

San Fu Chemical Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

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REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of San Fu Chemical Co., Ltd. as of and for the year ended December 31, 2024 (from January 01 to December 31, 2024) under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises “ are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements of parent and subsidiary companies. Consequently, therefore, San Fu Chemical Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

SAN FU CHEMICAL CO., LTD.

By



SIMON WU
Chairman

March 12, 2025

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively referred to as the “**Company**”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of our accountants and the audit reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

Occurrence of sales revenue

The operating income of Sanfu Chemical Co., Ltd. and its subsidiaries mainly comes from the sales of fine chemicals, basic chemicals and others. For accounting policies and information related to revenue, please refer to Notes 4, 21 and 29 of the consolidated financial statements. Fine chemical products include the sale of fine chemicals. Domestic sales of fine chemicals are partly transported and delivered by tanker trucks. The actual delivery quantity on the scale or shipping order must be checked to confirm the occurrence of sales transactions. In addition, the revenue of domestic sales of fine chemicals of NT\$3,007,666,000 is the main business item of the Company. Moreover, transactions are frequent, and its revenue in 2024 accounted for approximately 56% of the net operating income in the consolidated financial statements. Therefore, for the domestic sales of fine chemicals, the occurrence of related sales transactions is listed as a key audit matter for this year.

The main audit procedures performed by our accountants on the above matters are as follows:

We understood the relevant internal control systems for sales transactions and test their design and implementation effectiveness.

2. We sampled the sales details of domestic fine chemicals and check them with the scale list or shipping documents to confirm the occurrence of sales transactions, and randomly check the collection records of samples that have expired before the reporting deadline to further prove the occurrence of the income

Other Matter

Among the subsidiaries included in the consolidated financial statements of Sanfu Chemical Co., Ltd. and its subsidiaries, the financial statements of Sanfu Biotech Co., Ltd., VinaSanFu Industrial Gas Company Limited and VinaSanFu Material Company Limited have not been audited by the accountants of the Deloitte & Touche, Taipei, Taiwan, but by other accountants. Therefore, in the opinions expressed by the accountants on the above-mentioned consolidated financial statements, the amounts listed in the aforementioned company's financial statements are based on the audit reports of other accountants. The total assets of these subsidiaries on December 31, 2024 and December 31, 2023 were respectively NT\$1,552,539,000 and NT\$ 1,441,415,000, which accounted for 21% and 19% respectively of the total consolidated assets. The net operating income from January 1 to December 31, 2024 and from January 1 to December 31, 2023 was respectively NT\$617,213,000 and NT\$595,363,000 which accounted for 12% and 12% respectively of the consolidated operating income.

We have also audited the parent Company only financial statements of the Parent Company of the San Fu Chemical Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the 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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yeh, Shu-Juan and Huang, Guo-Ning.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

Notice to Readers

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in thousands of New Taiwan Dollars)

Code		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
ASSETS					
CURRENT ASSETS					
1100	Cash (Notes 4 and 6)	\$ 520,648	7	\$ 489,222	6
1136	Financial assets at amortized cost - current (Notes 4 and 8)	293,634	4	193,565	2
1140	Contract asset - current (Notes 4 and 21)	8,167	-	10,347	-
1150	Notes receivable, net (Notes 4 and 9)	36,716	-	37,815	1
1170	Accounts receivable, net (Notes 4 and 9)	1,124,860	15	1,290,632	17
1180	Receivables from related parties (Notes 4 and 29)	6,517	-	12,820	-
130X	Inventories (Notes 4 and 10)	703,758	10	678,661	9
1410	Prepayments (Note 21)	131,922	2	580,764	7
1220	Current tax assets	543	-	124	-
1470	Other current assets	<u>90,414</u>	<u>1</u>	<u>83,956</u>	<u>1</u>
11XX	Total current assets	<u>2,917,179</u>	<u>39</u>	<u>3,377,906</u>	<u>43</u>
NONCURRENT ASSETS					
1517	Financial asset at fair value through other comprehensive income - noncurrent (Notes 4 and 7)	154,712	2	161,197	2
1550	Investments accounted for using equity method (Notes 4 and 12)	472,442	6	475,385	6
1600	Property, plant and equipment (Notes 4 and 13)	3,391,968	46	3,415,372	44
1755	Right-of-use assets (Notes 4 and 14)	260,584	4	128,246	2
1780	Intangible assets (Notes 4 and 15)	121,004	2	139,458	2
1840	Deferred income tax assets (Notes 4 and 23)	21,181	-	31,614	-
1915	Prepayments for equipment	41,336	1	40,487	1
1920	Refundable deposits	13,226	-	19,955	-
1990	Net defined benefit liability, noncurrent (Notes 4 and 19)	<u>8,107</u>	<u>-</u>	<u>-</u>	<u>-</u>
15XX	Total noncurrent assets	<u>4,484,560</u>	<u>61</u>	<u>4,411,714</u>	<u>57</u>
1XXX	TOTAL ASSETS	<u>\$ 7,401,739</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term loans (Note 16)	\$ 1,820,000	25	\$ 1,220,044	16
2130	Contract liabilities - current (Notes 4 and 21)	32,793	-	481,931	6
2170	Notes and accounts payable (Note 17)	259,461	4	435,007	5
2180	Accounts payable - related parties (Note 29)	10,584	-	5,975	-
2200	Other payables (Note 18)	329,637	4	591,080	8
2230	Current tax liabilities (Notes 4 and 23)	71,667	1	138,753	2
2280	Lease liabilities-current (Notes 4 and 14)	21,644	-	15,026	-
2320	Long-term liabilities - current portion (Note 16)	75,000	1	100,000	1
2399	Other current liabilities	<u>723</u>	<u>=</u>	<u>5,642</u>	<u>-</u>
21XX	Total current liabilities	<u>2,621,509</u>	<u>35</u>	<u>2,993,458</u>	<u>38</u>

(Continued)

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in thousands of New Taiwan Dollars)

Code		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
ASSETS					
NONCURRENT LIABILITIES					
2540	Long-term bank loans (Note 16)	-	-	225,000	3
2570	Deferred income tax liabilities (Notes 4 and 23)	8,605	-	8,495	-
2580	Lease liabilities-noncurrent (Notes 4 and 14)	176,537	2	48,374	1
2640	Net defined benefit liabilities – noncurrent (Notes 4 and 19)	-	-	7,626	-
2670	Other noncurrent liabilities	<u>31,341</u>	<u>1</u>	<u>60,870</u>	<u>1</u>
25XX	Total noncurrent liabilities	<u>216,483</u>	<u>3</u>	<u>350,365</u>	<u>5</u>
2XXX	Total liabilities	<u>2,837,992</u>	<u>38</u>	<u>3,343,823</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 20)					
Capital Stock					
3110	Ordinary shares	<u>1,007,060</u>	<u>14</u>	<u>1,007,060</u>	<u>13</u>
3200	Capital surplus	<u>418,027</u>	<u>6</u>	<u>564,657</u>	<u>7</u>
Retained earnings					
3310	Legal capital reserve	489,056	6	444,716	6
3320	Special capital reserve	71,982	1	44,926	1
3350	Unappropriated earnings	<u>2,570,124</u>	<u>35</u>	<u>2,424,570</u>	<u>31</u>
3300	Total retained earnings	<u>3,131,162</u>	<u>42</u>	<u>2,914,212</u>	<u>38</u>
Others					
3410	Exchange differences on translating foreign operations	(1,377)	(1)	(45,546)	(1)
3420	Unrealized evaluation gains and losses of the equity instrument investment benefit measured at fair value through other comprehensive income	<u>(36,112)</u>	<u>(1)</u>	<u>(26,436)</u>	<u>-</u>
3400	Total other equity	<u>(37,489)</u>	<u>61</u>	<u>(71,982)</u>	<u>(1)</u>
31XX	Equity attributable to shareholders of the parent	<u>4,518,760</u>		<u>4,413,947</u>	<u>57</u>
36XX	NON-CONTROLLING INTERESTS (Note 20)	<u>44,987</u>	<u>1</u>	<u>31,850</u>	<u>-</u>
3XXX	Total equity	<u>4,563,747</u>	<u>62</u>	<u>4,445,797</u>	<u>57</u>
TOTAL		<u>\$ 7,401,739</u>	<u>100</u>	<u>\$ 7,789,620</u>	<u>100</u>

(Concluded)

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

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

Code		2024		2023	
		Amount	%	Amount	%
4000	NET REVENUE (Notes 4, 21 and 29)	\$ 5,324,424	100	\$ 4,990,961	100
5000	COST OF REVENUE (Notes 10, 22 and 29)	<u>4,313,355</u>	<u>81</u>	<u>3,968,584</u>	<u>80</u>
5900	GROSS PROFIT	<u>1,011,069</u>	<u>19</u>	<u>1,022,377</u>	<u>20</u>
	OPERATING EXPENSES (Notes 22 and 29)				
6100	Selling and marketing expenses	247,784	5	214,843	4
6200	General and administrative	167,936	3	169,008	3
6300	Research & Development	86,710	1	80,609	2
6450	Expected credit impairment losses	<u>483</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>502,913</u>	<u>9</u>	<u>464,460</u>	<u>9</u>
6900	INCOME FROM OPERATIONS	<u>508,156</u>	<u>10</u>	<u>557,917</u>	<u>11</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Notes 22 and 29)	29,937	1	33,539	1
7020	Other gains and losses (Note 22)	34,920	1	(11,903)	-
7050	Financial Cost (Note 22)	(37,232)	(1)	(29,721)	(1)
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Notes 4 and 12)	20,687	-	23,972	1
7100	Interest income	<u>10,882</u>	<u>-</u>	<u>7,506</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>59,194</u>	<u>1</u>	<u>23,393</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	567,350	11	581,310	12
7950	INCOME TAX EXPENSE (Notes 4 and 23)	(<u>157,732</u>)	(<u>3</u>)	(<u>137,346</u>)	(<u>3</u>)
8200	NET INCOMNE	<u>409,618</u>	<u>8</u>	<u>443,964</u>	<u>9</u>

(Continued)

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

<u>Code</u>	2024	%	2023	%
	Amount		Amount	
OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:			
8311	\$ 7,235	-	(\$1,325)	-
8316	Unrealized gain or loss on financial assets at fair value through other comprehensive income	-	355	-
8349	Income tax related to items that are not reclassified	-	<u>265</u>	-
	(4,672)	-	(705)	-
8360	Items that may be reclassified to profit and loss in the future			
8361	Exchange differences on translating the financial statements of foreign operations	-	(20,109)	(1)
8370	Share of the other comprehensive income (loss) of associates and joint ventures using equity method	1	(7,060)	-
	<u>22,680</u>	<u>1</u>	<u>(27,169)</u>	<u>(1)</u>
8300	Other comprehensive income (loss), net of income tax	1	(27,874)	(1)
8500	<u>\$ 449,115</u>	<u>9</u>	<u>\$ 416,090</u>	<u>8</u>
NET INCOME ATTRIBUTABLE TO:				
8610	Shareholders of the parent	8	\$ 444,458	9
8620	Non-controlling interests	-	(494)	-
8600	<u>\$ 409,618</u>	<u>8</u>	<u>\$ 443,964</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	9	\$ 416,342	8
8720	Non-controlling interests	-	(252)	-
8700	<u>\$ 449,115</u>	<u>9</u>	<u>\$ 416,090</u>	<u>8</u>
EARNINGS PER SHARE (NT\$, Note 24)				
From continuing business units				
9750	Basic earnings per share		<u>\$ 4.10</u>	<u>\$ 4.41</u>
9850	Diluted earnings per share		<u>\$ 4.09</u>	<u>\$ 4.41</u>

Concluded)

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

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan Dollars)

	<u>Capital Stock Shares (In Thousands)</u>	Equity attributable to the Shareholders of the parent					<u>Exchange Differences on Translating Foreign Operations</u>	<u>Others Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>	<u>Sub-Total</u>	<u>Non-controlling interests</u>	<u>Total Equity</u>
		<u>Amount</u>	<u>Capital Surplus</u>	<u>Legal Capital Reserve</u>	<u>Special Capital Reserve</u>	<u>Unappropriated Earnings</u>					
A1 BALANCE, JANUARY 1, 2023	100,706	\$ 1,007,060	\$ 762,268	\$ 358,315	\$ 124,794	\$ 2,380,458	(\$ 18,377)	(\$ 26,549)	\$ 4,587,969	\$ 32,102	\$ 4,620,071
Appropriation of Earnings for 2022											
B1 Recognized Legal capital reserve	-	-	-	86,401	-	(86,401)	-	-	-	-	-
B5 Cash Dividend to Shareholders	-	-	(201,412)	-	-	(392,753)	-	-	(594,165)	-	(594,165)
B17 Reversal of special capital reserve	-	-	-	-	(79,868)	79,868	-	-	-	-	-
Other Changes in Equity:											
C3 Donations from Shareholders	-	-	3,801	-	-	-	-	-	3,801	-	3,801
D1 NET INCOME FOR 2023	-	-	-	-	-	444,458	-	-	444,458	(494)	443,964
D3 Other Comprehensive Income (loss) After Tax for 2023	=	=	=	=	=	(1,060)	(27,169)	113	(28,116)	242	(27,874)
D5 Total Comprehensive Income (loss) for 2023	=	=	=	=	=	443,398	(27,169)	113	416,342	(252)	416,090
Z1 BALANCE, DECEMBER 31, 2023	100,706	1,007,060	564,657	444,716	44,926	2,424,570	(45,546)	(26,436)	4,413,949	31,850	4,445,797
Distribution of Available Earnings for 2023											
B1 Recognized Legal capital reserve	-	-	-	44,340	-	(44,340)	-	-	-	-	-
B3 Recognized Special capital reserve	-	-	-	-	27,056	(27,056)	-	-	-	-	-
B5 Cash Dividend to Shareholders	-	-	(151,059)	-	-	(201,412)	-	-	(352,471)	-	(352,471)
M7 From share of changes in equity of subsidiaries	-	-	81	-	-	-	-	-	81	16,592	16,673
O1 Employee restricted shares retired	-	-	2,448	-	-	-	-	-	2,448	285	2,733
Other Changes in Capital Surplus	-	-	-	-	-	-	-	-	-	-	-
C3 Donations from Shareholders	-	-	1,900	-	-	-	-	-	1,900	-	1,900
D1 Net Income in 2024	-	-	-	-	-	412,574	-	-	412,574	(2,959)	409,618
D3 Other comprehensive income (loss) in 2024	=	=	=	=	=	5,788	44,169	(9,676)	40,281	(784)	39,497
D5 Total Comprehensive Income (loss) in 2024	=	=	=	=	=	418,362	44,169	(9,676)	452,855	(3,740)	449,115
Z1 BALANCE DECEMBER 31, 2024	100,706	\$ 1,007,060	\$ 418,027	\$ 489,056	\$ 71,982	\$ 2,570,124	(\$ 1,377)	(\$ 36,112)	\$ 4,518,760	\$ 44,987	\$ 4,563,747

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

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan Dollars)

C o d e	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
A10000	\$ 567,350	\$ 581,310
A20010	Adjustments for:	
A20100	425,693	382,695
A20200	14,965	10,542
A20300	483	-
A20400	-	(650)
A20900	37,232	29,721
A21200	(10,882)	(7,506)
A21300	(1,534)	(2,395)
A21900	2,733	-
A22300	(20,687)	(23,972)
A22500	6	(127)
A22600	145	100
A23700	3,489	-
A23800	10,576	4,794
A24100	(30,757)	19,885
A29900	(254)	(568)
A30000	Change in operating assets and liabilities	
A31125	2,180	(2,174)
A31130	1,099	5,485
A31150	178,552	(116,713)
A31160	20,794	(11,719)
A31200	(35,179)	33,008
A31230	449,310	(92,840)
A31240	(6,039)	(24,735)
A32125	(449,138)	221,766
A32150	(174,226)	70,191
A32160	(982)	9,677
A32180	(85,187)	113,159
A32230	(4,919)	523
A32240	(8,498)	(375)
A32990	(29,529)	(499)
A33000	856,796	1,198,583
A33100	10,882	7,506
A33200	\$ 1,534	\$ 2,395
A33300	(34,742)	(25,846)
A33500	(216,164)	(141,621)
AAA	<u>618,306</u>	<u>1,041,017</u>

(Continued)

SAN FU CHEMICAL CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

(Expressed in thousands of New Taiwan Dollars)

C o d e		2024	2023 .
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquire financial assets at fair value through other comprehensive income	\$ -	(\$ 60,000)
B00040	Purchase of financial assets at amortized cost	(93,716)	44,820
B00200	Gain on Disposal of financial assets at fair value through Profit or Loss	-	12,540
B02700	Purchase of property, plant and equipment	(442,316)	(691,310)
B02800	Gain on Disposal of property, plant and equipment	-	1,231
B03700	Increase in refundable deposits	-	(12,676)
B03800	Decrease in refundable deposits	6,729	-
B04500	Purchase of intangible assets	(60,000)	(30,000)
B07100	Increase in prepayments for equipment	(34,512)	(35,178)
B07600	Dividend received	<u>46,310</u>	<u>45,332</u>
BBBB	Net cash used in investing activities	(<u>577,505</u>)	(<u>725,241</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	600,285	294,621
C01700	Repayment of Long-term bank loans	(250,000)	(100,000)
C04020	Repayment of the principal portion of lease liabilities	(30,614)	(28,404)
C04500	Payment – Owners’ Dividend	(352,471)	(594,165)
C09900	Donations from Shareholders	1,900	3,801
C05800	Change in non-controlling interests	<u>16,673</u>	-
CCCC	NET CASH FROM FINANCING ACTIVITIES	(<u>14,227</u>)	(<u>424,147</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,852</u>	(<u>4,545</u>)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,426	(112,916)
E00100	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>489,222</u>	<u>602,138</u>
E00200	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 520,648</u>	<u>\$ 489,222</u>

(Concluded)

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

San Fu Chemical Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. GENERAL

San Fu Chemical Corporation (SFCC) was incorporated in the Republic of China (“ROC”) on March 17, 2003. The Company is engaged mainly manufactures and sales of various chemical products.

The consolidated financial statements comprise the Company and its subsidiaries as described in Note 11 (collectively referred to as “**the Company**”). The Company is engaged mainly 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 dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 26, 2025.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The initial application of the amendments to the IFRS 16 “Lease : Sale and Leaseback and Sublease”, the IAS 1 to clarify the classification of liabilities as current or non-current (amended in 2020), the restrictions on employee rights in new shares measure liabilities received from employees and agreed to be refunded upon resignation and the amendments to the 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.

- b. The International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Boards (IASB) and endorsed by the FSC with effective date starting 2025

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
IFRS 9 and IFR 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026 (Note 2)

Note 1: Applicable for annual reporting periods beginning on or after January 1, 2025. When first applying the amendment, comparative periods should not be restated. Instead, the impact should be recognized in the exchange differences arising from the translation of a foreign operation under retained earnings or equity (as appropriate) and the relevant affected assets and liabilities as of the date of initial application.

Note 2: It is applicable to annual reporting periods starting after January 1, 2026, and companies may also choose to apply in advance on January 1, 2025. When the amendment is applied for the first time, it shall be applied retrospectively but there is no need to restate the comparison period, and the impact of the initial application shall be recognized on the date of initial application. However, if the enterprise can restate the period without using hindsight, it may choose to restate the comparison period.

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

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature dependent Electricity”	January 1, 2026
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 ”Comparison information between initial application of IFRS 17 and IFRS 9”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

As of the date the accompanying consolidated financial statements were authorized for issue, the Company continues in evaluating other impacts 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 MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRS Accounting Standards”).

b. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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

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

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash unless the assets are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities due to be settled within 12 months after the reporting period (Even if a long-term refinancing or payment rescheduling agreement has been completed after the balance sheet date and before the release of financial reports, it is still a current liability.); and
- 2) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- a. the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and
- b. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

The Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

For further information, please see Note 11 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Mergers and Acquisition

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquire over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net amount of identifiable assets acquired and liabilities assumed on acquisition date still exceeds the aggregate of the consideration for transfer and the fair value of the acquirer's previously held interest in the acquire on the acquisition date, the difference is a bargain purchase benefit and immediately recognized as profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquirer is measured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Company.

f. Foreign Currencies

In preparing the Company's financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting the Company's financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates and joint ventures that operate in

countries or use currencies different from those of the Company) are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss

g. Inventories

Inventories consist of raw materials, supplies, semi-finished goods, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Company uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture. The Company also recognizes the changes in the Company's share of the equity of associates and joint ventures attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate and a joint venture equal or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Company's net investment in the associate and joint venture), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to use equity method and does not measure the retained interest.

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Company's consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Company.

i. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment..

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible Assets

1. Acquired separately

Intangible assets with limited useful life (patent rights) acquired separately are initially measured at cost, and subsequently measured at cost less accumulated amortization. The Company amortizes the assets over the estimated useful life (10 years) on a straight-line basis, and reviews the estimated useful life, residual value and amortization method at least at the end of each year. The residual value

of an intangible asset with a finite useful life is estimated to be zero, except when the Company expects to dispose of the intangible asset before its economic life expires. The impact of changes in accounting estimates is dealt with on a deferred basis.

2. Derecognition

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

k. Impairment of property, plant and equipment, right-of-use asset, and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, and right-of-use asset to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units/the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Category of financial assets and measurement

Financial assets held by the consolidated Company are classified into the following categories: financial assets measured at amortized cost, and investment in equity instrument measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, financial assets at amortized cost - current, notes and accounts receivable, and receivable from related parties, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method except the interest from accounts payable and other payables which measured at amortized cost using the effective interest method is not significant.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of fine chemicals and basic chemicals. Sales of fine chemicals and basic chemicals are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer [has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers. Accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Construction contract revenue

Customers control properties while they are construction in progress, and thus, the Company recognizes revenue over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to accounts receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

When it is not able to reasonably measure the Company's progress toward satisfaction of the performance obligation but expects to recover costs, the Company recognizes revenue only to the extent of costs incurred.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as Lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of lease liabilities due to reduction in the scope of the lease is to reduce the right-of-use assets, and the profit or loss from partial or full termination of the lease is recognized; the remeasurement of lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than the costs stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using The Projected Unit Credit Method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

1) Employee stock options granted to employees and others providing similar services

The fair value at the grant date of the employee stock options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee stock options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued common shares for cash which are reserved for employees is the date on which the Board of Directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

2) Issuance of common shares for cash which retains portion for employee stock options

The fair value of the stock option is calculated on the date of the grant, and is recognized as an increase in salary expenses and capital surplus. If the employee stock options do not reach the original share reserved for employee to subscribe, the Company will only make adjustment to the capital surplus since the share option has been vested.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. The deferred tax asset which originally not unrecognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

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

In the application of the aforementioned Company's accounting policies, the Company is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When the Company develops significant accounting estimates, the possible impact will be taken into consideration in significant estimates, and management will continue to review estimates and basic assumptions. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Key Sources of Estimation and Uncertainty

Valuation of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. **CASH**

	December 31 2024	December 31 2023
Cash on hand and working capital	\$ 428	\$ 681
Time deposits in banks	<u>520,220</u>	<u>488,541</u>
	<u>\$ 520,648</u>	<u>\$ 489,222</u>

The market rate intervals of deposits in banks on the balance sheet date were as follows:

	December 31 2024	December 31 2023
Demand deposits in banks	0.002% ~ 4.06%	0.001% ~ 1.45%

7. **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT**

	December 31 2024	December 31 2023
Domestic investments		
Listed (OTC) shares	\$ 29,155	\$ 32,085
Unlisted shares	<u>62,881</u>	<u>70,412</u>
Sub-total	<u>92,036</u>	<u>102,497</u>
Foreign investments		
Unlisted (OTC) shares	<u>62,676</u>	<u>58,700</u>
	<u>\$ 154,712</u>	<u>\$ 161,197</u>

The Company invests in the above-mentioned domestic and foreign stocks for medium and 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 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 AMORTIZED COST

	December 31 2024	December 31 2023
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 157,329	\$ 68,165
Restricted demand deposits	<u>136,305</u>	<u>125,400</u>
	<u>\$ 293,634</u>	<u>\$ 193,565</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.745 % ~ 4.00% and 0.62% ~ 4.00% per annum as of December 31, 2024 and 2023, respectively.

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

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31 2024	December 31 2023
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 36,716</u>	<u>\$ 37,815</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,125,199	\$ 1,296,342
Less: Loss allowance	<u>(339)</u>	<u>(5,710)</u>
	<u>\$ 1,124,860</u>	<u>\$ 1,290,632</u>

The average credit period of sales of goods was 30 to 150 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. 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 also 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 the loss allowance for accounts receivable

December 31, 2024

	Not Past Due	1 to 90 Days	90 to 180 Days	181 to 365 Days	Over 365 Days	Indication of Default	Total
Expected credit loss rate	-	-	-	50%	100%	100%	-
Gross carrying amount	\$1,121,502	\$ 2,963	\$ 56	\$ 678	\$ -	\$ -	\$1,125,199
Loss allowance (Lifetime ECL)	-	-	-	(339)	-	-	(339)
Amortized cost	<u>\$1,121,502</u>	<u>\$ 2,963</u>	<u>\$ 56</u>	<u>\$ 339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,124,860</u>

December 31, 2023

	Not Past Due	1 to 90 Days	90 to 180 Days	181 to 365 Days	Over 365 Days	Indication of Default	Total
Expected credit loss rate	-	-	-	50%	100%	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>\$ -</u>	<u>\$1,290,632</u>

Movements of the loss allowance for accounts receivable

	Years Ended December 31	
	2024	2023
Balance, Beginning of year	\$ 5,710	\$ 6,200
Add : Impairment losses for the year	483	-
Less : Actual write-offs for the year	(5,853)	(490)
Foreign exchange differences	(1)	-
Balance, end of year	<u>\$ 339</u>	<u>\$ 5,710</u>

10. INVENTORIES

	December 31 2024	December 31 2023
Merchandise	\$ 69,757	\$ 40,739
Finished goods	277,949	248,095
Work in progress	7,115	6,988
Semi-finished goods	3,039	1,538
Supplies and Spare Parts	300,429	340,055
Raw materials	<u>45,469</u>	<u>41,246</u>
	<u>\$ 703,758</u>	<u>\$ 678,661</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the years ended December 31, 2024 and 2023 was NT\$4,313,355,000 and NT\$3,968,584,000 respectively.

The cost of goods sold in 2024 and 2023 included losses on price decline in inventories of NT\$10,576,000 and NT\$4,794,000 respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31 2024	December 31 2023
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%
	VinaSanFu Material Company Limited	Production of chemicals	100%	100%
	San Fu Biotech Co., Ltd.	Sales and production of food additives	90% (Note)	93% (Note)
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%
	Lifu Carbonate Co., Ltd.	Production of chemicals	87%	87%
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd	Production of chemicals	100%	100%

Note: On March 19, 2024, the Company did not subscribe the common stocks issued by San Fu Biotech Co., Ltd. for cash capital increase in proportion to its shareholding, resulting in a decrease in its shareholding percentage from 93% to 90%.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2024	December 31 2023
Investments in associates	\$ 58,972	\$ 56,764
Investments in joint ventures	<u>413,470</u>	<u>418,621</u>
	<u>\$ 472,442</u>	<u>\$ 475,385</u>

The share of total comprehensive income for the years ended December 31, 2024 and 2023 was at NT\$20,687,000 and NT\$23,972,000 respectively.

a. Investments in associates

	December 31 2024	December 31 2023
Associates that are not individually material	<u>\$ 58,972</u>	<u>\$ 56,764</u>

Aggregate information of associates that are not individually material

	Years Ended December 31	
	2024	2023
The Company's share of:		
Net profit for the year	\$ 2,754	\$ 2,985
Other comprehensive (loss) income	<u>549</u>	<u>(1,099)</u>
Total comprehensive income for the year	<u>\$ 3,303</u>	<u>\$ 1,886</u>

Except for one associate that are not individually material, other investments of associates that are not individually material accounted for using equity method and the Company's share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. 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.

b. Investments in joint ventures

			December 31 2024	December 31 2023
Material joint ventures				
Sanfuming Electronic Material Co., Ltd.			<u>\$ 413,470</u>	<u>\$ 418,621</u>
			<u>Proportion of Ownership and Voting Rights</u>	
Name of Associate	Nature of Activities	Principal Place of Business	December 31 2024	December 31 2023
Sanfuming Electronic Material Co., Ltd.	International trading	Shanghai, China	50%	50%

All the joint ventures are accounted for using equity method.

The financial information in respect of each of the Company's material joint ventures is summarized as follows. The summarized financial information below represents the amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Sanfuming Electronic Material Co., Ltd. (in Shanghai)

	December 31 2024	December 31 2023
Cash and cash equivalents	<u>\$ 344,449</u>	<u>\$ 322,699</u>
Current assets	<u>\$ 751,379</u>	<u>\$ 728,120</u>
Non-current assets	175,502	185,060
Current liabilities	(171,161)	(141,192)
Non-current liabilities	(1,657)	(2,999)
Equity	<u>\$ 754,063</u>	<u>\$ 768,989</u>
Proportion of the Company's ownership	50%	50%
Equity attributable to the Company	<u>\$ 377,031</u>	<u>\$ 384,494</u>
Other adjustments (gain of losing control in subsidiaries)	32,643	32,643
Other adjustments (exchange rate affect)	<u>3,796</u>	<u>1,484</u>
Carrying amount	<u>\$ 413,470</u>	<u>\$ 418,621</u>
	Years Ended December 31	
	2024	2023
Operating revenue	<u>\$ 813,283</u>	<u>\$ 916,085</u>
Depreciation expenses and amortization expenses	<u>\$ 18,384</u>	<u>\$ 19,195</u>
Interest income	<u>\$ 5,097</u>	<u>\$ 5,746</u>
Income tax expenses	<u>\$ 14,583</u>	<u>\$ 16,439</u>
Net profit for the year	<u>\$ 35,867</u>	<u>\$ 41,974</u>
Other comprehensive income (loss)	<u>44,262</u>	<u>(14,120)</u>
Total comprehensive income for the year	<u>\$ 80,129</u>	<u>\$ 27,854</u>

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	-	28,786	67,041	39,791	35,404	(137,504)	33,518
Additions	-	6,987	45,801	18,361	48,238	208,593	327,980
Disposals	-	-	(244)	(3,184)	(4,815)	-	(8,243)
Effect of foreign currency exchange differences	-	2,945	8,286	338	26	163	11,758
Balance at December 31, 2024	<u>\$ 170,300</u>	<u>\$ 1,489,536</u>	<u>\$ 3,232,973</u>	<u>\$ 523,021</u>	<u>\$ 571,788</u>	<u>\$ 734,260</u>	<u>\$ 6,721,878</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	-	60,967	239,139	36,521	59,181	-	395,808
Disposals	-	-	(244)	(3,178)	(4,815)	-	(8,237)
Effect of foreign currency exchange differences	-	191	620	34	1	-	846
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 641,221</u>	<u>\$ 1,847,768</u>	<u>\$ 389,890</u>	<u>\$ 451,031</u>	<u>\$ -</u>	<u>\$ 3,329,910</u>
Carrying amounts, December 31, 2024	<u>\$ 170,300</u>	<u>\$ 848,315</u>	<u>\$ 1,385,205</u>	<u>\$ 133,131</u>	<u>\$ 120,757</u>	<u>\$ 734,260</u>	<u>\$ 3,391,968</u>
	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 162,700	\$ 1,260,299	\$ 2,484,822	\$ 415,203	\$ 464,338	\$ 908,434	\$ 5,695,796
Reclassifications	7,600	182,222	645,043	36,079	9,603	(826,247)	54,300
Additions	-	14,242	84,586	17,909	21,347	581,147	719,231
Disposals	-	(55)	(85,792)	(800)	(2,299)	-	(88,946)
Effect of foreign currency exchange differences	-	(5,890)	(16,570)	(676)	(54)	(326)	(23,516)
Balance at December 31, 2023	<u>\$ 170,300</u>	<u>\$ 1,450,818</u>	<u>\$ 3,112,089</u>	<u>\$ 467,715</u>	<u>\$ 492,935</u>	<u>\$ 663,008</u>	<u>\$ 6,356,865</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	-	60,812	205,491	31,537	55,419	-	353,259
Disposals	-	(55)	(84,688)	(800)	(2,299)	-	(87,842)
Effect of foreign currency exchange differences	-	(382)	(1,239)	(68)	(3)	-	(1,692)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 580,063</u>	<u>\$ 1,608,253</u>	<u>\$ 356,513</u>	<u>\$ 396,664</u>	<u>\$ -</u>	<u>\$ 2,941,493</u>
Carrying amounts, December 31, 2023	<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>

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

	December 31 2024	December 31 2023
Right-of-use assets		
Carrying amounts		
Land	\$ 237,054	\$ 118,013
Buildings	13,359	6,979
Machinery and equipment	<u>10,171</u>	<u>3,254</u>
	<u>\$ 260,584</u>	<u>\$ 128,246</u>
	Years Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 241,283</u>	<u>\$ 21,597</u>
Depreciation charge for right-of-use assets		
Land	\$ 18,453	\$ 19,524
Buildings	7,560	5,880
Machinery and equipment	<u>3,872</u>	<u>4,032</u>
	<u>\$ 29,885</u>	<u>\$ 29,436</u>

c. Lease liabilities

	December 31 2024	December 31 2023
Lease liabilities		
<u>Carrying amounts</u>		
Current portion	\$ 21,644	\$ 15,026
Non-current portion	<u>176,537</u>	<u>48,374</u>
	<u>\$ 198,181</u>	<u>\$ 63,400</u>

Ranges of discount rates for lease liabilities are as follows:

	December 31 2024	December 31 2023
Land	1.03% ~ 1.843%	1.03%
Buildings	1.03% ~ 1.71%	1.03% ~ 1.705%
Machinery and equipment	1.03% ~ 1.71%	1.03%

c. Other lease information

	Years Ended December 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 6,383</u>	<u>\$ 5,627</u>
Expenses relating to low-value asset leases	<u>\$ 1,237</u>	<u>\$ 1,217</u>
Total cash (outflow) for leases	<u>(\$ 38,234)</u>	<u>(\$ 35,248)</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

	Patent Rights
<u>Cost</u>	
Balance at January 01, 2024	\$ <u>150,000</u>
Accumulated amortization and impairment	\$ 10,542
Balance at January 01, 2024	14,965
Amortization expenses	<u>3,489</u>
Balance at December 31, 2024	<u>\$ 28,996</u>
Net Value at December 31, 2024	<u>\$ 121,004</u>

	Patent Rights
<u>Cost</u>	
Balance at January 01, 2023	\$ -
Acquired separately	<u>150,000</u>
Balance at December 31, 2023	<u>\$ 150,000</u>
Accumulated amortization and impairment	
Balance at January 01, 2023	\$ -
Amortization expenses	<u>10,542</u>
Balance at December 31, 2023	<u>\$ 10,542</u>
Net Value at December 31, 2023	<u>\$ 139,458</u>

San Fu Biotech Co., Ltd. signed a patent royalty agreement with REGiMMUNE Corporation in Japan in April 2024 to obtain the patent rights for the "Drugs for Prevention of Acute Graft-Versus-Host Disease" and has been authorized to develop and sell the said drugs in certain Asian countries. The total contract price for the development and trade rights is \$150,000,000. The patent royalty fees shall be paid according to the schedule agreed in the contract. As of December 31, 2024 and December 31, 2023, the amount paid was NT\$ 90,000,000 and NT\$30,000,000 respectively

Amortization expenses are accrued on a straight-line basis based on the following useful lives:

Patent Rights	10 Years
---------------	----------

Summarize amortization expenses by function category:

	<u>Years Ended December 31</u>	
	2024	2023
R&D Expenses	<u>\$ 14,965</u>	<u>\$ 10,542</u>

16. BANK LOANS

a. Short-term bank loans

	December 31 2024	December 31 2023
<u>Secured loans (Note 30)</u>		
Bank loans	\$ 350,000	\$ 265,000
<u>Unsecured loans</u>		
Bank loans	<u>1,470,000</u>	<u>955,044</u>
	<u>\$ 1,820,000</u>	<u>\$ 1,220,044</u>

The range of weighted average effective interest rates on bank loans was 1.74 % - 1.98 % and 0.85%-1.85 % per annum as of December 31, 2024 and 2023 respectively.

b. Long-term bank loans

	December 31 2024	December 31 2023
<u>Unsecured loans</u>		
Bank loans	\$ 75,000	\$ 325,000
Less: Current portion matured within a year	(75,000)	(100,000)
Long-term bank loans	<u>\$ -</u>	<u>\$ 225,000</u>

The range of weighted average effective interest rates on bank loans was 1.86 % and 1.735% -2.002% per annum as of December 31, 2024 and 2023 respectively.

17. NOTES AND ACCOUNTS PAYABLE

	December 31 2024	December 31 2023
Notes payable	\$ 787	\$ 487
Accounts payable	<u>258,674</u>	<u>434,520</u>
	<u>\$ 259,461</u>	<u>\$ 435,007</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

	December 31 2024	December 31 2023
Other payables		
Payable for accrued expenses	\$ 293,129	\$ 440,236
Payable for constructions	11,775	13,695
Payable for purchases of equipment	<u>24,733</u>	<u>137,149</u>
	<u>\$ 329,637</u>	<u>\$ 591,080</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, San Fu Biotech Co., Ltd., and International Nitto Technology Co., Ltd. have adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated based on the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform

to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company’s defined benefit plans were as follows:

	Years Ended December 31	
	2024	2023
Present value of defined benefit liabilities	\$ 90,464	\$ 102,912
Fair value of plan assets	(98,571)	(95,286)
Net defined benefit liabilities (assets)	(\$ 8,107)	\$ 7,626

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 112,589	(\$ 105,913)	\$ 6,676
Service cost			
Current service cost	508	-	508
Net interest expense (income)	<u>1,337</u>	(1,260)	<u>77</u>
Recognized in profit or loss	<u>1,845</u>	(1,260)	<u>585</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(937)	(937)
Actuarial loss			
- Experience adjustments	<u>2,262</u>	-	<u>2,262</u>
Recognized in other comprehensive income	<u>2,262</u>	(937)	<u>1,325</u>
Employer's Contribution	-	(960)	(960)
Benefits paid	(13,784)	<u>13,784</u>	-
Balance at December 31, 2023	<u>\$102,912</u>	(<u>\$95,286</u>)	<u>\$7,626</u>
Balance at January 1, 2024	<u>\$102,912</u>	(<u>\$95,286</u>)	<u>\$7,626</u>
Service cost			
Current service cost	245	-	245
Net interest expense (income)	<u>1,190</u>	(1,150)	<u>40</u>
Recognized in profit or loss	<u>1,435</u>	(1,150)	<u>285</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,756)	(8,756)
Actuarial (Gain) Loss			
- Changes in financial assumptions	(1,496)	-	(1,496)
- Experience adjustments	<u>3,017</u>	-	<u>3,017</u>
Recognized in other comprehensive income	<u>1,521</u>	(8,756)	(7,235)
Contributions from employer	-	(914)	(914)
Benefits paid	(7,535)	7,535	-
Employer payment	(7,869)	-	(7,869)
Balance at December 31, 2024	<u>\$ 90,464</u>	(<u>\$ 98,571</u>)	(<u>\$ 8,107</u>)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	Years Ended December 31	
	2024	2023
Operating costs	\$ 166	\$ 336
Selling and marketing expenses	58	64
General and administrative expenses	61	180
Research and development expenses	-	5
	<u>\$ 285</u>	<u>\$ 585</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31 2024	December 31 2023
Discount rates	1.500%	1.250%
Long-term averaged pay rates	2.000%	2.000%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31 2024	December 31 2023
Discount rate(s)		
0.25% increase	(\$ 1,456)	(\$ 1,650)
0.25% decrease	<u>\$ 1,496</u>	<u>\$ 1,697</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,461</u>	<u>\$ 1,653</u>
0.25% decrease	(\$ 1,429)	(\$ 1,615)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31 2024	December 31 2023
Expected contributions to the plans for the next year	<u>\$ 914</u>	<u>\$ 960</u>
Average duration of the defined benefit obligation	6.52 years	6.49 years

20. EQUITY

a. Capital stock

Ordinary shares

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

b. Capital surplus

	December 31 2024	December 31 2023
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to Capital stock (1)</u>		
Additional paid-in capital in excess of par	\$ 316,728	\$ 467,787
Donations (Note 29)	42,644	40,744
<u>May only be used to offset a deficit only</u>		
Exercised employee stock options (2)	54,804	54,804
Expire employee stock options (2)	2,151	2,151
Employee Stock Option of subsidiaries (2)	2,448	-
Others - Exercising the right of attribution (3)	30	30
Recognition of changes in ownership interests in subsidiaries (4)	<u>(778)</u>	<u>(859)</u>
	<u>\$ 418,027</u>	<u>\$ 564,657</u>

1. Capital surplus in excess of par or from donations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred once a year to Capital stock within a certain percentage of the Company's paid-in capital.
2. The capital surplus resulting from exercised or expired employee stock options shall only be used to offset a deficit.
3. The benefits obtained from exercising the right of attribution are essentially the investment of the holders of the right of claim to the Company, which does not meet the definition of income in the concept framework. The Company shall recognize the benefits obtained from exercising the right of attribution as capital reserves, and properly disclose its facts and effects.
4. This type of capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the Company has not actually acquired or disposed of equity in a subsidiary Company, or the adjusted amount recognized by the Company as a subsidiary's capital surplus using equity method.

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, profit distribution or loss appropriation 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 the shareholders' meeting. If there is a surplus in the annual final accounts, 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 special surplus reserve should be set aside or reversed in accordance with legal provisions. For the remuneration distribution policy for employees and directors stipulated in the Company's Articles of Incorporation, please refer to Note 22(5) Employee Compensation 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 capital reserve shall be made until the Legal capital reserve equals the Company's paid-in capital. The Legal capital reserve may be used to offset deficits. If the Company has no deficit and the Legal capital reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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. If the balance of deductions from other shareholders' equity is subsequently reversed, the reversed portion of the earnings may be distributed.

The appropriations of earnings for 2023 and 2021 approved in the shareholders' meetings were as follows:

	Years Ended December 31	
	2023	2022
Legal capital reserve	<u>\$ 44,340</u>	<u>\$ 86,401</u>
Special capital reserve	<u>\$ 27,056</u>	<u>(\$ 79,868)</u>
Cash dividends	<u>\$ 201,412</u>	<u>\$ 392,753</u>
Cash dividends per share (NT\$)	<u>\$ 2.0</u>	<u>\$ 3.9</u>

The above-mentioned cash dividends have been approved for distribution by the board of directors in its meetings on February 27, 2024 and February 24, 2023, respectively. The remaining earnings distribution items for 2023 and 2022 were resolved at the shareholders' regular meetings on June 12, 2024 and June 16, 2023 respectively.

The Company's shareholders' meeting approved distributing cash dividends \$151,059,000 and \$201,412,000 (\$ 1.5 and \$ 2.0 dollars per share) with capital reserves on June 12, 2024 and June 16, 2023 respectively.

The appropriation of earnings for 2024 had been approved by the Company's Board of Directors in its meeting on February 26, 2025 were as follows:

	For the Year Ended December 31, 2024	
Legal capital reserve		<u>\$ 41,836</u>
Reversal of special surplus reserve		<u>(\$ 34,493)</u>
Cash dividends		<u>\$ 201,412</u>
Cash dividends per share (NT\$)		<u>\$ 2.0</u>

d. Special capital reserve

	Years Ended December 31	
	2024	2023
Beginning balance	\$ 44,926	\$ 124,794
Provision of special surplus reserve		
Amount of deductions and withdrawals from other equity items	27,056	-
Reversal of special surplus reserve		
Amount of deductions and reversal from other equity items	<u>-</u>	<u>(79,868)</u>
Ending balance	<u>\$ 71,982</u>	<u>\$ 44,926</u>

e. Non-Controlling Interests

	Years Ended December 31, 2024	Years Ended December 31, 2023
Beginning balance	\$ 31,850	\$ 32,102
Share attributable to non-controlling interests		
Net profit for the period	(2,956)	(494)
Cash capital increase from non-controlling interests in subsidiaries (Note 25)	10,173	-
Non-controlling interests subscribe to employee stock options of subsidiaries (Note 25)	6,500	-
Changes in ownership interests in subsidiaries (Note 25)	(81)	-
Stock option compensation costs for subsidiary employees	285	-
Other comprehensive gains and losses for the period		
Unrealized gains and losses on financial assets measured at fair value through other comprehensive profit or loss	(784)	242
Ending balance	<u>\$ 44,987</u>	<u>\$ 31,850</u>

21. REVENUE

	Years Ended December 31	
	2024	2023
Revenue from sale of goods and others	\$ 3,337,850	\$ 3,699,668
Fine chemicals	<u>1,751,490</u>	<u>1,043,554</u>
Basic chemicals	<u>5,089,340</u>	<u>4,743,222</u>
Construction contract revenue	<u>235,084</u>	<u>247,739</u>
	<u>\$ 5,324,424</u>	<u>\$ 4,990,961</u>

Contract Balances

	December 31	
	2024	2023
Contract assets		
project construction - current	<u>\$ 8,167</u>	<u>\$ 10,347</u>
Contract liabilities		
Project construction - current	\$ 30,320	\$ 477,869
Sale of goods- current	<u>2,473</u>	<u>4,062</u>
	<u>\$ 32,793</u>	<u>\$ 481,931</u>

As of December 31, 2024 and 2023, the Company's prepayments to manufacturers for project construction were NT\$6,200,000 and NT\$432,548,000 respectively.

22. NET REVENUE

a. Other income

	Years Ended December 31	
	2024	2023
Dividends	\$ 1,534	\$ 2,395
Rendering of services	6,284	16,496
Others	<u>22,119</u>	<u>14,648</u>
	<u>\$ 29,937</u>	<u>\$ 33,539</u>

b. Other gains and losses

	Years Ended December 31	
	2024	2023
Net foreign exchange Gains (Loss)	\$ 39,006	(\$12,112)
(Loss) Gains from disposal of property, plant and equipment	(6)	127
Gains in financial assets at fair value through profit or loss	-	650
Patent rights impairment losses	(3,489)	-
Others	(591)	(568)
	<u>\$ 34,920</u>	<u>(\$11,903)</u>

c. Depreciation and Amortization

	Years Ended December 31	
	2024	2023
Properties, plants and equipment	\$ 395,808	\$ 353,259
Right-of-use assets	29,885	29,436
Other intangible assets	14,965	10,542
	<u>\$ 440,658</u>	<u>\$ 393,237</u>
 An analysis of depreciation by function		
Operating costs	\$ 354,899	\$ 313,363
Operating expenses	70,794	69,332
	<u>\$ 425,693</u>	<u>\$ 382,695</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 14,965</u>	<u>\$ 10,542</u>

d. Employee benefits expense

	Years Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 15,909	\$ 15,263
Defined benefit plans (Note 19)	285	585
Short-term benefits		
Salaries	408,197	383,846
Labor and health insurance	34,739	34,120
Others	56,815	54,156
Total employee benefits expense	<u>\$ 515,945</u>	<u>\$ 487,970</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 275,088	\$ 251,983
Operating expenses	240,857	235,987
	<u>\$ 515,945</u>	<u>\$ 487,970</u>

e. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of 1%-3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2024 and 2023, which were approved by the Company's Board of Directors in its meetings on February 26, 2024 and February 27, 2023 respectively are as follows:

Accrual rate

	Years Ended December 31	
	2024	2023
Employees' compensation	1.92%	1.90%
Remuneration of directors and supervisors	1.92%	1.90%

Amount

	Years Ended December 31	
	2024	2023
	Cash	Cash
Employees' compensation	\$ 11,290	\$ 11,300
Remuneration of directors and supervisors	11,290	11,300

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Company held Board of Directors' meetings on February 26, 2025, February 27, 2024, and February 24, 2023. As a result, the actual amounts of employees' compensation and remuneration of directors and supervisors were different from the those recognized in the annual consolidated financial report. It was resolved that there was no significant difference between the allotment amount and the amount stated as expense in the years of 2024, 2023, and 2022. The differences were adjusted to the profits and losses for the years ended December 31, 2025, 2024 and 2023 respectively.

	Years Ended December 31					
	2024		2023		2022	
	Employees Compensation	Remuneration of Directors and Supervisors	Employees Compensation	Remuneration of Directors and Supervisors	Employees Compensation	Remuneration of Directors and Supervisors
Amounts approved in the Board of Directors' meeting	<u>\$ 11,347</u>	<u>\$ 11,347</u>	<u>\$ 11,626</u>	<u>\$ 11,626</u>	<u>\$ 21,457</u>	<u>\$ 21,457</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 11,290</u>	<u>\$ 11,290</u>	<u>\$ 11,300</u>	<u>\$ 11,300</u>	<u>\$ 20,500</u>	<u>\$ 20,500</u>

Information on the employees' compensation and remuneration of directors and supervisors approved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Finance costs

	Years Ended December 31	
	2024	2023
Interest on bank loans	\$ 32,761	\$ 28,934
Interest on lease liabilities	<u>4,471</u>	<u>787</u>
	<u>\$ 37,232</u>	<u>\$ 29,721</u>

23. INCOME TAX

- a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Years Ended December 31	
	2024	2023
Current income tax expense		
Current income tax expense recognized in the current year	\$ 148,241	\$ 141,348
Levy of Undistributed Earnings	500	9,235
Investment deduction	(4,500)	(4,840)
Income tax adjustments on prior years	4,395	(3,658)
	<u>148,636</u>	<u>142,085</u>
Deferred income tax expense		
Deferred income tax benefit recognized in the current year	9,096	(4,739)
Income tax expense recognized in profit or loss	<u>\$ 157,732</u>	<u>\$ 137,346</u>

Adjustments of accounting profit and income tax expense are as follows:

	Years Ended December 31	
	2024	2023
Net Income before tax	<u>\$ 567,350</u>	<u>\$ 581,310</u>
Income tax expense at the statutory rate (20%)	\$ 113,470	\$ 116,262
Nondeductible expenses in determining taxable income	1,008	60
Tax-exempt income	27,168	4,772
Levy of Undistributed Earnings	500	9,235
Investment deduction	(4,500)	(4,840)
Additional income for tax purpose	380	760
Unrecognized deductible temporary differences	15,311	14,755
Income tax adjustments on prior years	4,395	(3,658)
Income tax expense recognized in profit or loss	<u>\$ 157,732</u>	<u>\$ 137,346</u>

- b. Income tax expense recognized in other comprehensive income

Deferred Income Tax

	Years Ended December 31	
	2024	2023
Related to remeasurement of defined benefit plan	(<u>\$1,447</u>)	<u>\$ 265</u>

- c. Current tax liabilities

	Years Ended December 31	
	2024	2023
Current tax liabilities		
Income tax payable	<u>\$ 71,667</u>	<u>\$ 138,753</u>

Prepaid income taxes of NT\$67,843,000 and NT\$935,000 have been deducted from the income tax payable for 2024 and 2023 respectively.

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and deferred income tax liabilities are as follows:

For the year ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Property, plant and equipment	\$ 1,012	\$ -	\$ -	\$ 1,012
Payables for annual leave	1,502	14	-	1,516
Allowance for impairment loss	2,115	(774)	-	1,341
Financial assets measured at FVOCI	12,405	-	-	12,405
Others	<u>14,580</u>	<u>(8,226)</u>	<u>(1,447)</u>	<u>4,907</u>
	<u>\$ 31,614</u>	<u>(\$ 8,986)</u>	<u>(\$ 1,447)</u>	<u>\$ 21,181</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Property, plant and equipment	\$ 8,495	(\$ 21)	\$ -	\$ 8,474
Others	<u>-</u>	<u>131</u>	<u>-</u>	<u>131</u>
	<u>\$ 8,495</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 8,605</u>

For the year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 1,335	(\$ 75)	\$ 265	\$ 1,525
Property, plant and equipment	1,012	-	-	1,012
Payables for annual leave	1,518	(16)	-	1,502
Allowance for impairment loss	2,387	(272)	-	2,115
Unrealized exchange loss	(824)	3,977	-	3,153
Financial assets at FVTPL	(814)	814	-	-
Financial assets at FVOCI	12,405	-	-	12,405
Others	<u>9,570</u>	<u>332</u>	<u>-</u>	<u>9,902</u>
	<u>\$ 26,589</u>	<u>\$ 4,760</u>	<u>\$ 265</u>	<u>\$ 31,614</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Property, plant and equipment	<u>\$ 8,474</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 8,495</u>

e. The aggregate amount of temporary differences associated with investments for which deferred income tax liabilities have not been recognized

As of December 31, 2024 and 2023, the taxable temporary differences associated with investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized amounted to NT\$43,489,000 and NT\$54,775,000 respectively.

f. Income tax assessments

The tax authorities have examined income tax returns of the Company, San Fu Biotech Co., Ltd., Lifu Carbonate Co., Ltd. and International Nitto Technology Company Limited through 2022.

24. EARNINGS PER SHARE (EPS)

	Unit: NT\$ Per Share	
	Years Ended December 31	
	2024	2023
Basic earnings per share		
Basic earnings per share	\$ <u>4.10</u>	\$ <u>4.41</u>
Diluted earnings per share		
Diluted earnings per share	\$ <u>4.09</u>	\$ <u>4.41</u>

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

Net Income for the Year

	Years Ended December 31	
	2024	2023
Net profit attributable to the owners of the Company	\$ <u>412,574</u>	\$ <u>444,458</u>

The weighted average number of common shares outstanding (in thousand shares) is as follows:

Number of common shares

	Years Ended December 31	
	2024	2023
Weighted average number of common shares used in the computation of basic earnings per share	100,706	100,706
Effect of potentially dilutive common shares		
Employees' compensation	<u>100</u>	<u>114</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>100,806</u>	<u>100,820</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On March 19, 2024, the Company did not subscribe the common stocks issued by San Fu Biotech Co., Ltd. for cash capital increase in proportion to its shareholding in accordance with legal regulations, resulting in the Company's shareholding ratio falling from 93.48% to 89.59%.

Cash consideration received	San Fu Biotech
	\$ 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 interest	(<u>16,592</u>)
Equity Transaction Difference	<u>\$ 81</u>
<u>Equity transaction difference adjustment account</u>	
Capital reserve - Recognition of changes in ownership interests in subsidiaries	<u>\$ 81</u>

26. NON-CASH TRANSACTION

For the years ended December 31, 2024 and 2023, the Company entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

The Company reclassified and paid for property, plant and equipment partly during 2024 and 2023 (Note 13).

	<u>Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Prepayments for equipment transferred (reclassification)	<u>\$ 33,663</u>	<u>\$ 54,400</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 on the basis of 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 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>December 31, 2024</u>				
<u>Financial assets measured at FVTOCI</u>				
Investments in equity instruments				
Domestic listed (OTC) shares	\$ 29,155	\$ -	\$ -	\$ 29,155
Domestic unlisted (OTC) shares	-	-	62,881	62,881
Foreign unlisted (OTC) shares	-	-	<u>62,676</u>	<u>62,676</u>
Total	<u>\$ 29,155</u>	<u>\$ -</u>	<u>\$ 125,557</u>	<u>\$ 154,712</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
<u>Financial assets measured at FVTOCI</u>				
Investments in equity instruments				
Domestic listed (OTC) shares	\$ 32,085	\$ -	\$ -	\$ 32,085
Domestic unlisted (OTC) shares	-	-	70,412	70,412
Foreign unlisted (OTC) shares	-	-	<u>58,700</u>	<u>58,700</u>
Total	<u>\$ 32,085</u>	<u>\$ -</u>	<u>\$ 129,112</u>	<u>\$ 161,197</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2024 and 2023 .

2) Financial Instruments applied for Level 3 Adjustment at FVTOCI

	<u>Financial assets at FVTOCI</u>	
	<u>Jan. 1- Dec. 31.</u> <u>2024</u>	<u>Jan. 1- Dec. 31.</u> <u>2023</u>
Financial assets—Equity instrument		
Beginning balance	\$ 129,112	\$ 65,407
Increase of the current period	-	60,000
Recognized in other comprehensive profit or loss (unrealized appraisal profit or loss of financial assets measured at fair value through other comprehensive profit or loss)	(7,530)	3,714
Foreign exchange difference	<u>3,975</u>	(9)
Ending balance	<u>\$ 125,557</u>	<u>\$ 129,112</u>

3) Valuation Techniques and Assumptions Used in Fair Value Measurement

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.
- b) Valuation techniques and inputs applied for Level 3 fair value measurement

- i. The fair values of unlisted equity securities in Taiwan were determined using the income approach. Under this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs are listed in the table below. Decrease in discount for the lack of marketability or non-controlling interests discount would result in increase in the fair value.

	December 31, 2024	December 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:

	December 31, 2023	December 31, 2023
Discount for lack of marketability		
1% decrease	<u>\$ 99</u>	<u>\$ 101</u>
Non-controlling interests discount		
1% decrease	<u>\$ 93</u>	<u>\$ 95</u>

- ii. The foreign unlisted (over the counter) equity investment adopts the market method, and its fair value is mainly assessed with reference to the recent financing activities of the invested target or the market transaction price and market conditions of similar targets. The evaluation method chosen by the Company after careful evaluation, therefore, the fair value measurement is reasonable, but the use of different evaluation models or fair value may lead to different evaluation results.

c. Categories of Financial Instruments

	December 31, 2024	December 31, 2023
<u>Financial assets</u>		
Financial assets at amortized cost (*1)	\$ 1,982,375	\$ 2,024,054
Financial assets at FVTOCI		
- Investment in equity instrument	154,712	161,197
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (*2)	2,494,682	2,577,106

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

*2) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payables, account payables - related parties, current portion of long-term loans payable, others payable and Long-term bank loans.

d. Objectives and Policies of the Financial Risk Management

The main financial instruments of the combined Company include cash, investments in equity instruments, receivables, payables, bank loans and lease liabilities. The financial management department of the Company provides services to each business unit, coordinates access to domestic and international financial market operations, and supervises and manages financial risks related to the operations of the Company through internal risk reports that analyze critical risks according to the

degree and breadth of risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

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

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

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

1) Market Risk

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

a) Foreign Currency Risk

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

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities which were not in the same functional currency as the Company's entity at the end of the reporting period are shown in Note 33.

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
Years Ended December 31

	2024		2023	
Profit or loss	<u>\$ 17,982</u>	(i)	<u>\$ 14,300</u>	(i)

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

b) Interest Rate Risk

The Company is exposed to interest rate risks because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for the period from January 1 to December 31 in the fiscal years 2024 and 2023 were NT\$ 37,232,000 and NT\$29,721,000 respectively, which counted to 0.70% and 0.59% of consolidated net sales revenue. Therefore, the interest rate risk has no significant impact on the Company.

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

	Unit: Thousand NT\$	
	Years Ended December 31	
	2024	2023
Fair value interest rate risk		
Financial liabilities	\$ 378,181	\$ 558,444
Cash flow interest rate risk		
Financial liabilities	1,715,000	1,050,000

Sensitivity Analysis

The sensitivity analysis was determined based on the Company's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole period. If interest rates had been five basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the one-year period from January 1 to December 31 in the fiscal years 2024 and 2023 would increase/decrease by NT\$ 858,000 and NT\$ 525,000 respectively.

c) Other Price Risks

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

Sensitivity Analysis

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the one-year period from January 1 to December 31 in the fiscal years 2024 and 2023 would have increased/decreased by NT\$ 7,736,000 and NT\$ 8,060,000 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 counter party will default on its contractual obligations, resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the balance sheets. The policies adopted by the Company are to trade

with reputable objects only, and continue to supervise the credit risk insurance and the credit rating of the counterparty

Apart from the companies A, B and C of the Company, the Company has no significant credit risk exposure from any single counterparty or any group of counterparties with similar characteristics. Apart from the companies A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A, B and C was carried at a percentage of 54% of the balance of accounts receivable of the Company. The credit risk is expected to be immaterial as the companies A, B and C are all reliable and trustworthy counterparties.

3) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manage 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 December 31, 2024 and 2023, the Company had available unutilized short-term bank loan facilities in the amount of NT\$ 1,413,897,000 and NT\$ 1,775,573,000 and 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.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$2,288	\$4,561	\$18,147	\$68,848	\$144,404
Variable interest rate liabilities	565,000	1,000,000	150,000	-	-
Fixed interest rate liabilities	-	180,000	-	-	-
	<u>\$567,288</u>	<u>\$1,184,561</u>	<u>\$168,147</u>	<u>\$68,848</u>	<u>\$144,404</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 24,996</u>	<u>\$ 68,848</u>	<u>\$ 144,404</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$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	200,000	295,044	-	-	-
	<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>

29. RELATED PARTY TRANSACTIONS

Transactions, account balances, income and losses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated on consolidation and are therefore not disclosed in this note. Except as described in other notes, the transactions between the Company and other related parties are as follows.

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

a. Sales of Goods

	<u>Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Sales</u>		
Joint ventures	\$ 4,082	\$ 9,249
Associate	341	263
Other related parties	<u>85</u>	<u>-</u>
	<u>\$ 4,508</u>	<u>\$ 9,512</u>
<u>Purchase</u>		
Joint ventures	\$ -	\$ 200
Associates	40,962	40,838
Other related parties	<u>2,740</u>	<u>-</u>
	<u>\$ 43,702</u>	<u>\$ 41,038</u>
<u>Other income</u>		
Investors with significant influence over the Company	\$ 254	\$ -
Joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>6,284</u>	<u>6,254</u>
	<u>\$ 6,538</u>	<u>\$ 6,254</u>
<u>Service expense (recognized as other expense)</u>		
Investors with significant influence over the Company	<u>\$ 1,703</u>	<u>\$ 1,143</u>

The Company's transactions with related parties will be handled under the same transaction conditions as those with non-related parties.

	<u>Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Accounts receivable - related party</u>		
Joint ventures	\$ 190	\$ 6,564
Associates	<u>43</u>	<u>110</u>
	<u>233</u>	<u>6,674</u>

	Years Ended December 31	
	2024	2023
<u>Other receivables - related party</u>		
Joint ventures	6,284	6,146
	<u>\$ 6,517</u>	<u>\$ 12,820</u>

	Years Ended December 31	
	2024	2023
<u>Accounts payable - related party</u>		
Investors with significant influence over the Company	\$ 588	\$ -
Associates	9,996	5,975
	<u>\$ 10,584</u>	<u>\$ 5,975</u>

The outstanding accounts payable from related parties are unsecured and the outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized for accounts receivable from related parties.

c. Lease arrangements - Group is lessee

<u>Line Item</u>	<u>Related Party Category/Name</u>	Years Ended December 31	
		2024	2023
Lease liabilities	Investors with significant influence over the Company		
	Sanfu Global Co., Ltd.	\$ 30,840	\$ 51,826
	Others	731	-
		<u>\$ 31,571</u>	<u>\$ 51,826</u>

	Years Ended December 31	
	2024	2023
<u>Interest expense</u>		
Investors with significant influence over the Company		
Sanfu Global Co., Ltd.	\$ 553	\$ 542
Others	19	4
	<u>\$ 572</u>	<u>\$ 546</u>

d. Others

Investors with significant influence signed a trust agreement of marketable securities with the CTBC Bank on September 29, 2016. The Company is a beneficiary of interest. The trust interest revenue was NT\$ 1,900,000 and NT\$3,801,000 in 2024 and 2023 respectively and the revenue was credited in capital surplus-donations.

e. Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2024	2023
Short-term employee benefits	\$ 31,135	\$ 34,681
Post-employment benefits	1,393	1,553
	<u>\$ 32,528</u>	<u>\$ 36,234</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:

	Years Ended December 31	
	2024	2023
Pledged deposits (classified as financial assets at amortized cost)	\$ 136,305	\$ 125,400
Land	40,349	40,349
Buildings and constructions, net	<u>34,608</u>	<u>38,220</u>
	<u>\$ 211,262</u>	<u>\$ 203,969</u>

31. SIGNIFICANT UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those mentioned in other notes, the Company's major commitments on the balance sheet date are as follows:

The Company's unrecognized contractual commitments for the purchase of real estate, plant and equipment are as follows:

	Years Ended December 31	
	2024	2023
Factory construction project commitment	<u>\$ 115,270</u>	<u>\$ 168,614</u>

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 15, 2025, Sanfu Biotech passed a shareholders' extraordinary meeting to split its new drug development business, and newly established Sanfu BioPhoenix with the base date of split being February 3, 2025. The business value of the new drug development business transferred in this split is NT\$270,000,000. Sanfu Biotech will reduce its capital and cancel the issued shares. However, the actual amount and number of shares will be based on the book value on the base date of the split, and the chairman will be authorized to make an adjustment according to the split plan.

33. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 12,241	32.735	(USD: NTD)	\$ 400,709
 <u>Non-monetary items</u>				
Investments in associates and joint ventures using equity method				
CNY	90,657	0.139	(CNY: USD)	413,470
VND	34,438,735	0.0013	(VND: NTD)	43,565
 <u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	1,251	32.835	(USD: NTD)	41,077

December 31, 2023

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 10,048	30.655	(USD: NTD)	\$ 308,021
JPY	546,144	0.215	(JPY: NTD)	117,530
 <u>Non-monetary items</u>				
Investments in associates and joint ventures using equity method				
CNY	96,563	0.141	(CNY: USD)	418,621
VND	33,551,004	0.0012	(VND: NTD)	41,771
 <u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	716	30.755	(USD: NTD)	22,021
JPY	562,383	0.219	(JPY: NTD)	123,274

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

<u>Foreign Currencies</u>	<u>Years Ended December 31, 2024</u>		<u>Years Ended December 31, 2023</u>	
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (losses)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (losses)</u>
USD	32.735 (USD: NTD)	\$ 28,627	30.655 (USD: NTD)	(\$ 17,808)
JPY	0.208 (JPY: NTD)	2,130	0.215 (JPY: NTD)	(2,077)

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: 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: None;
 - 9) Information about the derivative financial instrument transaction.
 - 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: 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 of major shareholders
List all shareholders with ownership of 5% or greater showing the name of the shareholder and the number of shares and percentage of ownership held by of each shareholder: See Table 7 attached;

35. OPERATING SEGMENT INFORMATION

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

- Department of fine and high fine 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. Operating segments, segment revenue and operating results

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

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write off by Segment</u>	<u>Total</u>
<u>For the one-year period from January 1 to December 31, 2024</u>				
Revenue of general customers	\$ 3,572,934	\$ 1,751,490	\$ -	\$ 5,324,424
Revenue of segment	<u>191,948</u>	<u>20,971</u>	(<u>212,919</u>)	<u>-</u>
Total	<u>\$ 3,764,882</u>	<u>\$ 1,772,461</u>	(<u>\$ 212,919</u>)	<u>\$ 5,324,424</u>
Profit from operations	<u>\$ 663,367</u>	(<u>\$ 155,211</u>)	<u>\$ -</u>	\$ 508,156
Other income				29,937
Other gain and losses				34,920
Financial cost				(37,232)
Investments using equity method				20,687
Interest income				<u>10,882</u>
Income before income tax				<u>\$ 567,350</u>

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write off by Segment</u>	<u>Total</u>
<u>For the one-year period from January 1 to December 31, 2023</u>				
Revenue of general customers	\$ 3,947,407	\$ 1,043,554	\$ -	\$ 4,990,061
Revenue of segment	<u>102,039</u>	<u>37,456</u>	(<u>139,495</u>)	<u>-</u>
Total	<u>\$ 4,049,446</u>	<u>\$ 1,081,010</u>	(<u>\$ 139,495</u>)	<u>\$ 4,990,061</u>
Profit from operations	<u>\$ 728,292</u>	(<u>\$ 170,375</u>)	<u>\$ -</u>	\$ 557,917
Other income				33,539
Other gain and losses				(11,903)
Financial cost				(29,721)
Investments using equity method				23,972
Interest income				<u>7,506</u>
Income before income tax				<u>\$ 581,310</u>

Segment profit refers to the profit before tax earned by each segment, excluding other income, other

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

b. Segment Total Assets and Liabilities

	December 31, 2024	December 31, 2023
<u>Segment assets</u>		
<u>Continuing operations</u>		
Fine chemicals	\$ 4,536,663	\$ 4,874,689
Basic chemicals	1,944,288	2,084,784
Investment	920,788	830,147
Consolidated total assets	<u>\$ 7,401,739</u>	<u>\$ 7,789,620</u>

c. Major customers representing at least 10% of net revenue

	Years Ended December 31			
	2024		2023	
	Amount	%	Amount	%
Customer A	\$ 1,201,391	23	\$ 1,606,529	32
Customer B	545,262	10	468,468	9

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCING PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2024

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

TABLE 1

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	San Fu Chemical Co., Ltd.	Lifu Carbonic Acid Co., Ltd.	Other receivables	Y	\$ 10,000	\$ 10,000	\$ 5,000	1.75%	The need for Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 451,876	\$1,807,504	(Note 3)
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	300,000	300,000	220,000	1.75% ~ 1.975%	The need for Short-term financing	155,038	Operating capital	-	-	-	451,876	1,807,504	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	236,052 (USD7,200,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	451,876	1,807,504	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	104,912 (USD3,200,000) (Note 4)	2%	The need for Short-term financing	986	Operating capital	-	-	-	451,876	1,807,504	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	60,652 (USD1,850,000) (Note 4)	2%	The need for Short-term financing	6,669	Operating capital	-	-	-	451,876	1,807,504	(Note 3)

Note 1: The items are numbered as follows:

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

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

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

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

Note 4: Calculated based on the foreign currency exchange rate dated December 31, 2024 (USD \$1 = NT\$32.785)

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GURANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2024

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

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Amount of Endorsement /Guarantee Collateralize d by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 451,876	\$ 400,000	\$ 400,000	\$ 210,000	\$ -	8.85%	\$ 1,807,504	Y	N	N	
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	451,876	300,000	300,000	230,000	-	6.64%	1,807,504	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	451,876	200,000	200,000	196,710	-	4.43%	1,807,504	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	451,876	200,000	200,000	196,710	-	4.43%	1,807,504	Y	N	N	

Note 1: The items are numbered as follows:

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

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

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

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2024

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

TABLE 3

Holding Company Name	Marketable Securities Type and Name	Nature of Relationship	Financial Statement Account	As of December 31, 2023				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
San Fu Chemical Co., Ltd.	E'Dale Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	29,155	0.45%	29,155	Note 2
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu Biotech (SFB)	REGiMMUNE Limited		Financial assets at fair value through other comprehensive income	1,075,130	56,183	4.72%	56,183	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	62,676	2.40%	62,676	

Note 1: The information for investments in subsidiaries, associates and joint venture is included in Tables 5 and 6.

Note 2: The fair value is calculated based on closing prices on December 31, 2024.

San Fu Chemical Co., Ltd. and Subsidiaries

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND SIGNIFICANT TRANSACTIONS BETWEEN THEM

FOR THE YEAR ENDED DECEMBER 31, 2024

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

TABLE 4

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Item	Amount	Payment Terms	
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	1	Accounts receivables – related parties, net	\$ 750	Due 90 days after the invoice date	0.01%
				Other receivables– related parties, net	55	According to the contract	0.00%
				Sales revenue	17,679	Due 90 days after the invoice date	0.33%
				Accounts payable – related parties, net	862	Due 90 days after the invoice date	0.01%
				Purchase	1,675	Due 90 days after the invoice date	0.03%
				Rent expense	1,115	Due 90 days after the invoice date	0.02%
				Entertainment expense	758	Due 90 days after the invoice date	0.01%
				International Nitto Technology Co., Ltd.	1	Accounts receivables – related parties, net	867
		Sales revenue	4,359			Due 90 days after the invoice date	0.08%
		Accounts payable – related parties, net	16,970			Due 90 days after the invoice date	0.23%
		Purchase	23,825			Due 90 days after the invoice date	0.45%
		Outsourcing processing fee	126,854			Due 90 days after the invoice date	2.38%
		Interest revenue	2,398			According to the contract	0.05%
		Lifu Carbonic Acid Co., Ltd.	1	Other receivables– related parties, net	222,103	According to the contract	3.00%
				Interest revenue	69	According to the contract	0.00%
		VinaSanFu Industrial Gas Company Ltd.	1	Other receivables– related parties, net	5,069	According to the contract	0.07%
				Other receivables– related parties, net	237,730	According to the contract	3.21%
				Interest income	4,741	According to the contract	0.09%
		VinaSanFu Material Company Ltd.	1	Other revenue	223	Due 30 days after the invoice date	0.00%
				Other receivables– related parties, net	106,084	According to the contract	1.43%
Interest revenue	2,111			According to the contract	0.04%		
Purchase	986			60 days after the invoice date	0.02%		
				Other revenue	96	Due 30 days after the invoice date	0.00%

(Continued)

San Fu Chemical Co., Ltd. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

TABLE 4 (Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Payment Terms	% of Total Sales or Assets
1	San Fu Biotech Co., Ltd.	VinaSanFu Material Trading Company Ltd.	2	Accounts receivables – related parties, net	\$ 885	Due 30 days after the invoice date	0.01%
				Other receivables– related parties, net	60,570	According to the contract	0.82%
				Sales revenue	6,669	Due 30 days after the invoice date	0.13%
				Interest revenue	1,093	According to the contract	0.02%
				Other income	533	Due 30 days after the invoice date	0.01%
2	VinaSanFu Industrial Gas Company Ltd	VinaSanFu Industrial Material Company Ltd.	2	Sales revenue	29	Due 90 days after the invoice date	0.00%
				Other receivables– related parties, net	30	Due 90 days after the invoice date	0.00%
3	VinaSanFu Industrial Material Company Ltd.	VinaSanFu Industrial Material Company Ltd.	2	Sales revenue	783	Due 30 days after the invoice date	0.01%
				Accounts receivables – related parties, net	77	Due 30 days after the invoice date	0.00%
		VinaSanFu Industrial Material Trading Company Ltd.	2	Sales revenue	36	Due 30 days after the invoice date	0.00%
				Accounts receivables – related parties, net	39		0.00%
3	VinaSanFu Industrial Material Company Ltd.	VinaSanFu Industrial Material Trading Company Ltd.	2	Purchase	30,548	Due 30 days after the invoice date	0.57%
				Accounts payable – related parties, net	30,958	Due 30 days after the invoice date	0.42%

(Concluded)

Note 1: There are two kinds of transactions with related parties as follows for indication:

1. Transactions with related parties from parent Company to Subsidiaries.
2. Transactions with related parties from Subsidiaries to Subsidiaries.

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

San Fu Chemical Co., Ltd. and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2024

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

TABLE 5

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares (Thousands)	%	Carrying Amount			
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$638,346	\$17,672	\$17,672	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Engaged in industrial gas production	US\$ 13,650,000	US\$ 13,650,000	-	100%	252,547	(43,814)	(43,814)	"
	VinaSanFu Material Company Limited	Vietnam	Engaged in manufacturing chemical materials	US\$ 12,200,000	US\$ 12,200,000	-	100%	253,480	(31,529)	(31,529)	"
	San Fu Biotech Co., Ltd.	Taiwan	Engaged in the manufacture and sale of food additives	244,827	210,000	25,111,793	89.59%	278,804	(23,768)	(21,274)	Note 1 Note 3
	International Nitto Technology Co., Ltd	Taiwan	Engaged in electronic component manufacturing business	1,277,904	1,277,904	120,000,000	100%	1,009,466	(111,451)	(111,451)	Note 1
	Hongchong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	15,407	3,018	1,509	
	Lifu Carbonate Co., Ltd.	Taiwan	Engaged in carbon dioxide gas, carbonic acid fire extinguisher, dry ice manufacturing and its sales and marketing	77,253	77,253	1,740	87%	84,248	(3,553)	(3,092)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Engaged in industrial gas production	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	43,565	3,733	1,245	
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	Engaged in the operation of international trade business	US\$ 2,151,000	US\$ 2,151,000	-	50%	413,470	35,867	17,933	Note 2
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	63,840	13	13	Note 1
VinaSanFu Material Company Limited	Vinasanfu Materials Trading Co., Ltd	Vietnam	Engaged in manufacturing chemical materials	US\$ 400,000	US\$ 400,000	-	100%	26,388	2,114	2,114	"

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

Note 2: Information of investments in Mainland China is included in Table 6.

Note 3: On March 19, 2024, the Company did not subscribe the common stocks issued by San Fu Biotech Co., Ltd. for cash capital increase in proportion to its shareholding, resulting in a decrease in its shareholding percentage from 93% to 90%.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2024

In Thousands of New Taiwan Dollars, Unless Specified 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)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (Note 1)	Net Income (Loss) of the Investee Company	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3 and)	Carrying Amount as of December 31, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
Sanfuming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 295,075 (US\$ 9,000,000) (Notes 1 and 4)	Through the third Company reinvest in mainland companies	\$ 21,343 (US\$ 651,000)	\$-	\$-	\$ 21,343 (US\$ 651,000)	\$35,867	50	\$ 17,933	\$413,470 (US\$12,612,000)	\$
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in manufacturing and selling chemical products	\$1,160,120 (CNY 260,000,000) (Note 2)	Through the third Company reinvest in mainland companies	\$ 61,177 (US\$ 1,866,000)	-	-	\$ 61,177 (US\$ 1,866,000)	- (Note 7)	2.4	-	\$ 62,676 (US\$ 1,912,000)	-

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$191,268 (US\$ 5,834,000) (Notes 5 and 6)	\$313,392 (US\$9,559,000)	\$2,738,249

Note 1: The exchange rate on December 31, 2024 was USD\$1=NT\$ 32.785

Note 2: The exchange rate on December 31, 2024 was CNY\$1=NT\$ 4.462

Note 3: The average exchange rate was based on the USD\$1=NT\$ 32.112 for the 12-month period from January 1, 2024 to December 31, 2024 .

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

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

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

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

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS

BASED ON THE INFORMATION REPORTED AS OF DECEMBER 31, 2024

TABLE 7

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sanfu Global Co., Ltd.	32,750,315	32.52%
Pilot Keymark SDN. BHD.	11,246,000	11.16%

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 trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the MOPS (Market Observation Post System) of Taiwan Stock Exchange.