpose	Relation-ship	Beginning Balance		Acquisition		Adjustment (Note 1)	Sale				Ending Balance	
					Quantity of Shares	Amount	Quantity of Shares	Amount		Quantity of Shares	Selling Price	Carrying Value	Gain (Loss) on Disposal	Quantity of Shares	Amount
San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Investment accounted for using equity method	Cash Capital Increase	Subsidiary	40,000,000	\$ 383,192	25,000,000	\$ 250,000	(\$ 11,670)	-	\$ -	\$ -	\$ -	-	\$ 621,522

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

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

San Fu Chemical Co., Ltd. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

TABLE 5

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Payment Terms	% of Total Sales or Assets
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	1	Accounts receivable - parties, net	\$ 9,220	90 days after the invoice date	0.13%
				Other receivables - parties, net	4,491	According to the contract	0.06%
				Sales revenue	16,751	90 days after the invoice date	0.52%
				Accounts payable - parties, net	8,640	90 days after the invoice date	0.12%
				Purchase	10,971	90 days after the invoice date	0.34%
		Purchase		14,733	90 days after the invoice date	0.46%	
		Lifu Carbonic Acid Co., Ltd.					

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

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

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES

FOR SIX MONTHS ENDED JUNE 30, 2022

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

TABLE 6

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Shares (in Thousands)	Percentage of Ownership	Carrying Value			
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$2,351 thousand	US\$2,351 thousand	2,350,840	100%	\$ 548,482	\$ 41,726	\$ 41,726	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	investing in industrial gas production	US\$13,650 thousand	US\$13,650 thousand	-	100%	355,479	(16,156)	(16,156)	
	VinaSanFu Material Company Limited	Vietnam	investing in the production of chemical materials	US\$12,200 thousand	US\$12,200 thousand	-	100%	317,956	(10,270)	(10,270)	Note 1, Note 4
	San Fu Biotech Co., Ltd.	Taiwan	investing in the manufacture and sale of food additives	210,000	210,000	21,500,000	93%	271,179	21,425	20,028	Note 1
	International Nitto Technology Co., Ltd	Taiwan	investing in electronic component manufacturing business	727,904	477,904	65,000,000	100%	621,522	(11,670)	(11,670)	
	Hongchong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	12,956	(1,445)	(722)	
	Lifu Carbonic Acid Co., Ltd.	Taiwan	investing in carbon dioxide gas, carbonic acid fire extinguisher, dry ice manufacturing and its sales and marketing	7,7253	7,7253	1,740	87%	93,259	(3,297)	(2,868)	Note 3
	Shian Yun Joint Stock Company	Vietnam	investing in industrial gas production	US\$1,232 thousand	US\$1,232 thousand	2,659,974	33.33%	39,186	2,161	720	
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	investing in the operation of international trade business	US\$2,151 thousand	US\$2,151 thousand	-	50%	426,870	95,505	47,752	
	Sino Star Holding Limited	Samoa	Investment activities	US\$1,868 thousand	US\$1,868 thousand	1,867,838	100%	57,847	-	-	Note 1
VinaSanFu Material Company Limited	Vinasanfu Materials Trading Co., Ltd	Vietnam	investing in the production of chemical materials	US\$160 thousand	-	-	100%	4,464	-	-	Note,1 Note 5

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

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

Note 3: Lifu Carbonic Acid Co., Ltd. began to be included as an entity affiliated to the Company for preparing the consolidated financial report since the acquisition date, May 10, 2021

Note 4: On December 20, 2021, the Company did not subscribe for the cash capital increase of Sanfu Biotech Co., Ltd. in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 100% to 93.48%.

Note 5: VinaSanfu Material Trading Co., Ltd has been included in the consolidated financial statement preparation entity since March 2011.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR SIX MONTHS ENDED JUNE 30, 2022

In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 7

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022 (Note 1)	Net Income (Loss) of the Investee	Percentage of Ownership %	Investment Gain (Loss) (Note 3 and Note 7)	Carrying Amount as of June 30, 2022 (Note 1)	Accumulated Inward Remittance of Earnings June 30, 2022
					Outflow	Inflow						
Sanfuming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 267,480 (US\$ 9,000,000) (Note 1 and Note 4)	Through the third company reinvest in mainland companies	\$ 19,348 (US\$ 651,000)	\$-	\$-	\$ 19,348 (US\$ 651,000)	\$ 95,505	50	\$ 47,752	\$ 426,870 (US\$ 14,363,000)	\$ -
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in the production and sales of chemical products	1,149,980 (RMB 260,000,000) (Note 2)		55,458 (US\$ 1,866,000)	-	-	55,458 (US\$ 1,866,000)	- (Note 7)	2.4		56,817 (US\$ 1,912,000)	-

Accumulated Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
\$173,386 (US\$ 5,834 thousand) (Notes 5 and 6)	\$284,093 (9,559 thousand)	\$2,598,668

Note 1: The exchange rate on June 30, 2022 was USD\$1=NT\$29.72

Note 2: The exchange rate on June 30, 2022 was RMB\$1=NT\$4.423

Note 3: The average exchange rate was based on the USD\$1=NT\$28.725 for the six-month period from January 1, 2022 to June 30, 2022.

Note 4: In April 2021, the company raised US\$651 thousand of capital (all new shares were subscribed by Hubei Xingfu Electronic Materials Co., Ltd.). In October 2012, the Company converted US\$1,698 thousand of retained earnings into capital stock. In April 2013, the Company increased its capital by US\$3,000 thousand, and in July 2018, the Company transferred US\$3,000 thousand of retained earnings into capital.

Note 5: This includes accumulated outward remittance for investments in Keyron Top Chemical (Shanghai) Co., Ltd. (US\$2,017 thousand). 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 thousand). The company was liquidated in January 2017.

Note 7: The financial assets are measured at fair value through other comprehensive profit or loss.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON MAJOR SHAREHOLDERS

JUNE 30, 2022

TABLE 8

Name of Major Shareholders	Shares	
	Total Shares owned	Ownership Percentage (%)
Sanfu Global Co., Ltd.	24,067,315	23.89%
Pilot Keymark SDN. BHD.	19,929,000	19.78%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The Capital stock in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.