

TSE: 4755

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively, the "Company") as of March 31, 2024 and 2023, the related consolidated balance sheets, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month then ended March 31, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IAS") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Opinion

As stated in Note 11 to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the consolidated financial statements for the same period have not been reviewed by accountants. Its total assets as of March 31, 2024 and 2023 were amounted to NT\$1,253,289,000 and NT\$902,815,000 respectively, which amounted to 16% and 12% of the Company's consolidated total assets respectively. The total liabilities were amounted to NT\$237,055,000 and NT\$117,325,000 respectively, which amounted to 7% and 4% of the consolidated total liabilities respectively. The total consolidated profit and loss for the quarterly reporting period from January 1 to March 31, 2024 and 2023 were amounted to (NT\$5,212,000) and (NT\$9,192,000) respectively, which amounted to (4%) and (11%) of the total consolidated comprehensive profit and loss respectively. In addition, as stated in Note 12 of the consolidated financial statements, the investment balance as of March 31, 2024 and 2023 of San Fu Chemical Co., Ltd. and its subsidiaries adopted equity method of accounting were amounted to NT\$449,555,000 and NT\$517,799,000 respectively. The amount of consolidated profits and losses of affiliated companies and joint ventures recognized by the equity method accounting from January 1 to March 31, 2024 and 2023 were amounted to NT\$18,450,000 and NT\$ 13,153,000 respectively, and the relevant information of the reinvestment business mentioned in the note 32 to the financial statements was based on the recognition and disclosure of the investee Company's financial statements during the same period without being reviewed by an accountant.

Conclusion

Based on our reviews and other Independent Auditors' Review Report (please refer to the following Other Mentionable Items), except for the relevant information disclosed in the financial statements of non-significant subsidiaries and investee companies that adopt the equity method as described in the basic paragraph of the reserved conclusions and the relevant information disclosed in Note 32, if reviewed by an accountant, the consolidated financial statements may be adjusted, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of San Fu Chemical Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Mentionable Items

Regarding the 2024 Q1 and 2023 Q1 Consolidated Financial Statements of San Fu Chemical Co., Ltd. and its Subsidiaries, the Financial Statements of its subsidiary Vina San Fu Industrial Gas Company Limited have not been reviewed by us, but by other auditor. Therefore, in the review report issued by us on the above-mentioned Consolidated Financial Statements, the amount listed in the aforementioned Company's financial statements is based on the review report reviewed by other auditor. The total assets of the above-mentioned subsidiary as of March 31, 2024 and March 31, 2023 was NT\$520,404,000 and NT\$531,795,000 respectively, represented 7% and 7% of the total consolidated assets respectively, and the net operating revenue as of March 31, 2024 and March 31, 2023 was NT\$31,062,000 and NT\$19,939,000 respectively, represented 3% and 2 % of the consolidated net operating revenue respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are GUO, Yu-Hung and HUANG, Guo-Ning.

Deloitte & Touche
Taipei, Taiwan
Republic of China

Accountant **GUO, Yu-Hung**

Accountant **HUANG, Guo-Ning**

Financial Supervisory Commission
License number: FSC-Audit-No.1110348898

Financial Supervisory Commission
License number: FSC-Audit-No.111000356048

Dated May 02, 2024

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

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of March 31, 2024, December 31 and March 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 466,956	6	\$ 489,222	6	\$ 668,095	9
1136	Financial assets at amortized cost-current (Note 8)	276,120	4	193,565	2	237,868	3
1140	Contract asset - current (Note 21)	14,199	-	10,347	-	8,622	-
1150	Notes receivable, net (Note 9)	41,203	-	37,815	1	43,571	1
1170	Accounts receivable, net (Notes 9)	1,066,524	14	1,290,632	17	1,228,775	16
1180	Receivable from related parties (Note 29)	9,876	-	12,820	-	13,349	-
130X	Inventories (Note 10)	714,890	9	678,661	9	651,067	9
1410	Prepayments (Note 21)	556,666	7	580,764	7	513,588	7
1220	Current income tax assets	124	-	124	-	79	-
1470	Other current assets	100,294	1	83,956	1	79,245	1
11XX	Total current assets	<u>3,246,852</u>	<u>41</u>	<u>3,377,906</u>	<u>43</u>	<u>3,444,259</u>	<u>46</u>
NONCURRENT ASSETS							
1517	Financial asset at fair value through other comprehensive income - noncurrent (Note 7)	159,528	2	161,197	2	151,922	2
1550	Investments accounted for using equity method (Note 12)	449,555	6	475,385	6	517,799	7
1600	Property, plant and equipment (Note 13)	3,446,778	44	3,415,372	44	3,082,746	42
1755	Right-of-use asset (Note 14)	303,078	4	128,246	2	134,305	2
1780	Intangible assets (Note 15)	135,708	2	139,458	2	-	-
1840	Deferred income tax assets	26,274	-	31,614	-	29,563	-
1915	Prepayments for equipment	41,024	1	40,487	1	72,749	1
1920	Refundable deposits	19,693	-	19,955	-	11,618	-
15XX	Total noncurrent assets	<u>4,581,638</u>	<u>59</u>	<u>4,411,714</u>	<u>57</u>	<u>4,000,702</u>	<u>54</u>
1XXX	TOTAL	<u>\$ 7,828,490</u>	<u>100</u>	<u>\$ 7,789,620</u>	<u>100</u>	<u>\$ 7,444,961</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term loans (Note 16)	\$ 1,378,930	18	\$ 1,220,044	16	\$ 1,292,600	18
2130	Contract liabilities - current (Note 21)	487,039	6	481,931	6	266,130	4
2170	Notes and accounts payable (Note 17)	295,727	4	435,007	5	226,801	3
2180	Accounts payable - related parties (Note 29)	4,115	-	5,975	-	1,885	-
2200	Other payables (Note 18)	647,072	8	591,080	8	683,745	9
2230	Current income tax liabilities	172,338	2	138,753	2	169,731	2
2280	Lease liabilities-current (Notes 14 and 29)	16,346	-	15,026	-	20,785	-
2320	Long-term liabilities due within one year or with the Company's business cycle (Note 16)	100,000	2	100,000	1	250,000	3
2399	Other current liabilities	1,075	-	5,642	-	6,683	-
21XX	Total current liabilities	<u>3,102,642</u>	<u>40</u>	<u>2,993,458</u>	<u>38</u>	<u>2,918,360</u>	<u>39</u>
NONCURRENT LIABILITIES							
2540	Long-term bank loans (Note 16)	50,000	1	225,000	3	150,000	2
2570	Deferred income tax liabilities	8,495	-	8,495	-	8,474	-
2580	Lease liabilities-noncurrent (Notes 14 and 29)	221,598	3	48,374	1	46,331	1
2640	Net defined benefit liability - noncurrent (Note 19)	7,465	-	7,626	-	6,489	-
2670	Other noncurrent liabilities	32,004	-	60,870	1	1,244	-
25XX	Total noncurrent liabilities	<u>319,562</u>	<u>4</u>	<u>350,365</u>	<u>5</u>	<u>212,538</u>	<u>3</u>
2XXX	Total liabilities	<u>3,422,204</u>	<u>44</u>	<u>3,343,823</u>	<u>43</u>	<u>3,130,898</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)							
Capital stock							
3110	Ordinary shares	1,007,060	13	1,007,060	13	1,007,060	14
3200	Capital surplus	569,690	7	564,657	7	766,168	10
Retained earnings							
3310	Legal reserve	444,716	6	444,716	6	358,315	5
3320	Special reserve	44,926	-	44,926	1	124,794	2
3350	Unappropriated earnings	2,334,398	30	2,424,570	31	2,083,787	28
3300	Total retained earnings	<u>2,824,040</u>	<u>36</u>	<u>2,914,212</u>	<u>38</u>	<u>2,566,896</u>	<u>35</u>

(Continued)

Code	ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Other equity						
3410	Exchange differences on translating foreign operations	(11,849)	-	(45,546)	(1)	(23,195)	-
3420	Unrealized profit and Loss measured at fair value through other comprehensive gains and losses	(30,581)	-	(26,436)	-	(34,981)	(1)
3400	Total other equity	(42,430)	-	(71,982)	(1)	(58,176)	(1)
31XX	Total Equity Attributable To Shareholders Of The Parent	<u>4,358,360</u>	<u>56</u>	<u>4,413,947</u>	<u>57</u>	<u>4,281,948</u>	<u>58</u>
36XX	NON-CONTROLLING INTERESTS	<u>47,926</u>	<u>-</u>	<u>31,850</u>	<u>-</u>	<u>32,115</u>	<u>-</u>
3XXX	Total equity	<u>4,406,286</u>	<u>56</u>	<u>4,445,797</u>	<u>57</u>	<u>4,314,063</u>	<u>58</u>
	TOTAL	<u>\$ 7,828,490</u>	<u>100</u>	<u>\$ 7,789,620</u>	<u>100</u>	<u>\$ 7,444,961</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 May 02, 2024)

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2024 and 2023

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

Code		Three Months Ended March 31			
		2024	%	2023	%
		Amount		Amount	
4000	OPERATING REVENUE(Notes 21 and 29)	\$ 1,132,113	100	\$ 1,200,126	100
5000	OPERATING COSTS(Notes 10, 22 and 29)	<u>874,673</u>	<u>77</u>	<u>972,971</u>	<u>81</u>
5900	GROSS PROFIT	<u>257,440</u>	<u>23</u>	<u>227,155</u>	<u>19</u>
	OPERATING EXPENSES (Notes 22 and 29)				
6100	Selling and marketing expenses	59,240	5	52,454	5
6200	General and administrative expenses	44,942	4	43,177	4
6300	Research and development expenses	22,583	2	16,190	1
6450	Expected credit impairment losses	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>126,908</u>	<u>11</u>	<u>111,821</u>	<u>10</u>
6900	PROFIT FROM OPERATIONS	<u>130,532</u>	<u>12</u>	<u>115,334</u>	<u>9</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Notes 22 and 29)	9,921	1	6,520	1
7020	Other gains and losses (Note 22)	20,635	2	(4,932)	-
7050	Financial Cost (Note 22)	(8,881)	(1)	(5,528)	(1)
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Note 12)	1,709	-	11,426	1
7100	Interest income	<u>1,528</u>	<u>-</u>	<u>1,849</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>24,912</u>	<u>2</u>	<u>9,335</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX	155,444	14	124,669	10
7950	INCOME TAX EXPENSE (Note 23)	(<u>45,063</u>)	(<u>4</u>)	(<u>28,573</u>)	(<u>2</u>)
8200	NET PROFIT FOR Q12024 & 2023	<u>110,381</u>	<u>10</u>	<u>96,096</u>	<u>8</u>

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Code		Three Months Ended March 31			
		2024	%	2023	%
		Amount		Amount	
	Other Comprehensive Profit and Loss				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized loss on financial assets at fair value through other comprehensive income	(\$ 4,145)	(1)	(\$ 8,432)	(1)
	Items that may be reclassified to profit and loss in the future				
8361	Exchange differences on translating the financial statements of foreign operations	16,956	2	(6,545)	-
8370	Share of the other comprehensive loss of associates and joint ventures using the equity method	16,741	1	1,727	-
8360	Items that may be reclassified subsequently to profit or loss:	33,697	3	(4,818)	-
8300	Other comprehensive loss for the year, net of income tax	29,552	2	(13,250)	(1)
8500	TOTAL COMPREHENSIVE INCOME FOR Q12024 & 2023	<u>\$ 139,933</u>	<u>12</u>	<u>\$ 82,846</u>	<u>7</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Shareholders of the Parent	\$ 111,240	10	\$ 96,083	8
8620	Non-Controlling Interests	(859)	-	13	-
8600		<u>\$ 110,381</u>	<u>10</u>	<u>\$ 96,096</u>	<u>8</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
	TO:				
8710	Shareholders of the Parent	\$ 140,792	12	\$ 82,833	7
8720	Non-Controlling Interests	(859)	-	13	-
8700		<u>\$ 139,933</u>	<u>12</u>	<u>\$ 82,846</u>	<u>7</u>
	EARNINGS PER SHARE (Note 24)				
9750	Basic earnings per share	<u>\$ 1.10</u>		<u>\$ 0.95</u>	
9850	Diluted earnings per share	<u>\$ 1.10</u>		<u>\$ 0.95</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on May 02, 2024)

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

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

Code	Equity Attributable to the Shareholders of the Parent							Other Equity			Non-Controlling Interests (Note 20)	Total Equity
	Share Capital (Note 20)		Capital Surplus	Retained Earnings (Note 20)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Sub-Total			
	Shares (In Thousands)	Amount	(Note 20)	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings						
A1	Balance at January 1, 2023											
	100,706	\$1,007,060	\$ 762,268	\$ 358,315	\$ 124,794	\$2,380,458	(\$ 18,377)	(\$ 26,549)	\$4,587,969	\$ 32,102	\$4,620,071	
B5	Appropriation of 2022 earnings											
	-	-	-	-	-	(392,754)	-	-	(392,754)	-	(392,754)	
C3	Other changes in capital surplus											
	-	-	3,900	-	-	-	-	-	3,900	-	3,900	
D1	Donations from shareholders											
	-	-	-	-	-	96,083	-	-	96,083	13	96,096	
D3	Net income for the three months ended March 31, 2023											
	-	-	-	-	-	-	-	-	-	-	-	
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2023											
	-	-	-	-	-	-	(4,818)	(8,432)	(13,250)	-	(13,250)	
D5	Total comprehensive income for the three months ended March 31, 2023											
	-	-	-	-	-	96,083	(4,818)	(8,432)	82,833	13	82,846	
Z1	Balance at March 31, 2023											
	<u>100,706</u>	<u>\$1,007,060</u>	<u>\$ 766,168</u>	<u>\$ 358,315</u>	<u>\$ 124,794</u>	<u>\$2,083,787</u>	<u>(\$ 23,195)</u>	<u>(\$ 34,981)</u>	<u>\$4,281,948</u>	<u>\$ 32,115</u>	<u>\$4,314,063</u>	
A1	Balance at January 1, 2024											
	100,706	\$1,007,060	\$ 564,657	\$ 444,716	\$ 44,926	\$2,424,570	(\$ 45,546)	(\$ 26,436)	\$4,413,947	\$ 31,850	\$4,445,797	
B5	Appropriation of 2023 Earnings:											
	-	-	-	-	-	(201,412)	-	-	(201,412)	-	(201,412)	
M7	Cash dividend distributed to Shareholders											
	-	-	-	-	-	-	-	-	-	-	-	
M7	Changes in ownership equity in subsidiaries											
	-	-	3,033	-	-	-	-	-	3,033	13,640	16,673	
O1	Subsidiary issues employee stock options											
	-	-	-	-	-	-	-	-	-	3,295	3,295	
C3	Other changes in capital surplus											
	-	-	2,000	-	-	-	-	-	2,000	-	2,000	
D1	Donations from shareholders											
	-	-	-	-	-	111,240	-	-	111,240	(859)	110,381	
D1	Net income for the three months ended March 31, 2024											
	-	-	-	-	-	-	-	-	-	-	-	
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2024											
	-	-	-	-	-	-	33,697	(4,145)	29,552	-	29,552	
D5	Total comprehensive income for the three months ended March 31, 2024											
	-	-	-	-	-	111,240	33,697	(4,145)	140,792	(859)	139,933	
Z1	Balance at March 31, 2024											
	<u>100,706</u>	<u>\$1,007,060</u>	<u>\$ 569,690</u>	<u>\$ 444,716</u>	<u>\$ 44,926</u>	<u>\$2,334,398</u>	<u>(\$ 11,849)</u>	<u>(\$ 30,581)</u>	<u>\$4,358,360</u>	<u>\$ 47,926</u>	<u>\$4,406,286</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on May 02, 2024)

Chairman: WU, Hsin-Hung

Manager: TSAI, Chieh-Rong

Accounting supervisor: HSIEH, Ming-Chih

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Code		Three Months Ended March 31	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Income before income tax	\$ 155,444	\$ 124,669
	Adjustments for:		
A20100	Depreciation expenses	103,677	89,354
A20200	Amortization cost	3,750	-
A20300	Expected credit impairment losses	143	-
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	-	(650)
A20900	Finance costs	8,881	5,528
A21200	Interest income	(1,528)	(1,849)
A21900	Share-based compensation cost	3,295	-
A22300	Share of profit of associates and joint ventures	(1,709)	(11,426)
A22500	Loss from disposal and scrapping of property, plant and equipment	6	-
A22600	Property, plant and equipment	-	100
A23800	Reversal of write-down of inventories	1,926	3,408
A24100	Unrealized foreign currency exchange (gain) loss	(21,956)	9,898
A29900	Lease modification benefits	(191)	-
A30000	Change in operating assets and liabilities		
A31125	Contract asset - current	(3,852)	(449)
A31130	Notes receivable	(3,388)	(271)
A31150	Accounts receivable	233,920	(48,998)
A31160	Accounts receivable – related parties	15,268	(7,287)
A31200	Inventories	(37,661)	62,919
A31230	Prepayments	24,566	(24,896)
A31240	Other current assets	(15,968)	(15,525)
A32125	Contract liability	5,108	5,965
A32150	Notes and accounts payable	(137,917)	(136,905)
A32160	Accounts payable - related parties	(7,465)	(4,750)
A32180	Other payables	(67,834)	(95,102)
A32230	Other current liabilities	(4,567)	1,564

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		Three Months Ended March 31	
Code		2024	2023
A32240	Net defined benefit liabilities - noncurrent	(\$ 161)	(\$ 187)
A32990	Other noncurrent liabilities	(<u>28,866</u>)	(<u>125</u>)
A33000	Cash generated from operations	222,921	(45,015)
A33100	Interest received	1,528	1,849
A33300	Interest paid	(10,370)	(5,504)
A33500	Income tax paid	(<u>6,161</u>)	(<u>107</u>)
AAAA	Net cash generated from (used) in operating activities	<u>207,918</u>	(<u>48,777</u>)
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(60,000)
B00040	Increase in financial assets measured at amortized cost	(78,306)	-
B00020	Purchase of financial assets at fair value through other comprehensive income	-	12,540
B02700	Payments for property, plant and equipment	(156,570)	(147,283)
B03700	Increase in refundable deposits	-	(4,339)
B03800	Decrease in refundable deposit	262	-
B04500	Acquisition of an intangible asset	(30,000)	-
B07100	Increase in prepayments for equipment	(6,619)	(19,174)
B07600	Dividends received	<u>44,280</u>	<u>-</u>
BBBB	Net cash used in investing activities	(<u>226,953</u>)	(<u>218,256</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	158,259	365,673
C01700	Repayment of long-term loans	(175,000)	(25,000)
C04020	Repayment of the principal portion of lease liabilities	(6,736)	(6,898)
C05800	Changes in non-controlling interests	<u>16,673</u>	<u>-</u>
CCCC	Net cash (used in) generated from financing activities	(<u>6,804</u>)	<u>333,775</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,573</u>	(<u>785</u>)
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(22,266)	65,957
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>489,222</u>	<u>602,138</u>
E00200	CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 466,956</u>	<u>\$ 668,095</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Audit Report of Deloitte & Touche on May 02, 2024)

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

San Fu Chemical Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2024 and 2023

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

1. GENERAL

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

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as “the Company”) as described in Note 11. The Company is mainly engaged in the production and sale of industrial gases, chemical materials and food additives.

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Company’s Board of Directors on May 02, 2024.

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

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

The initial application of the amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”, the Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”, and the Amendments to IAS 1 “Non-current liabilities with covenants”, as well as the IASB amends IAS 7 and IFRS 7 to address supplier finance arrangements endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “First-time Adoption of IFRS17 and IFRS 9- Comparison of Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When this amendment is applied for the first time, the comparative period shall not be restated, but the impact shall be recognized in the retained earnings or exchange differences of foreign operating institutions

under equity (as appropriate) on the date of initial application and the related affected assets and liabilities.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 Interim Financial Reporting approved and issued by the Financial Supervisory Commission (FSC). These consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

b. Basis of Preparation

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

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

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

c. Basis of Consolidation

For details of subsidiaries, shareholding ratios and scope of business, please refer to Note 11 and the attached Table 5.

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 2023.

- 1) Retirement Benefits
Pension cost for an interim period is calculated on a year-to-date basis, and the major market fluctuations in the current period, the major plan amendments and the settlement or other major one-time matters will be properly adjusted.
- 2) Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period..

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the Critical Accounting Judgments and Key Sources of Estimation Uncertainty described in the Consolidated Financial Statements for the year 2023.

6. CASH

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 705	\$ 681	\$ 557
Demand deposits in banks	<u>466,251</u>	<u>488,541</u>	<u>667,538</u>
	<u>\$ 466,956</u>	<u>\$ 489,222</u>	<u>\$ 668,095</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic investments			
Publicly traded stocks	\$ 27,940	\$ 32,085	\$ 27,012
Non-publicly traded stocks	<u>70,412</u>	<u>70,412</u>	<u>66,698</u>
Subtotal	<u>98,353</u>	<u>102,497</u>	<u>93,710</u>
Foreign investments			
Non-publicly traded stocks	<u>61,176</u>	<u>58,700</u>	<u>58,212</u>
	<u>\$ 159,528</u>	<u>\$ 161,197</u>	<u>\$ 151,922</u>

These investments in equity instruments are held for medium to long-term strategic purposes, and expects to make profits through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at Fair Value Through Other Comprehensive Income (FVTOCI) as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments of equity instruments were classified as financial assets at fair value through other comprehensive income.

8. FINANCIAL ASSETS AT AMORTITIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 150,720	\$ 68,165	\$ 65,468
Restricted time deposits	<u>125,400</u>	<u>125,400</u>	<u>172,400</u>
	<u>\$ 276,120</u>	<u>\$ 193,565</u>	<u>\$ 237,868</u>

As of March 31, 2024 and December 31 and March 31, 2023, the interest rate ranges of the above time deposits were 0.745% ~ 4.0%, 0.62% ~ 4.0% and 0.62% ~ 3.5% respectively.

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

9. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
Notes receivable - operating	\$ 41,203	\$ 37,815	\$ 43,571
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,066,524	\$ 1,296,342	\$ 1,234,975
Less: Loss allowance	-	(5,710)	(6,200)
	<u>\$ 1,066,524</u>	<u>\$ 1,290,632</u>	<u>\$ 1,228,775</u>

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

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

Aging analysis of receivables measured by the Company based on the allowance matrix is summarized as follows:

March 31, 2024

	<u>Not Past Due</u>	<u>1~90 Days</u>	<u>91~180 Days</u>	<u>181~365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,058,960	\$ 7,564	\$ -	\$ -	\$ -	\$1,066,524
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$1,058,960</u>	<u>\$ 7,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,066,524</u>

December 31, 2023

	<u>Not Past Due</u>	<u>1~90 Days</u>	<u>91~180 Days</u>	<u>181~365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,281,807	\$ 8,744	\$ 81	\$ -	\$ 5,710	\$1,296,342
Loss allowance (Lifetime ECL)	-	-	-	-	(5,710)	(5,710)
Amortized cost	<u>\$1,281,807</u>	<u>\$ 8,744</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,290,632</u>

March 31, 2023

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

Movements of the loss allowance for accounts receivable

	Three Months Ended March 31	
	2024	2023
Balance at January 1, 2024 and 2023	\$ 5,710	\$ 6,200
Add: impairment losses recognized during the year	143	-
Less: Actual write-offs during the year	(5,853)	-
Balance at December 31, 2024 and 2023	<u>\$ -</u>	<u>\$ 6,200</u>

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Merchandise	\$ 93,771	\$ 40,739	\$ 10,144
Finished goods	269,700	248,095	296,972
Work in progress	9,882	6,988	8,385
Semi-finished goods	2,883	1,538	200
Raw materials	289,514	340,055	297,512
Supplies and spare parts	<u>49,140</u>	<u>41,246</u>	<u>37,854</u>
	<u>\$ 714,890</u>	<u>\$ 678,661</u>	<u>\$ 651,067</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the three months ended March 31, 2024 and 2023 was \$874,673,000 and \$972,971,000 respectively.

The cost of goods sold included inventory write-downs for the three months ended March 31, 2024 and 2023 was \$1,926,000 and \$3,408,000 respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

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

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	Proportion of Ownership (%)			<u>Refer to</u>
			3.31.2024	12.31.2023	3.31.2023	
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%	100%	Note 1
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%	100%	
	VinaSanFu Material Company Limited	Production of industrial materials	100%	100%	100%	Note 1
	San Fu Biotech Co., Ltd.	Sales and production of food additives	90%	93%	93%	Notes 1 and 2
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%	100%	
	Lifu Carbonate Co., Ltd.	Production of industrial materials	87%	87%	87%	Note 1
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%	100%	Note 1
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd		100%	100%	100%	Note 1

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

Note 2: On March 19, 2024, the Company did not subscribe the common stocks issued by Sanfu Biotechnology Co., Ltd. for cash capital increase based on its shareholding ratio, resulting in the shareholding ratio decreased from 93% to 90%.

Among the above-mentioned consolidated financial statements preparation entities, except for the Company's consolidated financial statements which have been reviewed by an independent CPA, the financial statements of other subsidiaries that are not individually material have not been reviewed by an independent CPA. Its total assets for the three months ended March 31, 2024 and 2023 was \$1,253,289,000 and \$902,815,000 respectively, represented 16% and 12% of the total consolidated assets, respectively. The total liabilities were \$237,055,000 and \$117,325,000 respectively, represented 7% and 4% of the consolidated total liabilities, respectively. For three months ended March 31, 2024 and 2023, the total recognized comprehensive profit and loss was (\$5,212,000) and (\$9,192,000) respectively, represented (4%) and (11%) of the total consolidated comprehensive profit and loss, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in associates	\$ 56,210	\$ 56,764	\$ 55,761
Investments in joint ventures	<u>393,345</u>	<u>418,621</u>	<u>462,038</u>
	<u>\$ 449,555</u>	<u>\$ 475,385</u>	<u>\$ 517,799</u>

The share of total consolidated comprehensive income for the investments in associates and joint ventures recognized for the three months ended March 31, 2024 and 2023 was NT\$18,450,000 NT\$13,153,000 and respectively.

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

a. Investments in associates

	March 31, 2024	December 31, 2023	March 31, 2023
Associates that are not individually material	<u>\$ 56,210</u>	<u>\$ 56,764</u>	<u>\$ 55,761</u>

b. Investments in joint ventures

	March 31, 2024	December 31, 2023	March 31, 2023
Material joint ventures			
Sanfuming Electronic Material Co., Ltd.	<u>\$ 393,345</u>	<u>\$ 418,621</u>	<u>\$ 462,038</u>

For the business nature of the above-mentioned joint venture, the main business place and the country information of the Company registration, please refer to the attached documents - "InterCompany Relationships and Significant InterCompany Transactions", Table 5 - "Information on Investees" and Table 6 - "Information on Investments in Mainland China".

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 170,300	\$1,450,818	\$3,112,089	\$ 467,715	\$ 492,935	\$ 663,008	\$6,356,865
Reclassifications	-	930	1,826	419	-	2,907	6,082
Additions	-	1,335	13,437	6,117	9,990	80,607	111,486
Disposals	-	-	(220)	(656)	(152)	-	(1,028)
Effect of exchange rate changes	-	2,945	8,286	338	27	162	11,758
Balance at March 31, 2024	<u>\$ 170,300</u>	<u>\$1,456,028</u>	<u>\$3,135,418</u>	<u>\$ 473,933</u>	<u>\$ 502,800</u>	<u>\$ 746,684</u>	<u>\$6,485,163</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	\$ -	\$ 580,063	\$1,608,253	\$ 356,513	\$ 396,664	\$ -	\$2,941,493
Depreciation expenses	-	15,414	59,746	9,110	12,798	-	97,068
Disposals	-	-	(220)	(650)	(152)	-	(1,022)
Effect of exchange rate changes	-	190	620	35	1	-	846
Balance at Mar. 31, 2024	<u>\$ -</u>	<u>\$ 595,667</u>	<u>\$1,668,399</u>	<u>\$ 365,008</u>	<u>\$ 409,311</u>	<u>\$ -</u>	<u>\$3,038,385</u>
Net Value at Mar. 31, 2023 and Jan. 1, 2024	<u>\$ 170,300</u>	<u>\$ 870,755</u>	<u>\$1,503,836</u>	<u>\$ 111,202</u>	<u>\$ 96,271</u>	<u>\$ 663,008</u>	<u>\$3,415,372</u>
Balance at Mar. 31, 2024	<u>\$ 170,300</u>	<u>\$ 860,361</u>	<u>\$1,467,019</u>	<u>\$ 108,925</u>	<u>\$ 93,489</u>	<u>\$ 746,684</u>	<u>\$3,446,778</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 162,700	\$1,260,299	\$2,484,822	\$ 415,203	\$ 464,338	\$ 908,434	\$5,695,796
Reclassifications	-	25,120	42,714	508	3,664	(65,936)	6,070
Additions	-	2,514	5,224	4,040	5,124	129,515	146,417
Disposals	-	(55)	(1,022)	-	(450)	-	(1,527)
Effect of exchange rate changes	-	(1,069)	(3,426)	(94)	2	(1,035)	(5,622)
Balance at March 31, 2023	<u>\$ 162,700</u>	<u>\$1,286,809</u>	<u>\$2,528,312</u>	<u>\$ 419,657</u>	<u>\$ 472,678</u>	<u>\$ 970,978</u>	<u>\$5,841,134</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 519,688	\$1,488,689	\$ 325,844	\$ 343,547	\$ -	\$2,677,768
Depreciation expenses	-	14,649	44,592	7,308	15,661	-	82,210
Disposals	-	(55)	(1,022)	-	(450)	-	(1,527)
Effect of exchange rate changes	-	(19)	(43)	(1)	-	-	(63)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 534,263</u>	<u>\$1,532,216</u>	<u>\$ 333,151</u>	<u>\$ 358,758</u>	<u>\$ -</u>	<u>\$2,758,388</u>
Net Value at March 31, 2023	<u>\$ 162,700</u>	<u>\$ 752,546</u>	<u>\$ 996,096</u>	<u>\$ 86,506</u>	<u>\$ 113,920</u>	<u>\$ 970,978</u>	<u>\$3,082,746</u>

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

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Land	\$ 290,716	\$ 118,013	\$ 123,204
Buildings	8,432	6,979	5,860
Transportation equipment	<u>3,930</u>	<u>3,254</u>	<u>5,241</u>
	<u>\$ 303,078</u>	<u>\$ 128,246</u>	<u>\$ 134,305</u>

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$ 199,112</u>	<u>\$ 3,815</u>
Depreciation charge for right-of-use assets		
Land	\$ 4,145	\$ 4,716
Buildings	1,447	1,425
Transportation equipment	<u>1,017</u>	<u>1,003</u>
	<u>\$ 6,609</u>	<u>\$ 7,144</u>

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying Amounts			
Current portion	\$ 16,346	\$ 15,026	\$ 20,785
Noncurrent portion	<u>221,598</u>	<u>48,374</u>	<u>46,331</u>
	<u>\$ 237,944</u>	<u>\$ 63,400</u>	<u>\$ 67,116</u>

Range of discount rate for lease liabilities are⁴ as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.03% ~ 1.843%	1.03%	1.03% ~ 2.5%
Buildings	1.03% ~ 1.71%	1.03% ~ 1.705%	1.03%
Transportation equipment	1.03% ~ 1.71%	1.03%	1.03%

c. Other lease information

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases	<u>\$ 2,312</u>	<u>\$ 1,370</u>
Expenses relating to low-value asset leases	<u>\$ 305</u>	<u>\$ 327</u>
Total cash outflow for leases	<u>(\$ 9,353)</u>	<u>(\$ 8,595)</u>

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

15. INTANGIBLE ASSETS

	<u>Patent Rights</u>
<u>Cost</u>	
Balance at Jan. 1, 2024 and Mar. 31, 2024	<u>\$150,000</u>
<u>Accumulated amortization and Impairment</u>	
Balance at Jan. 1, 2024	\$ 10,542
Amortization Costs	<u>3,750</u>
Balance at Mar. 31, 2024	<u>\$ 14,292</u>
Net Value at Jan. 1, 2024	<u>\$ 139,458</u>
Net Value at Mar. 31, 2024	<u>\$ 135,708</u>

San Fu Biotech Co., Ltd. signed a patent agreement with Japan's REGiMMUNE Corporation in April 2023 to obtain "drugs for the prevention of acute graft-versus-host disease" "The licensing of development and commercialization rights in some countries in Asia. The total contract price is \$150,000,000. The patent price is paid according to the schedule stipulated in the contract. As of March 31, 2024 and December 31, 2023, all payments have been made. The amounts paid were respectively \$60,000,000 and \$30,000,000.

The amortization costs are accrued on a straight-line basis based on the following useful lives:
Patent rights: 10 years

16. LOANS

a. Short-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured loans (Note 30)</u>			
Bank loans	\$ 50,000	\$ 265,000	\$ 295,000
<u>Unsecured loans</u>			
Bank loans	<u>1,328,930</u>	<u>955,044</u>	<u>997,600</u>
	<u>\$1,378,930</u>	<u>\$1,220,044</u>	<u>\$1,292,600</u>

The range of periodic interest rates on bank loans were 0.85% ~ 1.975%, 0.85% ~ 1.85% and 0.85% ~ 1.825% per annum respectively as of March 31, 2024, December 31, 2023 and March 31, 2023.

b. Long-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured loans</u>			
Bank loans	\$ 150,000	\$ 325,000	\$ 400,000
Less: Current portion matured within a year	(<u>100,000</u>)	(<u>100,000</u>)	(<u>250,000</u>)
Long-term loans	<u>\$ 50,000</u>	<u>\$ 225,000</u>	<u>\$ 150,000</u>

The range of periodic interest rates on bank loans were 1.86%, 1.735% ~ 2.002% and 1.735% ~ 1.866% per annum respectively as of March 31, 2024, December 31, 2023 and March 31, 2023.

17. NOTES AND ACCOUNTS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes payable</u>	<u>\$ 487</u>	<u>\$ 487</u>	<u>\$ -</u>
<u>Accounts payable</u>	<u>295,240</u>	<u>434,520</u>	<u>226,801</u>
	<u>\$ 295,727</u>	<u>\$ 435,007</u>	<u>\$ 226,801</u>

The average payment period of purchasing raw materials and supplies was two months. The Company has

financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Other payables	\$ 339,900	\$ 440,236	\$ 168,934
Dividend payable	201,412	-	392,754
Payable for constructions	44,526	13,695	71,415
Payable for purchases of equipment	<u>61,234</u>	<u>137,149</u>	<u>50,642</u>
	<u>\$ 647,072</u>	<u>\$ 591,080</u>	<u>\$ 683,745</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined contribution and benefit plans recognized from January 1 to March 31 in 2024 and 2023 are calculated based on the pension cost rate determined by actuarial calculation on December 31, 2023 and 2022, and the Amount was \$71,000 and \$146,000 respectively.

20. EQUITY

a. Capital stock

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized shares (in thousands)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Authorized capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousands)	<u>100,706</u>	<u>100,706</u>	<u>100,706</u>
Issued capital	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of common shares	\$ 467,787	\$ 467,787	\$ 669,199
Donations (Note 29)	42,744	40,744	40,843
<u>May be used to offset a deficit only</u>			
Exercised employee share options	54,804	54,804	54,804
Expired employee share options	2,151	2,151	2,151
Others - Exercising the right of attribution (2)	30	30	30
Recognition of changes in ownership interests in subsidiaries (3)	<u>2,174</u>	<u>(859)</u>	<u>(859)</u>
	<u>\$ 569,690</u>	<u>\$ 564,657</u>	<u>\$ 766,168</u>

1. Capital surplus in excess of par or from donations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred once a year to share capital within a certain percentage of the Company's paid-in capital.
2. The benefits obtained by exercising the right of attribution are essentially the investment of the holder of the right of claim to the Company, which does not meet the definition of income in the conceptual framework. The Company shall recognize the benefits obtained from exercising the right of attribution as capital reserves, and properly disclose its facts and effects.
3. This type of capital reserve refers to the impact of equity transactions recognized by the Company's equity changes when the Company has not actually acquired or disposed of the subsidiary's equity, or

the adjustment amount recognized by the Company's equity method to recognize the subsidiary's capital reserve.

c. Retained earnings and dividends policy

According to the Company's Articles of Incorporation, profit distribution or deficit offset shall be made after the end of each quarter; the Company authorizes the Board of Directors to pass a special resolution to distribute all or part of the dividends and bonuses that should be distributed in the form of cash, and report to shareholders meeting. If there is a surplus in the annual final accounts, the accumulated losses should be made up first, and then 10% should be set aside as statutory surplus reserve (but this is not the case when the statutory surplus reserve has reached the total paid-in capital of the Company), and then set aside or set aside in accordance with legal provisions or reversal of special surplus reserve. For the remuneration distribution policy for employees and directors stipulated in the Company's Articles of Incorporation, please refer to Note 22(5) Employee Remuneration and Directors' Remuneration.

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

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

When the Company makes a special surplus reserve for the net deductions from other equity accumulated in the previous period, it only makes a provision for the undistributed earnings of the previous period.

The earnings for the fiscal years 2023 and 2022 shall be distributed as follows:

	<u>For the Year Ended</u> <u>December 31, 2023</u>	<u>For the Year Ended</u> <u>December 31, 2022</u>
Legal reserve	\$ 44,339	\$ 86,401
Special reserve	\$ 27,056	(\$ 79,868)
Cash dividends	\$ 201,412	\$ 392,753
Cash dividends per share (NT\$)	\$ 2.0	\$ 3.9

The distribution of the above-mentioned cash dividends has been resolved by the Board of Directors on February 27, 2024 and February 24, 2023 respectively. The remaining earnings distribution items for 2022 were resolved at the annual shareholders' meeting on June 16, 2023. The remaining earnings distribution items for 2023 are pending to be resolved at the annual shareholders' meeting to be held on June 12, 2024.

The Company's annual shareholders' meeting held on June 16, 2023 has resolved a proposal to use the capital reserve \$201,412,000 to distribute cash, with a cash dividend of \$2.0 per share. The Company's Board of Directors has made a proposal at its board of directors' meeting held on February 27, 2024 to use capital reserves of \$151,059,000 to distribute cash, with a cash dividend of \$1.5 per share.

The Company's Board of Directors decided not to distribute earnings for 2023 Q1 to Q3, leaving it to be considered in a subsequent quarter.

The Company's Board of Directors has decided at its meeting on May 2, 2024 not to appropriate the quarterly earnings from January 1 to March 31, 2024.

d. Non-controlling interests

Description	<u>Three Months</u>	
	<u>Ended March 31</u>	
	2024	2023
Beginning balance	\$ 31,850	\$ 32,102
Shares attributable to non-controlling interests		
Net profit (loss) current period	(859)	13
Non-controlling interests subscribed the common stocks issued by subsidiaries for cash capital increase (Note 25)	10,173	-
Non-controlling interests subscribed the employee stock options issued by subsidiaries	6,500	-
Changes in ownership interest in subsidiaries (Note 25)	(3,033)	-
Stock option compensation costs for subsidiary employees	<u>3,295</u>	<u>-</u>
Ending balance	<u>\$ 47,926</u>	<u>\$ 32,115</u>

21. NET REVENUE

	<u>Three Months Ended March 31</u>	
	2024	2023
Revenue from sale of goods	\$ 1,124,904	\$ 1,155,184
Construction contract revenue	<u>7,209</u>	<u>44,942</u>
	<u>\$ 1,132,113</u>	<u>\$ 1,200,126</u>

Contact Balances

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Contract assets			
Project construction - current	<u>\$ 14,199</u>	<u>\$ 10,347</u>	<u>\$ 8,622</u>
Contract liabilities			
Project construction - current	\$ 485,771	\$ 477,869	\$ 263,914
Sale of goods- current	<u>1,268</u>	<u>4,062</u>	<u>2,216</u>
	<u>\$ 487,039</u>	<u>\$ 481,931</u>	<u>\$ 266,130</u>

As of March 31, 2024 and December 31 and March 31, 2023, the Company's prepayments to manufacturers for project construction were \$432,548,000, \$432,548,000 and \$382,380,000 respectively.

22. NET PROFIT

a. Other income

	<u>Three Months Ended March 31</u>	
	2024	2023
Rendering of services	\$ 1,552	\$ 4,261
Others	<u>8,369</u>	<u>2,259</u>
	<u>\$ 9,921</u>	<u>\$ 6,520</u>

b. Other gains and losses

	<u>Three Months Ended March 31</u>	
	2024	2023
Net foreign exchange gains	\$ 20,790	\$ 9,019
Net foreign exchange losses	-	(14,288)
Loss on disposal of property, plant and equipment	(6)	-
Gains on financial assets at fair value through profit or loss	-	650
Others	<u>(149)</u>	<u>(313)</u>
	<u>\$ 20,635</u>	<u>(\$ 4,932)</u>

c. Depreciation and Amortization

	<u>Three Months Ended March 31</u>	
	2024	2023
Properties, plants and equipment	\$ 97,068	\$ 82,210
Right-of-use assets	6,609	7,144
Other intangible assets	3,750	-
	<u>\$ 107,427</u>	<u>\$ 89,354</u>
Analysis of depreciation by function		
Operating costs	\$ 86,509	\$ 71,967
Operating expenses	17,168	17,387
	<u>\$ 103,677</u>	<u>\$ 89,354</u>
Analysis of depreciation by amortization costs		
Operating costs	<u>\$ 3,750</u>	<u>\$ -</u>

d. Employee benefits expense

	<u>Three Months Ended March 31</u>	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 3,952	\$ 3,728
Defined benefit plans (Note 19)	71	146
Short-term benefits		
Salaries	112,787	93,461
Labor and health insurance	8,947	8,564
Others	14,235	13,732
Total employee benefits expense	<u>\$ 139,992</u>	<u>\$ 119,631</u>
Analysis by function		
Operating costs	\$ 73,862	\$ 62,159
Operating expenses	66,130	57,472
	<u>\$ 139,992</u>	<u>\$ 119,631</u>

e. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of 1%-3% and no higher than 3% respectively of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the three-month ended March 31, 2024 and 2023 were approved by the Company's Board of Directors, respectively as follows:

	<u>Three Months Ended March 31</u>	
	2024	2023
Employees' compensation	1.89%	2.02%
Remuneration of directors	1.89%	2.02%

Amount

	<u>Three Months Ended March 31</u>	
	2024	2023
Employees' compensation	<u>\$ 2,950</u>	<u>\$ 2,600</u>
Remuneration of directors	<u>\$ 2,950</u>	<u>\$ 2,600</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 for the coming year.

The Company held Board of Directors' meetings on February 27, 2024 and February 24, 2023, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2023 and 2022 are as respectively follows:

	<u>For the Year Ended December 31</u>	
	2023	2023
	Cash	Cash
Employees' compensation	\$ 11,626	\$ 21,457
Remuneration of directors	11,626	21,457

The Company held Board of Directors' meetings on February 27, 2024 and February 24, 2023, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2024 and 2023 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2024 and 2023 respectively.

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

Information on the employees' compensation and remuneration of directors or the years ended December 31, 2024 and 2023 approved by the Company's Board of Directors is available at the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange.

f. Finance costs

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest on bank loans	\$ 7,806	\$ 5,317
Interest on lease liabilities	1,075	211
	<u>\$ 8,881</u>	<u>\$ 5,528</u>

23. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Current income tax expense		
Current tax expense recognized in the current period	\$ 39,474	\$ 31,548
Income tax adjustments on prior years	249	-
	<u>39,723</u>	<u>31,548</u>
Deferred income tax		
Deferred income tax recognized in the current period	5,340	(2,975)
Income tax expense recognized in profit or loss	<u>\$ 45,063</u>	<u>\$ 28,573</u>

b. Income tax assessment status

The competent tax authorities have assessed the income tax returns up to the fiscal year 2022 filed by the

Lifu Carbonate Co., Ltd. and the International Nitto Technology Company Limited as well as the income tax returns up to the fiscal year 2021 of the San Fu Chemical Co., Ltd. and the San Fu Biotech Co., Ltd.

24. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	<u>Three Months Ended March 31</u>	
	2024	2023
Basic earnings per share		
Basic EPS	\$ <u>1.10</u>	\$ <u>0.95</u>
Diluted earnings per share		
Diluted EPS	\$ <u>1.10</u>	\$ <u>0.95</u>

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

Net Income for the Year

	<u>Three Months Ended March 31</u>	
	2024	2023
Net income available to common shareholders of the parent	\$ <u>111,240</u>	\$ <u>96,083</u>

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

	(Unit: in thousands shares)	
	<u>Three Months Ended March 31</u>	
	2024	2023
Weighted average number of common shares used in the computation of basic EPS	100,706	100,706
Effects of dilutive potential common shares:		
Employees' compensation	<u>70</u>	<u>118</u>
Weighted average number of common shares used in the computation of diluted EPS	<u>100,776</u>	<u>100,824</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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sanfu Biotech Co., Ltd. issued common stocks for cash on March 19, 2024 and retained some new shares for employee subscription and issued employee stock options in accordance with legal regulations, resulting in the Company's shareholding ratio decreased from 93.48% to 89.59%.

	<u>Sanfu Biotech Co., Ltd</u>
Cash consideration received	\$ 16,673
The carrying amount of the subsidiary's net assets is calculated based on the change in relative equity and the amount that should be transferred out of non-controlling equity.	(13,640)
Equity Transaction Difference	<u>\$ 3,033</u>

Equity transaction difference adjustment account

Capital reserve - Recognition of changes in ownership interests in subsidiaries

\$ 3,033

26. NON-CASH TRANSACTION

The Company entered into the following non-cash investing and financing activities for the three months ended March 31, 2024 and 2023, which were not reflected in the consolidated statements of cash flows:

The Company reclassified and paid cash for property, plant and equipment partly for the three-month ended March 31, 2024 and 2023 as follows (please refer to Notes 13 and 18):

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Prepayments for equipment transferred (reclassification)	<u>\$ 6,082</u>	<u>\$ 6,170</u>
Purchase property, plant and equipment	\$ 111,486	\$ 146,417
Decrease in payments for equipment and constructions	<u>45,084</u>	<u>866</u>
Paid in cash by acquiring property, plant and equipment	<u>\$ 156,570</u>	<u>\$ 147,283</u>

27. CAPITAL RISK MANAGEMENT

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

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

28. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair Value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2024</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 27,941	\$ -	\$ -	\$ 27,941
Domestic unlisted shares	-	-	70,412	70,412
Foreign unlisted shares	-	-	<u>61,175</u>	<u>61,175</u>
Total	<u>\$ 27,941</u>	<u>\$ -</u>	<u>\$131,587</u>	<u>\$159,528</u>

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

<u>March 31, 2023</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 27,012	\$ -	\$ -	\$ 27,012
Domestic unlisted shares	-	-	66,698	66,698
Foreign unlisted shares	-	-	58,212	58,212
Total	<u>\$ 27,012</u>	<u>\$ -</u>	<u>\$124,910</u>	<u>\$151,922</u>

There were no transfers of financial assets at FVTOCI between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

2) Financial instruments applied for Level 3 adjustment at FVTOCI

	<u>Financial assets at FVTOCI</u>	
	<u>Through other comprehensive income</u>	
	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Financial assets – Equity instrument</u>		
Beginning balance	\$ 129,112	\$ 65,407
Increase in the current period	-	60,000
Foreign exchange difference	2,475	(497)
Ending balance	<u>\$ 131,587</u>	<u>\$ 124,910</u>

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

- i. The fair values of domestic non-publicly trade equity investments are mainly determined by using the asset approach and the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs are listed in the table below. Decrease in discount for the lack of marketability or non-controlling interests discount would result in increase in the fair value.

	March 31, 2024	March 31, 2023
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:

	March 31, 2024	March 31, 2023
Discount for lack of marketability		
1% decrease	<u>\$ 105</u>	<u>\$ 112</u>
Non-controlling interests discount		
1% decrease	<u>\$ 98</u>	<u>\$ 105</u>

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

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 1,860,679	\$ 2,024,054	\$ 2,191,658
Financial assets at FVTOCI	159,528	161,197	151,922
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	2,475,844	2,577,106	2,605,031

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

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

d. Financial risk management objectives and policies

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

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

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

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

1) Market risk

The Company is exposed to the financial market risks, primarily changes in foreign currency exchange rates, interest rates, and other price risks.

a) Foreign currency risk

The Company has assets and liabilities not recorded in the same functional currency as that of the

Company; thus, it is exposed to risks due to exchange rate fluctuation.

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

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

Sensitivity analysis

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

	Unit: Thousand NT\$	
	Currency USD Impact	
	Three Months Ended March 31	
	2024	2023
Profit or loss and Interests	<u>\$ 13,880</u> (i)	<u>\$ 14,964</u> (i)

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

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for three months ended March 31, 2024 and 2023 are \$8,881,000 and \$5,528,000 respectively, which only constitute 0.78% and 0.46% of the consolidated net sales revenue. Therefore, interest rate risk has no significant impact on the Company.

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

	Unit: Thousand NT\$		
	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial liabilities	\$ 936,874	\$ 558,444	\$ 444,716
Cash flow interest rate risk			
Financial liabilities	830,000	1,050,000	1,315,000

Sensitivity analysis

The sensitivity analyses were determined based on the Company's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole period. If interest rates had been five basis points

higher/lower and all other variables were held constant, the Company's pre-tax profit for the three months ended March 31, 2024 and 2023 would increase/increase by NT\$104,000 and NT\$164,000 respectively.

c) Other price risks

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

Sensitivity analysis

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased/increased by \$7,976,000 and \$7,596,000 respectively, because of the changes in fair value of financial assets at FVTOCI.

2) Credit risk management

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

Apart from Company A, B and C, the Company did not have significant credit risk exposure from any single counterparty or any Company of counterparties with similar characteristics. Apart from Company A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A, B and C accounts for 62% of the balance of accounts receivable of the consolidated Company. The credit risk is expected to be immaterial as Company A, B and C are all trustworthy counterparties.

3) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company had available unutilized short-term bank loan facilities NT\$1,777,294,000, NT\$1,775,573,000 and NT\$ 1,811,375,000 respectively.

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

March 31, 2024

	On				
	Demand or		3 Months to		More than
	Less than	1-3 Months	1 Year	1-5 Years	5 Years
	1 Month				
Lease liabilities	\$ 2,134	\$ 4,125	\$ 14,893	\$ 55,483	\$221,231
Variable interest rate	585,000	120,000	75,000	50,000	-

liabilities					
Fixed interest rate liabilities	-	655,000	43,930	-	-
	<u>\$587,134</u>	<u>\$779,125</u>	<u>\$133,823</u>	<u>\$105,483</u>	<u>\$221,231</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$21,152</u>	<u>\$ 55,483</u>	<u>\$ 221,231</u>

December 31, 2023

	On				
	Demand or				
	Less than		3 Months to		More than
	1 Month	1-3 Months	1 Year	1-5 Years	5 Years
Lease liabilities	\$ 1,738	\$ 3,247	\$ 10,459	\$ 29,384	\$ 20,629
Variable interest rate liabilities	235,000	445,000	145,000	225,000	-
Fixed interest rate liabilities	<u>200,000</u>	<u>295,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$436,738</u>	<u>\$743,291</u>	<u>\$155,459</u>	<u>\$254,384</u>	<u>\$ 20,629</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 15,444</u>	<u>\$ 29,384</u>	<u>\$ 20,629</u>

March 31, 2023

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

Additional information about the maturity analysis for lease liabilities

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

29. RELATED PARTY TRANSACTIONS

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

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
San Fu Global Ltd.	Investors with significant influence over the Company
Zhang Chun Ming	Investors with significant influence over the Company
Hongchong Enterprise Co., Ltd.	Associates

China Fangda (International) Investment Development Corporation	Associates
Shian Yun Joint Stock Company (Vietnam)	Associates
Sanfuming Electronic Material Co., Ltd.	Joint venture
Fulu Cultural Foundation	Others

b. Sales of goods

	Three Months Ended March 31	
	2024	2023
<u>Sales</u>		
Joint ventures	\$ 178	\$ 2,461
Associates	-	50
	<u>\$ 178</u>	<u>\$ 2,511</u>
<u>Purchases</u>		
Associates	<u>\$ 6,769</u>	<u>\$ 8,225</u>
<u>Service revenue</u> (recognized as other income)		
Joint ventures	\$ 191	\$ -
Sanfuming Electronic Material Co., Ltd.	1,552	1,561
	<u>\$ 1,743</u>	<u>\$ 1,561</u>
<u>Service expense</u> (recognized as other expense)		
Investors with significant influence over the Company	<u>\$ 286</u>	<u>\$ 286</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Accounts receivable - related party</u>			
Joint ventures	\$ 178	\$ 6,564	\$ 1,553
Associates	-	110	56
	<u>178</u>	<u>6,674</u>	<u>1,609</u>
<u>Other receivables - related party</u>			
Investors with significant influence over the Company	2,000	-	3,900
Joint ventures	7,698	6,146	7,840
	<u>9,698</u>	<u>6,146</u>	<u>11,740</u>
	<u>\$ 9,876</u>	<u>\$ 12,820</u>	<u>\$ 13,349</u>
<u>Accounts payable - related party</u>			
Associates	<u>\$ 4,115</u>	<u>\$ 5,975</u>	<u>\$ 1,885</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

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Investors with significant influence			
	Sanfu Global Co., Ltd.	\$ 31,791	\$ 51,826	\$ 48,739
	Others	1,271	-	514
		<u>\$ 33,062</u>	<u>\$ 51,826</u>	<u>\$ 49,253</u>

<u>Related Party Category/Name</u>	<u>2024</u>	<u>2023</u>
<u>Interest expense</u>		
Investors with significant influence over the Company	\$ <u>142</u>	\$ <u>130</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 \$2,000,000 and \$3,900,000 respectively for the three-month ended March 31, 2024 and 2023, and the revenue was credited in capital surplus-donations.

e. Compensation of key management personnel

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 8,633	\$ 9,127
Post-employment benefits	<u>389</u>	<u>388</u>
	<u>\$ 9,022</u>	<u>\$ 9,515</u>

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

30. PLEDGED ASSETS

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

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Pledged deposits (classified as financial assets at amortized cost)	\$ 125,400	\$ 125,400	\$ 172,400
Land	40,349	40,349	40,349
Buildings, net	<u>37,317</u>	<u>38,220</u>	<u>40,928</u>
	<u>\$ 203,066</u>	<u>\$ 203,969</u>	<u>\$ 253,677</u>

31. SIGNIFICANT EFFECTS ON FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The Company's Company entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

March 31, 2024

<u>Financial assets</u>	<u>Foreign</u> <u>Currencies</u> <u>(in Thousands)</u>	<u>Exchange Rate</u>	<u>Carrying</u> <u>Amount</u> <u>(In Thousands)</u>
Monetary items			
USD	\$ 9,548	31.950 (USD: NTD)	\$ 305,059
JPY	208,744	0.210 (JPY: NTD)	43,732
Non-monetary items			
Affiliates and joint ventures accounted for using the equity method			
CNY	87,212	0.141 (CNY: USD)	393,345
VND	33,418,972	0.0013 (VND: NTD)	42,275

Financial liabilities

Monetary items

USD	857	32.050 (USD: NTD)	27,467
JPY	205,762	0.214 (JPY: NTD)	43,930

December 31, 2023

	<u>Foreign Currencies</u> (in Thousands)	<u>Exchange Rate</u>	<u>Carrying Amount</u> (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,048	30.655 (USD: NTD)	\$ 308,021
JPY	546,144	0.215 (JPY: NTD)	117,530
Non-monetary items			
Affiliates and joint ventures accounted for using the equity method			
CNY	96,563	0.141 (CNY: USD)	418,621
VND	33,551,004	0.0012 (VND: NTD)	41,771

Financial liabilities

Monetary items

USD	716	30.755 (USD: NTD)	22,021
JPY	562,383	0.219 (JPY: NTD)	123,274

March 31, 2023

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

Financial liabilities

Monetary items

USD	380	30.500 (USD: NTD)	11,590
JPY	456,968	0.231 (JPY: NTD)	105,468

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

	Three Months Ended March 31			
	2024		2023	
<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	31.950 (USD: NTD)	\$ 21,678	30.400 (USD: NTD)	(\$ 6,534)
JPY	0.210 (JPY: NTD)	278	0.227 (JPY: NTD)	(3,365)

32. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees:
- 1) Financing provided: See Table 1 attached;
 - 2) Endorsements/guarantees provided: See Table 2 attached;
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
See Table 3 attached;
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: (None)
 - 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
See Table 1 attached;
 - 9) Trading in derivative instruments: (None)
 - 10) InterCompany relationships and significant interCompany transactions: See Table 4 attached;
- b. Information on investees: See Table 5 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 6 attached.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information on major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 7 attached;

33. OPERATING SEGMENTS INFORMATION

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

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

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

a. Segment revenue and results

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

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write Off by Segment</u>	<u>Total</u>
<u>Three Months Ended March 31, 2024</u>				
Revenue of general customers	\$ 850,561	\$ 281,552	\$ -	\$1,132,113
Revenue of operating segment	<u>37,943</u>	<u>8,599</u>	(<u>46,542</u>)	<u>-</u>
Total	<u>\$ 888,504</u>	<u>\$ 290,151</u>	(<u>\$ 46,542</u>)	<u>\$ 1,132,113</u>
Profit from operations	<u>\$ 175,651</u>	(<u>\$ 45,119</u>)	<u>\$ -</u>	\$ 130,532
Other income				9,921
Other gain and losses				20,635
Financial cost				(8,881)
Investments on affiliates using equity method				1,709
Interest income				<u>1,528</u>
Income before income tax				<u>\$ 155,444</u>
				(continued)

Three Months Ended
March 31, 2023

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

Segment profit refers to the profit before tax earned by each segment, excluding other income, other gains and losses, financial costs, share of profit or loss of investments using equity method, and income tax expense. The measured amount serves as a basis for the chief operating decision maker to allocate resources and assess segment performance.

b. Segment total assets and liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Segment assets</u>			
Fine chemicals	\$ 4,701,752	\$ 4,874,689	\$ 4,449,270
Basic chemicals	2,241,535	2,084,784	2,088,102
Investment	<u>885,203</u>	<u>830,147</u>	<u>907,589</u>
Consolidated total assets	<u>\$ 7,828,490</u>	<u>\$ 7,789,620</u>	<u>\$ 7,444,961</u>

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCINGS PROVIDED

For the Three Months Ended March 31, 2024

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

TABLE 1

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	Sanfu Chemical Corporation	San Fu Biotech Co., Ltd.	Other receivables	Y	\$ 10,000	\$ 10,000	\$ 5,000	1.75%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 435,836	\$ 1,743,344	(Note 3)
0	Sanfu Chemical Corporation	International Nitto Technology Co., Ltd.	Other receivables	Y	300,000	300,000	130,000	1.75%~1.875%	The need for short-term financing	-	Operating capital	-	-	-	435,836	1,743,344	(Note 3)
0	Sanfu Chemical Corporation	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	230,400 (USD7,200,000) (Note 4)	2%	The need for short-term financing	-	Operating capital	-	-	-	435,836	1,743,344	(Note 3)
0	Sanfu Chemical Corporation	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	128,000 (USD4,000,000) (Note 4)	2%	The need for short-term financing	-	Operating capital	-	-	-	435,836	1,743,344	(Note 3)
0	Sanfu Chemical Corporation	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	33,600 (USD1,050,000) (Note 4)	2%	The need for short	-	Operating capital	-	-	-	435,836	1,743,344	(Note 3)

Note 1: The items are numbered as follows:

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

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

- a. The maximum amount of financing provided by the Company shall not exceed 40% of the Company's net worth.
- b. The maximum amounts of financing provided by the Company and its subsidiaries are as follows:
 - i. The maximum amount of financing provided to all businesses shall not exceed 10% of the Company's net worth. The maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth, and the gross transaction amount (the higher of purchase amount or sales amount between the two parties) for the past year.
 - ii. In the case of financing companies with short-term financing needs, the maximum amount of financing provided to such companies shall not exceed 30% of their net worth; the maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth.

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

Note 4: Calculated based on the exchange rate USD\$1=NT\$32.00 on March 31, 2024.

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GURANTEES PROVIDED

For the Three Months Ended March 31, 2024

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

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Sanfu Chemical Corporation	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 435,836	\$ 400,000	\$ 400,000	\$ 290,000	\$	9.18%	\$ 1,743,344	Yes	No	No	
0	Sanfu Chemical Corporation	International Nitto Technology Co., Ltd	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	435,836	300,000	300,000	210,000		6.88%	1,743,344	Yes	No	No	
0	Sanfu Chemical Corporation	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	435,836	200,000	200,000	192,000		4.59%	1,743,344	Yes	No	No	
0	Sanfu Chemical Corporation	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	435,836	200,000	200,000	192,000		4.59%	1,743,344	Yes	No	No	

Note 1: The items are numbered as follows:

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

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

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

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

For the Three Months Ended March 31, 2024

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

TABLE 3

Held Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	As of March 31, 2024				Note
				Number of Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
San Fu Chemical Corporation	E'Date Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	Note (2)
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	27,940	0.45%	27,940	
	Global Graphene Company	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu Biotech Co., Ltd.	REGiMMUNE Limited	-	Financial assets at fair value through other comprehensive income	1,075,130	63,714	4.72%	63,714	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	61,176	2.40%	61,176	

Note 1: For information on investment subsidiaries, affiliated enterprises and joint venture interests, please refer to Schedule 5 and Schedule 6.

Note 2: The fair value is calculated based on the closing price on March 31, 2024.

San Fu Chemical Co., Ltd. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Three Months Ended March 31, 2024

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

TABLE 4

No.	Company Name	Counterparty	Nature of Relationship	InterCompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Item	Amount	Payment Terms	
0	Sanfu Chemical Corporation	San Fu Biotech Co., Ltd.	1	Accounts receivable - parties, net	\$ 8,267	90 days after the invoice date	0.11%
				Other receivables - parties, net	23	According to the contract	-
				Sales revenue	7,513	90 days after the invoice date	0.66%
				Accounts payable - parties, net	2,663	90 days after the invoice date	0.03%
				Purchase	653	90 days after the invoice date	0.06%
				Rental ,expenses	1,115	90 days after the invoice date	0.10%
				Operating expenses	263	90 days after the invoice date	0.02%
				International Nitto Technology Co., Ltd	1	Accounts receivable - parties, net	2,100
		Other receivables - parties, net	130,171			According to the contract	1.66%
		Sales revenue	2,000			90 days after the invoice date	0.18%
		Interest income	171			According to the contract	0.02%
		Accounts payable - parties, net	70,740			90 days after the invoice date	0.90%
		Purchase	2,349			90 days after the invoice date	0.21%
		Outsourcing processing costs	20,914			90 days after the invoice date	1.85%
		Lifu Carbonate Co., Ltd.	1	Other receivables - parties, net	9,531	90 days after the invoice date	0.12%
		VinaSanFu Industrial Gas Company Ltd.	1	Other receivables - parties, net	231,350	According to the contract	2.96%
				Interest income	1,185	According to the contract	0.10%
		VinaSanFu Material Company Limited	1	Accounts receivable - parties, net	54	30 days after the invoice date	-
				Other receivables - parties, net	128,983	According to the contract	1.65%
				Other income	54	30 days after the invoice date	-
				Interest Income	474	According to the contract	0.04%
				Accounts payable - parties, net	986	60 days after the invoice date	0.01%
				Purchase	986	60 days after the invoice date	0.09%
		VinaSanFu Material Trading Company Limited	1	Accounts receivable - parties, net	\$ 199	60 days after the invoice date	-
Other receivables - parties, net	33,687			According to the contract	0.43%		
Sales revenue	925			60 days after the invoice date	0.08%		
Interest income	171			According to the contract	0.02%		

(Continued)

San Fu Chemical Co., Ltd. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Three Months Ended March 31, 2024

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

TABLE 4

No.	Company Name	Counterparty	Nature of Relationship	InterCompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Item	Amount	Payment Terms	
1	VinaSanFu Industrial Gas Company Ltd	VinaSanFu Material Company Limited	2	Accounts receivable - parties, net	1,664	30 days after the invoice date	0.02%
				Sales revenue	170	30 days after the invoice date	0.01%
				Other income	11	30 days after the invoice date	-
2	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	2	Accounts payable - parties, net	14,481	30 days after the invoice date	0.18%
				Sales expenses	10,949	30 days after the invoice date	0.96%

Note 1: The items are numbered as follows:

- a. Parent Company is numbered as "0".
- b. Subsidiaries are numbered from "1".

Note 2: 1. Represents transactions between the Company and its subsidiaries, or transactions between the Company and its sub-subsidiary.

2. It represents a transaction between a subsidiary and a subsidiary, or a transaction between a subsidiary and a sub-subsidiary.

Note 3: The above transactions have been fully written-off when preparing the consolidated financial report.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES

For the Three Months Ended March 31, 2024

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

TABLE 5

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) of Investee	Note
				March 31,2024	December 31, 2023	Shares (In Thousands)	Percent- age of Owner- ship	Carrying Value			
San Fu Chemical Corporation	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$ 608,313	(\$ 1,889)	(\$ 1,889)	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Manufacturing of industrial gas	US\$ 13,650,000	US\$ 13,650,000	-	100%	283,620	(12,739)	(12,739)	"
	VinaSanFu Material Company Limited	Vietnam	Manufacturing of chemical materials	US\$ 12,200,000	US\$ 12,200,000	-	100%	279,225	(5,785)	(5,785)	"
	San Fu Biotech Co., Ltd.	Taiwan	Manufacturing and sales of food additives	244,827	210,000	25,111,793	89.59%	301,099	(6,973)	(6,228)	Notes 1 and 3
	International Nitto Technology Co., Ltd	Taiwan	Manufacturing of electronic component	1,277,904	1,277,904	120,000,000	100%	1,103,537	(17,535)	(17,380)	"
	Hongchong Enterprise Co., Ltd.	Taiwan	Trades of liquid oxygen, oxygen, liquid nitrogen and other gas	10,527	10,527	1,200,000	50%	13,935	(1,673)	(1,058)	
	Lifu Carbonate Co., Ltd.	Taiwan	Manufacturing, sales and marketing of carbon dioxide gas, carbonic acid fire extinguisher, dry ice etc.	77,523	77,523	1,740	87%	86,572	(883)	(768)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Manufacturing of industrial gas	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	42,275	(137)	(45)	
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	International trades	US\$ 2,151,000	US\$ 2,151,000	-	50%	393,345	5,624	2,812	
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	62,302	3	3	Note 1
VinaSanFu Material Company Limited	VinaSanfu Material Trading Co., Ltd	Vietnam	Manufacturing of chemical materials	US\$ 400,000	US\$ 400,000	-	100%	26,431	2,158	2,158	Notes 1,

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

Note 2: Information of investments in mainland China: See Table 6 attached;

Note 3: The Company did not subscribe the common stocks issued by San Fu Biotech Co., Ltd. on March 19, 2024 for cash based on its shareholding ratio, resulting in the shareholding ratio decreased from 93% to 90%.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Three Months Ended March 31, 2024

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

TABLE 6

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, 2024 (Note 1)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of March 31, 2024 (Note 1)	Net Income (Loss) of the Investee	Percentage of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow						
Sanfuming Electronic Material Co., Ltd.	International trades	\$ 288,000 (US\$9,000,000) (Notes 1 & 4)	Through the third Company reinvest in mainland companies	\$ 20,832 (US\$651,000)	\$ -	\$ -	\$ 20,832 (US\$ 651,000)	\$ 5,624	50	\$ 2,812	\$ 393,345 (US\$ 12,292,000)	\$
Hubei Xingfu Electronic Materials Co., Ltd.	Manufacturing and sales of chemical products	1,141,920 (RMB260,000,000) (Note 2)		59,712 (US\$1,866,000)	-	-	59,712 (US\$ 1,866,000)	(Note 7) -	2.4	-	61,175 (US\$ 1,912,000)	

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
\$186,688 (US\$ 5,834,000) (Notes 5 & 6)	\$305,888 (US\$ 9,559,000)	\$2,643,771

Note 1: The exchange rate was USD\$1=NT\$32.00 on March 31, 2024.

Note 2: The exchange rate was RMB\$1=NT\$4.392 on March 31, 2024.

Note 3: The average exchange rate was USD\$1=NT\$31.448 for the three months ended March 31, 2024.

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

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

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

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

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON MAJOR SHAREHOLDERS

For the Three Months Ended March 31, 2024

TABLE 7

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

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

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