

TSE: 4755

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively, the "Company") as of March 31, 2025 and 2024, the related consolidated balance sheets, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month then ended March 31, 2025 and 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IAS") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Opinion

As stated in Note 11 to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the consolidated financial statements for the same period have not been reviewed by accountants. Its total assets as of March 31, 2025 and 2024 were amounted to NT\$1,993,671,000 and NT\$1,253,289,000 respectively, which amounted to 24% and 16% of the Company's consolidated total assets respectively. The total liabilities were amounted to NT\$342,535,000 and NT\$237,055,000 respectively, which amounted to 10% and 7% of the consolidated total liabilities respectively. The total consolidated profit and loss for the quarterly reporting period from January 1 to March 31, 2025 and 2024 were amounted to (NT\$4,857,000) and (NT\$5,212,000) respectively, which amounted to (1%) and (4%) of the total consolidated comprehensive profit and loss respectively. In addition, as stated in Note 12 of the consolidated financial statements, the investment balance as of March 31, 2025 and 2024 of San Fu Chemical Co., Ltd. and its subsidiaries adopted equity method of accounting were amounted to NT\$484,536,000 and NT\$499,555,000 respectively. The amount of consolidated profits and losses of affiliated companies and joint ventures recognized by the equity method accounting from January 1 to March 31, 2025 and 2024 were amounted to NT\$ 12,094,000 and NT\$18,450,000 and respectively, and the relevant information of the reinvestment business mentioned in the note 32 to the financial statements was based on the recognition and disclosure of the investee Company's financial statements during the same period without being reviewed by an accountant.

Conclusion

Based on our reviews and other Independent Auditors' Review Report (please refer to the following Other Mentionable Items), except for the relevant information disclosed in the financial statements of non-significant subsidiaries and investee companies that adopt the equity method as described in the basic paragraph of the reserved conclusions and the relevant information disclosed in Note 32, if reviewed by an accountant, the consolidated financial statements may be adjusted, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of San Fu Chemical Co., Ltd. and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Mentionable Items

Regarding the 2025 Q1 and 2024 Q1 Consolidated Financial Statements of San Fu Chemical Co., Ltd. and its Subsidiaries, the Financial Statements of its subsidiary Vina San Fu Industrial Gas Company Limited have not been reviewed by us, but by other auditor. Therefore, in the review report issued by us on the above-mentioned Consolidated Financial Statements, the amount listed in the aforementioned Company's financial statements is based on the review report reviewed by other auditor. The total assets of the above-mentioned subsidiary as of March 31, 2025 and March 31, 2024 was NT\$499,970,000 and NT\$520,404,000 respectively, represented 6% and 7% of the total consolidated assets respectively, and the net operating revenue as of March 31, 2025 and March 31, 2024 was NT\$34,553,000 and NT\$31,062,000 respectively, represented 3% and 3 % of the consolidated net operating revenue respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are YEH, Shu-Juan and HUANG, Guo-Ning.

Deloitte & Touche

Taipei, Taiwan
Republic of China
May 02, 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

As of March 31, 2025, December 31 and March 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 764,408	9	\$ 520,648	7	\$ 466,956	6
1136	Financial assets at amortized cost-current (Note 8)	297,642	3	293,634	4	276,120	4
1140	Contract asset - current (Note 21)	11,961	-	8,167	-	14,199	-
1150	Notes receivable, net (Note 9)	35,259	-	36,716	-	41,203	-
1170	Accounts receivable, net (Notes 9)	1,077,298	13	1,124,860	15	1,066,524	14
1180	Receivable from related parties (Note 29)	9,904	-	6,517	-	9,876	-
130X	Inventories (Note 10)	830,101	10	703,758	10	714,890	9
1410	Prepayments (Note 21)	141,877	2	131,922	2	556,666	7
1220	Current income tax assets	545	-	543	-	124	-
1470	Other current assets	93,152	1	90,414	1	100,294	1
11XX	Total current assets	<u>3,262,147</u>	<u>38</u>	<u>2,917,179</u>	<u>39</u>	<u>3,246,852</u>	<u>41</u>
NONCURRENT ASSETS							
1517	Financial asset at fair value through other comprehensive income - noncurrent (Note 7)	879,601	10	154,712	2	159,528	2
1550	Investments accounted for using equity method (Note 12)	484,536	6	472,442	6	449,555	6
1600	Property, plant and equipment (Note 13)	3,367,168	40	3,391,968	46	3,446,778	44
1755	Right-of-use asset (Note 14)	254,623	3	260,584	4	303,078	4
1780	Intangible assets (Note 15)	117,358	2	121,004	2	135,708	2
1840	Deferred income tax assets	25,736	-	21,181	-	26,274	-
1915	Prepayments for equipment	41,355	1	41,336	1	41,024	1
1990	Net defined benefit assets - non-current (Note 19)	31,786	-	13,226	-	19,693	-
1920	Refundable deposits	12,668	-	8,107	-	-	-
15XX	Total noncurrent assets	<u>5,214,831</u>	<u>62</u>	<u>4,484,560</u>	<u>61</u>	<u>4,581,638</u>	<u>59</u>
1XXX	TOTAL	<u>\$ 8,476,978</u>	<u>100</u>	<u>\$ 7,401,739</u>	<u>100</u>	<u>\$ 7,828,490</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term loans (Note 16)	\$ 2,010,000	24	\$ 1,820,000	25	\$ 1,378,930	18
2130	Contract liabilities - current (Note 21)	54,385	1	32,793	-	487,039	6
2170	Notes and accounts payable (Note 17)	314,383	4	259,461	4	295,727	4
2180	Accounts payable - related parties (Note 29)	9,317	-	10,584	-	4,115	-
2200	Other payables (Note 18)	478,507	6	329,637	4	647,072	8
2230	Current income tax liabilities	111,028	1	71,667	1	172,338	2
2280	Lease liabilities-current (Notes 14 and 29)	19,181	-	21,644	-	16,346	-
2320	Long-term liabilities due within one year or with the Company's business cycle (Note 16)	50,000	-	75,000	1	100,000	2
2399	Other current liabilities	935	-	723	-	1,075	-
21XX	Total current liabilities	<u>3,047,736</u>	<u>36</u>	<u>2,621,509</u>	<u>35</u>	<u>3,102,642</u>	<u>40</u>
NONCURRENT LIABILITIES							
2540	Long-term bank loans (Note 16)	-	-	-	-	50,000	1
2570	Deferred income tax liabilities	157,308	2	8,605	-	8,495	-
2580	Lease liabilities-noncurrent (Notes 14 and 29)	173,054	2	176,537	2	221,598	3
2640	Net defined benefit liability - noncurrent (Note 19)	-	-	-	-	7,465	-
2670	Other noncurrent liabilities	31,224	-	31,341	1	32,004	-
25XX	Total noncurrent liabilities	<u>361,586</u>	<u>4</u>	<u>216,483</u>	<u>3</u>	<u>319,562</u>	<u>4</u>
2XXX	Total liabilities	<u>3,409,322</u>	<u>40</u>	<u>2,837,992</u>	<u>38</u>	<u>3,422,204</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)							
Capital stock							
3110	Ordinary shares	1,007,060	12	1,007,060	14	1,007,060	13
3200	Capital surplus	420,027	5	418,027	6	569,690	7
Retained earnings							
3310	Legal reserve	489,056	6	489,056	6	444,716	6
3320	Special reserve	71,982	1	71,982	1	44,926	-
3350	Unappropriated earnings	2,479,393	29	2,570,124	35	2,334,398	30
3300	Total retained earnings	<u>3,040,431</u>	<u>36</u>	<u>3,131,162</u>	<u>42</u>	<u>2,824,040</u>	<u>36</u>

(Continued)

Code	ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Other equity						
3410	Exchange differences on translating foreign operations	18,498	-	(1,377)	-	(11,849)	-
3420	Unrealized profit and Loss measured at fair value through other comprehensive gains and losses	<u>537,392</u>	<u>6</u>	(<u>36,112</u>)	(<u>1</u>)	(<u>30,581</u>)	<u>-</u>
3400	Total other equity	<u>555,890</u>	<u>6</u>	(<u>37,489</u>)	(<u>1</u>)	(<u>42,430</u>)	<u>-</u>
31XX	Total Equity Attributable To Shareholders Of The Parent	<u>5,023,408</u>	<u>59</u>	<u>4,518,760</u>	<u>61</u>	<u>4,358,360</u>	<u>56</u>
36XX	NON-CONTROLLING INTERESTS	<u>44,248</u>	<u>1</u>	<u>44,987</u>	<u>1</u>	<u>47,926</u>	<u>-</u>
3XXX	Total equity	<u>5,067,656</u>	<u>60</u>	<u>4,563,747</u>	<u>62</u>	<u>4,406,286</u>	<u>56</u>
	TOTAL	<u>\$ 8,476,978</u>	<u>100</u>	<u>\$ 7,401,739</u>	<u>100</u>	<u>\$ 7,828,490</u>	<u>100</u>

(Concluded)

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

Chairman: WU, Hsin-Hung

Manager: SU, Tien-Bao

Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2025 and 2024

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

Code		Three Months Ended March 31			
		2025	%	2024	%
		Amount		Amount	
4000	OPERATING REVENUE(Notes 21 and 29)	\$ 1,163,547	100	\$ 1,132,113	100
5000	OPERATING COSTS(Notes 10, 22 and 29)	<u>903,386</u>	<u>78</u>	<u>874,673</u>	<u>77</u>
5900	GROSS PROFIT	<u>260,161</u>	<u>22</u>	<u>257,440</u>	<u>23</u>
	OPERATING EXPENSES (Notes 22 and 29)				
6100	Selling and marketing expenses	60,163	5	59,240	5
6200	General and administrative expenses	38,453	3	44,942	4
6300	Research and development expenses	21,588	2	22,583	2
6450	Expected credit impairment losses	<u>28</u>	<u>-</u>	<u>143</u>	<u>-</u>
6000	Total operating expenses	<u>120,232</u>	<u>10</u>	<u>126,908</u>	<u>11</u>
6900	PROFIT FROM OPERATIONS	<u>139,929</u>	<u>12</u>	<u>130,532</u>	<u>12</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Notes 22 and 29)	3,907	-	9,921	1
7020	Other gains and losses (Note 22)	8,793	1	20,635	2
7050	Financial Cost (Note 22)	(10,830)	(1)	(8,881)	(1)
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Note 12)	5,890	1	1,709	-
7100	Interest income	<u>2,253</u>	<u>-</u>	<u>1,528</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>10,013</u>	<u>1</u>	<u>24,912</u>	<u>2</u>
7900	PROFIT BEFORE INCOME TAX	149,942	13	155,444	14
7950	INCOME TAX EXPENSE (Note 23)	(<u>40,000</u>)	(<u>4</u>)	(<u>45,063</u>)	(<u>4</u>)
8200	NET PROFIT FOR Q12025 & 2024	<u>109,942</u>	<u>9</u>	<u>110,381</u>	<u>10</u>

(Continued)

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Code		Three Months Ended March 31			
		2025	%	2024	%
		Amount		Amount	
	Other Comprehensive Profit and Loss				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized loss on financial assets at fair value through other comprehensive income	\$ 717,309	62	(\$ 4,145)	(1)
8349	Items that will not be reclassified subsequently to income tax (Note 23)	(143,805)	(13)	-	-
		<u>573,504</u>	<u>49</u>	(<u>4,145</u>)	(<u>1</u>)
	Items that may be reclassified to profit and loss				
8361	Exchange differences on translating the financial statements of foreign operations	13,671	1	16,956	2
8370	Share of the other comprehensive loss of associates and joint ventures using the equity method	<u>6,204</u>	<u>1</u>	<u>16,741</u>	<u>1</u>
8360	Items that may be reclassified subsequently to profit or loss:	<u>19,875</u>	<u>2</u>	<u>33,697</u>	<u>3</u>
8300	Other comprehensive loss for the year, net of income tax	<u>593,379</u>	<u>51</u>	<u>29,552</u>	<u>2</u>
8500	TOTAL COMPREHENSIVE INCOME FOR Q12025 & 2024 NET PROFIT ATTRIBUTABLE TO:	<u>\$ 703,321</u>	<u>60</u>	<u>\$ 139,933</u>	<u>12</u>
8610	Shareholders of the Parent	\$ 110,681	9	\$ 111,240	10
8620	Non-Controlling Interests	(739)	-	(859)	-
8600		<u>\$ 109,942</u>	<u>9</u>	<u>\$ 110,381</u>	<u>10</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the Parent	\$ 704,060	60	\$ 140,792	12
8720	Non-Controlling Interests	(739)	-	(859)	-
8700		<u>\$ 703,321</u>	<u>60</u>	<u>\$ 139,933</u>	<u>12</u>
	EARNINGS PER SHARE (Note 24)				
9750	Basic earnings per share	<u>\$ 1.10</u>		<u>\$ 1.10</u>	
9850	Diluted earnings per share	<u>\$ 1.10</u>		<u>\$ 1.10</u>	

(Concluded)

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

Chairman: WU, Hsin-Hung Manager: SU, Tien-Bao Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

Code	Equity Attributable to the Shareholders of the Parent							Other Equity		Sub-Total	Non-Controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Shares (In Thousands)	Amount	(Note 20)	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings						
A1	Balance at January 1, 2024	100,706	\$1,007,060	\$ 564,657	\$ 444,716	\$ 44,926	\$2,424,570	(\$ 45,546)	(\$ 26,436)	\$4,413,947	\$ 31,850	\$4,445,797
B5	Appropriation of 2023 earnings											
B5	Cash dividend distributed to Shareholders	-	-	-	-	-	(201,412)	-	-	(201,412)	-	(201,412)
M7	Changes in ownership equity in subsidiaries	-	-	81	-	-	-	-	-	81	16,592	16,673
O1	Subsidiary issues employee stock options	-	-	2,952	-	-	-	-	-	2,952	343	3,295
C3	Other changes in capital surplus	-	-	2,000	-	-	-	-	-	2,000	-	2,000
D1	Donations from shareholders	-	-	2,000	-	-	-	-	-	2,000	-	2,000
D1	Net income for the three months ended March 31, 2024	-	-	-	-	-	111,240	-	-	111,240	(859)	110,381
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2024	-	-	-	-	-	-	33,697	(4,145)	29,552	-	29,552
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	111,240	33,697	(4,145)	140,792	(859)	139,933
Z1	Balance at March 31, 2024	<u>100,706</u>	<u>\$1,007,060</u>	<u>\$ 569,690</u>	<u>\$ 444,716</u>	<u>\$ 44,926</u>	<u>\$2,334,398</u>	<u>(\$ 11,849)</u>	<u>(\$ 30,581)</u>	<u>\$4,358,360</u>	<u>\$ 47,926</u>	<u>\$4,406,286</u>
A1	Balance at January 1, 2025	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
B5	Appropriation of 2024 Earnings:											
B5	Cash dividend distributed to Shareholders	-	-	-	-	-	(201,412)	-	-	(201,412)	-	(201,412)
C3	Donations from shareholders	-	-	2,000	-	-	-	-	-	2,000	-	2,000
D1	Net income for the three months ended March 31, 2025	-	-	-	-	-	110,681	-	-	110,681	(739)	109,942
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2025	-	-	-	-	-	-	19,875	573,504	593,379	-	593,379
D5	Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	110,681	19,875	573,504	704,060	(739)	703,321
Z1	Balance at March 31, 2025	<u>100,706</u>	<u>\$1,007,060</u>	<u>\$ 420,027</u>	<u>\$ 489,056</u>	<u>\$ 71,982</u>	<u>\$2,479,393</u>	<u>\$ 18,498</u>	<u>\$ 537,392</u>	<u>\$5,023,408</u>	<u>\$ 44,248</u>	<u>\$5,067,656</u>

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

Chairman: WU, Hsin-Hung

Manager: SU, Tien-Bao

Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2025 and 2024
(Expressed in thousands of New Taiwan Dollars)

Code		Three Months Ended March 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Income before income tax	\$ 149,942	\$ 155,444
	Adjustments for:		
A20100	Depreciation expenses	101,343	103,677
A20200	Amortization cost	3,646	3,750
A20300	Expected credit impairment losses	28	143
A20900	Finance costs	10,830	8,881
A21200	Interest income	(2,253)	(1,528)
A21900	Share-based compensation cost	-	3,295
A22300	Share of profit of associates and joint ventures	(5,890)	(1,709)
A22500	Loss from disposal and scrapping of property, plant and equipment	-	6
A23700	Allowance to reduce inventory to market	-	1,926
A23800	Reversal of write-down of inventories	(1,896)	-
A24100	Unrealized foreign currency exchange loss (gain)	3,173	(21,956)
A29900	Lease modification benefits	-	(191)
A30000	Change in operating assets and liabilities		
A31125	Contract asset - current	(3,794)	(3,852)
A31130	Notes receivable	1,457	(3,388)
A31150	Accounts receivable	46,462	233,920
A31160	Accounts receivable – related parties	(3,170)	15,268
A31200	Inventories	(124,103)	(37,661)
A31230	Prepayments	(9,820)	24,566
A31240	Other current assets	(2,521)	(15,968)
A32125	Contract liability	21,592	5,108
A32150	Notes and accounts payable	55,005	(137,917)
A32160	Accounts payable - related parties	(4,713)	(7,465)
A32180	Other payables	(45,298)	(67,834)
A32230	Other current liabilities	204	(4,567)

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Code		Three Months Ended March 31	
		2025	2024
A32240	Net defined benefit liabilities - noncurrent	(4,561)	(161)
A32990	Other noncurrent liabilities	(117)	(28,866)
A33000	Cash generated from operations	185,546	222,921
A33100	Interest received	\$ 2,253	\$ 1,528
A33300	Interest paid	(9,854)	(10,370)
A33500	Income tax paid	(297)	(6,161)
AAAA	Net cash generated by operating activities	<u>177,648</u>	<u>207,918</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Increase in financial assets measured at amortized cost	(1,974)	(78,306)
B02700	Payments for property, plant and equipment	(54,547)	(156,570)
B03700	Increase in refundable deposits	(18,560)	-
B03800	Decrease in refundable deposit	-	262
B04500	Acquisition of an intangible asset	(15,000)	(30,000)
B07100	Increase in prepayments for equipment	(2,165)	(6,619)
B07600	Dividends received	<u>-</u>	<u>44,280</u>
BBBB	Net cash used in investing activities	(<u>92,246</u>)	(<u>226,953</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	190,000	158,259
C01700	Repayment of long-term loans	(25,000)	(175,000)
C04020	Repayment of the principal portion of lease liabilities	(7,178)	(6,736)
C05800	Changes in non-controlling interests	<u>-</u>	<u>16,673</u>
CCCC	Net cash generated by (used in) financing activities	<u>157,822</u>	(<u>6,804</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>536</u>	<u>3,573</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	243,760	(22,266)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>520,648</u>	<u>489,222</u>
E00200	CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 764,408</u>	<u>\$ 466,956</u>

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

Chairman: WU, Hsin-Hung Manager: SU, Tien-Bao Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2025 and 2024

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

1. GENERAL

San Fu Chemical Co., Ltd. (the “**Company**”), was incorporated in the Republic of China (“ROC”) on March 17, 2003. The Company is mainly engaged in the manufacture and sales of various chemical products. The major shareholders include San Fu Global Co., Ltd. (32.52% shareholding), Pilot Keymark SDN. BHD. (11.16% shareholding), and other domestic individual shareholders.

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

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Company’s Board of Directors on April 29, 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, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IAS 21 “Lack of Exchangeability” endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of San Fu Chemical Co., Ltd. and its subsidiaries (collectively as the “Company”).

- b. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” – the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 1)

Note 1: Applicable for the reporting period after January 1, 2026. An enterprise may also use this standard starting from January 1, 2025.

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

- c. The IFRS Accounting Standards issued by IASB, but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u> (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” – the amendments to the application guidance of classification of financial assets	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 determine by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 ”First-time Adoption of IFRS 17 and IFRS 9- Comparison of Information”	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 stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “ Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Increase disclosure of management-defined performance measures: When the combined company conducts public communications outside the financial statements and communicates management's views on a certain aspect of the combined company's overall financial performance to users of the financial statements, it should disclose relevant information on management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, its reconciliation with the subtotals or totals specified in IFRS accounting standards, and the impact of income taxes and non-controlling interests on the relevant reconciling items.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating other impacts of the above amended standards and 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 accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 Interim Financial Reporting approved and issued by the Financial Supervisory Commission (FSC). These consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

b. Basis of Preparation

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

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

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

c. Basis of Consolidation

For details of subsidiaries, shareholding ratios and scope of business, please refer to Note 11 and the attached Table 6.

d. Other Significant Accounting Policies

In addition to the following descriptions, please refer to the summary description of significant accounting policies in the consolidated financial report for the year 2024.

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the Critical Accounting Judgments and Key Sources of Estimation Uncertainty described in the Consolidated Financial Statements for the year 2024.

6. CASH

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and petty cash	\$ 428	\$ 428	\$ 705
Demand deposits in banks	<u>763,980</u>	<u>520,220</u>	<u>466,251</u>
	<u>\$ 764,408</u>	<u>\$ 520,648</u>	<u>\$ 466,956</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Domestic investments			
Publicly traded stocks	\$ 27,440	\$ 29,155	\$ 27,940
Non-publicly traded stocks	<u>62,881</u>	<u>62,881</u>	<u>70,412</u>
Subtotal	<u>90,321</u>	<u>92,036</u>	<u>98,352</u>
Foreign investments			
Non-publicly traded stocks	789,280	-	-
Total	<u>-</u>	<u>62,676</u>	<u>61,176</u>
	<u>789,280</u>	<u>62,676</u>	<u>61,176</u>
	<u>\$ 879,601</u>	<u>\$ 154,712</u>	<u>\$ 159,528</u>

The abovementioned domestic and foreign equity instruments are held for medium to long-term strategic purposes, and expect to make profits through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at Fair Value Through Other Comprehensive Income (FVTOCI) as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments of equity instruments were classified as financial assets at fair value through other comprehensive income. In addition, foreign investments in non-publicly traded stocks (unlisted stocks) were converted into publicly traded stocks (listed stocks) in January 2025 due to Initial Public Offerings (IPO).

8. FINANCIAL ASSETS AT AMORTITIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 161,337	\$ 157,329	\$ 150,720
Restricted time deposits	<u>136,305</u>	<u>136,305</u>	<u>125,400</u>
	<u>\$ 297,642</u>	<u>\$ 293,634</u>	<u>\$ 276,120</u>

As of March 31, 2025 and December 31 and March 31, 2024, the interest rate ranges of the above time deposits were 0.745% ~ 4.0% respectively.

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

9. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 35,259</u>	<u>\$ 36,716</u>	<u>\$ 41,203</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,077,668	\$ 1,125,199	\$ 1,066,524
Less: Loss allowance	(370)	(339)	-
	<u>\$ 1,077,298</u>	<u>\$ 1,124,860</u>	<u>\$ 1,066,524</u>

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

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

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

March 31, 2025

	<u>Not Past Due</u>	<u>1~90 Days</u>	<u>91~180 Days</u>	<u>181~365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$ 1,073,499	\$ 2,502	\$ 927	\$ 740	\$ -	\$ 1,077,668
Loss allowance (Lifetime ECL)	-	-	-	(370)	-	(370)
Amortized cost	<u>\$ 1,073,499</u>	<u>\$ 2,502</u>	<u>\$ 927</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 1,077,298</u>

December 31, 2024

	<u>Not Past Due</u>	<u>1~90 Days</u>	<u>91~180 Days</u>	<u>181~365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$ 1,121,502	\$ 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>\$ 1,124,860</u>

March 31, 2024

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

Movements of the loss allowance for accounts receivable

	<u>Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1, 2025 and 2024	\$ 339	\$ 5,710
Add: impairment losses recognized during the year	28	143
Less: Actual write-offs during the year	-	(5,853)
Difference on foreign exchange	3	-
Balance at December 31, 2025 and 2024	<u>\$ 370</u>	<u>\$ -</u>

10. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Merchandise	\$ 81,954	\$ 69,757	\$ 93,771
Finished goods	314,679	277,949	269,700
Work in progress	8,162	7,115	9,882
Semi-finished goods	6,267	3,039	2,883
Raw materials	371,222	300,429	289,514
Supplies and spare parts	<u>47,817</u>	<u>45,469</u>	<u>49,140</u>
	<u>\$ 830,101</u>	<u>\$ 703,758</u>	<u>\$ 714,890</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the three months ended March 31, 2025 and 2024 was \$903,386,000 and \$874,673,000 respectively.

The cost of goods sold included gains from price recovery of inventory and allowance for inventory valuation losses for the three months ended March 31, 2025 and 2024 was \$1,896,000 and \$1,926,000 respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

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

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership (%)</u>			<u>Refer to</u>
			<u>3.31.2025</u>	<u>12.31.2024</u>	<u>3.31.2024</u>	
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%	100%	Note 1
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%	100%	
	VinaSanFu Material Company Limited	Production of industrial materials	100%	100%	100%	Note 1
	San Fu Biotech Co., Ltd.	Sales and production of food additives	90%	90%	90%	Notes 1 and 2
	BioPhoenix Co., Ltd.	R& D of new drugs	90%	-	-	Notes 1 and 2
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%	100%	Note 1
	Lifu Carbonate Co., Ltd.	Production of industrial materials	87%	87%	87%	Note 1
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%	100%	Note 1
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd		100%	100%	100%	Note 1

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

Note 2: Sanfu Biotech Co., Ltd. was split and established a new company under the name of BioPhoenix Co., Ltd. on February 3, 2015 to adjust the group organizational structure.

Among the entities included in the above consolidated financial statements preparation, except the consolidated financial statements of the Company's and its subsidiary International Nitto Technology Co., Ltd. have been reviewed by the accountants of Deloitte & Touche, Taiwan, the financial statements of VinaSanFu Industrial Gas Company Limited was reviewed by other accountants, and the financial statements of other non-important subsidiaries have not been reviewed by the accountants of Deloitte & Touche, Taiwan. Its total assets for the three months ended March 31, 2025 and 2024 was \$1,993,671,000 and \$1,253,289,000 and respectively, represented 24% and 16% of the total consolidated assets respectively. The total liabilities were \$342,535,000 and \$237,055,000 respectively, represented 10% and 7% of the consolidated total liabilities,

respectively. For three months ended March 31, 2025 and 2024, the total recognized comprehensive profit and loss was (\$4,857,000) and (\$5,212,000) respectively, represented (1%) and (4%) of the total consolidated comprehensive profit and loss, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2025	December 31, 2024	March 31, 2024
Investments in associates	\$ 60,067	\$ 58,972	\$ 56,210
Investments in joint ventures	<u>424,469</u>	<u>413,470</u>	<u>393,345</u>
	<u>\$ 484,536</u>	<u>\$ 472,442</u>	<u>\$ 449,555</u>

The share of total consolidated comprehensive income for the investments accounted for using equity method in associates and joint ventures recognized for the three months ended March 31, 2025 and 2024 was NT\$12,094,000 and NT\$18,450,000 respectively.

The share of profits and losses and other comprehensive income of the investees and consolidated companies using the equity method is calculated based on financial statements that have not been reviewed by accountants; however, the management of the consolidated company believes that the fact that the financial statements of the above-mentioned investees have not been reviewed by accountants will not have a significant impact.

a. Investments in associates

	March 31, 2025	December 31, 2024	March 31, 2024
Associates that are not individually material	<u>\$ 60,067</u>	<u>\$ 58,972</u>	<u>\$ 56,210</u>

b. Investments in joint ventures

	March 31, 2025	December 31, 2024	March 31, 2024
Material joint ventures			
Sanfuming Electronic Material Co., Ltd.	<u>\$ 424,469</u>	<u>\$ 413,470</u>	<u>\$ 393,345</u>

For the business nature of the above-mentioned joint venture, the main business place and the country information of the Company registration, please refer to the attached documents - "Intercompany Relationships and Significant Inter Company Transactions" Table 5; "Information on Investees" and Table 6 and "Information on Investments in Mainland China" – Table 7

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2025	\$ 170,300	\$ 1,489,536	\$ 3,232,973	\$ 523,021	\$ 571,788	\$ 734,260	\$ 6,721,878
Reclassifications	-	-	21,768	872	197	(20,672)	2,165
Additions	-	67	10,604	4,710	12,896	33,913	62,190
Disposals	-	-	(170)	(3,956)	(285)	-	(4,411)
Effect of exchange rate changes	-	1,488	4,256	317	18	16	6,095
Balance at March 31, 2025	<u>\$ 170,300</u>	<u>\$ 1,491,091</u>	<u>\$ 3,269,431</u>	<u>\$ 524,964</u>	<u>\$ 584,614</u>	<u>\$ 747,517</u>	<u>\$ 6,787,917</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2025	\$ -	\$ 641,221	\$ 1,847,768	\$ 389,890	\$ 451,031	\$ -	\$ 3,329,910
Depreciation expenses	-	14,807	54,970	9,386	15,352	-	94,515
Disposals	-	-	(170)	(3,956)	(285)	-	(4,411)
Effect of exchange rate changes	-	156	533	43	3	-	735
Balance at Mar. 31, 2025	<u>\$ -</u>	<u>\$ 656,184</u>	<u>\$ 1,903,101</u>	<u>\$ 395,363</u>	<u>\$ 466,101</u>	<u>\$ -</u>	<u>\$ 3,420,749</u>
Net Value at Mar. 31, 2025	<u>\$ 170,300</u>	<u>\$ 834,907</u>	<u>\$ 1,366,330</u>	<u>\$ 129,601</u>	<u>\$ 118,513</u>	<u>\$ 747,517</u>	<u>\$ 3,367,168</u>
Net Value at Dec. 31, 2024 and Jan. 1, 2025	<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>
<u>Cost</u>							
Balance at January 1, 2024	\$ 170,300	\$ 1,450,818	\$ 3,112,089	\$ 467,715	\$ 492,935	\$ 663,008	\$ 6,356,865
Reclassifications	-	930	1,826	419	-	2,907	6,082
Additions	-	1,335	13,437	6,117	9,990	80,607	111,486
Disposals	-	-	(220)	(656)	(152)	-	(1,028)
Effect of exchange rate changes	-	2,945	8,286	338	27	162	11,758
Balance at March 31, 2024	<u>\$ 170,300</u>	<u>\$ 1,456,028</u>	<u>\$ 3,135,418</u>	<u>\$ 473,933</u>	<u>\$ 502,800</u>	<u>\$ 746,684</u>	<u>\$ 6,485,163</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	\$ -	\$ 580,063	\$ 1,608,253	\$ 356,513	\$ 396,664	\$ -	\$ 2,941,493
Depreciation expenses	-	15,414	59,746	9,110	12,798	-	97,068
Disposals	-	-	(220)	(650)	(152)	-	(1,022)
Effect of exchange rate changes	-	190	620	35	1	-	846
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 595,667</u>	<u>\$ 1,668,399</u>	<u>\$ 365,008</u>	<u>\$ 409,311</u>	<u>\$ -</u>	<u>\$ 3,038,385</u>
Net Vale at March 31, 2024	<u>\$ 170,300</u>	<u>\$ 860,361</u>	<u>\$ 1,467,019</u>	<u>\$ 108,925</u>	<u>\$ 93,489</u>	<u>\$ 746,684</u>	<u>\$ 3,446,778</u>

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 are set out in Note 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amounts</u>			
Land	\$ 233,316	\$ 237,054	\$ 290,716
Buildings	11,518	13,359	8,432
Transportation equipment	<u>9,789</u>	<u>10,171</u>	<u>3,930</u>
	<u>\$ 254,623</u>	<u>\$ 260,584</u>	<u>\$ 303,078</u>
	<u>Three Months Ended March 31</u>		
	<u>2025</u>		<u>2024</u>
Additions to right-of-use assets	<u>\$ 359</u>		<u>\$ 199,112</u>
Depreciation charge for right-of-use assets			
Land	\$ 4,246		\$ 4,145
Buildings	1,841		1,447
Transportation equipment	<u>741</u>		<u>1,017</u>
	<u>\$ 6,828</u>		<u>\$ 6,609</u>

Except for the additions and depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Company from January 1 to March 31, 2025 and 2024.

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying Amounts</u>			
Current portion	\$ 19,181	\$ 21,644	\$ 16,346
Noncurrent portion	<u>173,054</u>	<u>176,537</u>	<u>221,598</u>
	<u>\$ 192,235</u>	<u>\$ 198,181</u>	<u>\$ 237,944</u>

Range of discount rate for lease liabilities are⁴ as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	1.03% ~ 1.843%	1.03% ~ 1.843%	1.03% ~ 1.843%
Buildings	1.03% ~ 1.71%	1.03% ~ 1.71%	1.03% ~ 1.71%
Transportation equipment	1.03% ~ 1.83%	1.03% ~ 1.71%	1.03% ~ 1.71%

c. Other lease information

	<u>Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	<u>\$ 1,754</u>	<u>\$ 2,312</u>
Expenses relating to low-value asset leases	<u>\$ 309</u>	<u>\$ 305</u>
Total cash outflow for leases	(<u>\$ 9,241</u>)	(<u>\$ 9,353</u>)

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

15. INTANGIBLE ASSETS

	<u>Patent Rights</u>
<u>Cost</u>	
Balance at Jan. 1, 2025 and Mar. 31, 2025	\$ <u>150,000</u>
<u>Accumulated amortization and Impairment</u>	
Balance at Jan. 1, 2025	\$ 28,996
Amortization Costs	<u>3,646</u>
Balance at Mar. 31, 2025	\$ <u>32,642</u>
Net Value at Jan. 1, 2025	\$ <u>121,004</u>
Net Value at Mar. 31, 2025	\$ <u>117,358</u>
<u>Cost</u>	
Balance at Jan. 1, 2024 and Mar. 31, 2024	\$ <u>150,000</u>
<u>Accumulated amortization and Impairment</u>	
Balance at Jan. 1, 2024	\$ 10,542
Amortization Costs	<u>3,750</u>
Balance at Mar. 31, 2024	\$ <u>14,292</u>
Net Value at Jan. 1, 2024	\$ <u>139,458</u>
Net Value at Mar. 31, 2024	\$ <u>135,708</u>

San Fu Biotech Co., Ltd. signed a patent agreement with Japan's REGiMMUNE Corporation in April 2024 to obtain "drugs for the prevention of acute graft-versus-host disease" "The licensing of development and commercialization rights in some countries in Asia. The total contract price is \$150,000,000. The patent price is paid according to the schedule stipulated in the contract. As of March 31, 2025, December 31, 2024, and March 31, 2024, the amounts paid were respectively \$105,000,000, \$90,000,000 and \$60,000,000. In February 2025, Sanfu Biotech Co., Ltd. divided and transferred the patent rights to BioPhoenix medical Co., Ltd.

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

Patent rights: 10 years

16. BANK LOANS

a. Short-term loans

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Secured loans (Note 30)</u>			
Bank loans	\$ 280,000	\$ 350,000	\$ 50,000
<u>Unsecured loans</u>			
Bank loans	<u>1,730,000</u>	<u>1,470,000</u>	<u>1,328,930</u>
	<u>\$ 2,010,000</u>	<u>\$ 1,820,000</u>	<u>\$ 1,378,930</u>

The range of periodic interest rates on bank loans were 1.85% ~ 2.07% and 1.74% ~ 1.98 % and 0.85% ~ 1.975%, per annum respectively as of March 31, 2025, December 31, 2024 and March 31, 2024.

b. Long-term loans

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured loans</u>			
Bank loans	\$ 50,000	\$ 75,000	\$ 150,000
Less: Current portion matured within a year	(<u>50,000</u>)	(<u>75,000</u>)	(<u>100,000</u>)
Long-term loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

The ranges of periodic interest rates on bank loans were 1.86% per annum respectively as of March 31, 2025, December 31, 2024 and March 31, 2024.

17. NOTES AND ACCOUNTS PAYABLE

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes payable</u>	\$787	\$787	\$ 487
<u>Accounts payable</u>	<u>313,596</u>	<u>258,674</u>	<u>295,240</u>
	<u>\$314,383</u>	<u>\$259,461</u>	<u>\$ 295,727</u>

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

18. OTHER PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Other payables	\$ 232,944	\$ 293,129	\$ 339,900
Dividend payable	201,412	-	201,412
Payable for constructions	10,794	11,775	44,526
Payable for purchases of equipment	<u>33,357</u>	<u>24,733</u>	<u>61,234</u>
	<u>\$ 478,507</u>	<u>\$ 329,637</u>	<u>\$ 647,072</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined contribution and benefit plans recognized from January 1 to March 31 in 2025 and 2024 are calculated based on the pension cost rate determined by actuarial calculation on December 31, 2024 and 2023, and the Amount was \$20,000 and \$71,000 respectively.

20. EQUITY

a. Capital stock

Ordinary shares

	March 31, 2025	December 31, 2024	March 31, 2024
Authorized shares (in thousands)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Authorized capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousands)	<u>100,706</u>	<u>100,706</u>	<u>100,706</u>
Issued capital	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of common shares	\$ 316,728	\$ 316,728	\$ 467,787
Donations (Note 29)	44,644	42,644	42,744
Exercised employee share options	54,804	54,804	54,804
Expired employee share options	2,151	2,151	2,151
Employee share options for subsidiaries	2,448	2,448	2,952
<u>May be used to offset a deficit only</u>			
Others - Exercising the right of attribution (2)	30	30	30
Recognition of changes in ownership interests in subsidiaries (3)	(<u>778</u>)	(<u>778</u>)	(<u>778</u>)
	<u>\$ 420,027</u>	<u>\$ 418,027</u>	<u>\$ 569,690</u>

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

c. Retained earnings and dividends policy

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

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

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

When the Company makes a special surplus reserve for the net deductions from other equity accumulated in the previous period, it only makes a provision for the undistributed earnings of the previous period. If there is a subsequent reversal of the balance of other shareholders' equity reduction

items, the reversed portion may be distributed as earnings.

The earnings for the fiscal years 2024 and 2023 shall be distributed as follows:

	<u>For the Year Ended</u> <u>December 31, 2024</u>	<u>For the Year Ended</u> <u>December 31, 2023</u>
Legal reserve	\$ 41,836	\$ 44,340
Special reserve	(\$ 34,493)	\$ 27,056
Cash dividends	\$ 201,412	\$ 201,412
Cash dividends per share (NT\$)	\$ 2.0	\$ 2.0

The distribution of the above-mentioned cash dividends has been resolved by the Board of Directors on February 26, 2025 and February 27, 2024 respectively. The remaining earnings distribution items for 2023 were resolved at the annual shareholders' meeting on June 12, 2024. The remaining earnings distribution items for 2024 are pending to be resolved at the annual shareholders' meeting to be held on June 9, 2025.

The Company's annual shareholders' meeting held on June 12, 2024 has resolved a proposal to use the capital reserve \$151,059,000 to distribute cash, with a cash dividend of \$1.5 per share. The Company's Board of Directors has made a proposal at its board of directors' meeting held on February 26, 2025 to use capital reserves of \$151,059,000 to distribute cash, with a cash dividend of \$1.5 per share.

The Company's Board of Directors decided not to distribute earnings for 2025 Q1 to Q3, leaving it to be considered in a subsequent quarter.

The Company's Board of Directors has decided at its meeting on April 29, 2025 not to appropriate the quarterly earnings from January 1 to March 31, 2025.

d. Non-controlling interests

Description	<u>Three Months</u> <u>Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 44,987	\$ 31,850
Shares attributable to non-controlling interests		
Net profit (loss) current period	(739)	(859)
Non-controlling interests subscribed the common stocks issued by subsidiaries for cash capital increase (Note 25)	-	10,173
Non-controlling interests subscribed the employee stock options issued by subsidiaries (Note 25)	-	6,500
Changes in ownership interest in subsidiaries (Note 25)	-	(81)
Stock option compensation costs for subsidiary employees	-	343
Ending balance	<u>\$ 44,248</u>	<u>\$ 47,926</u>

21. NET REVENUE

	<u>Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Revenue from sale of goods	\$ 1,080,122	\$ 1,124,904
Construction contract revenue	83,425	7,209
	<u>\$ 1,163,547</u>	<u>\$ 1,132,113</u>

Contact Balances

	March 31, 2025	December 31, 2024	March 31, 2024
Contract assets			
Project construction - current	\$ 11,961	\$ 8,167	\$ 14,199
Contract liabilities			
Project construction - current	\$ 50,515	\$ 30,320	\$ 485,771
Sale of goods- current	3,870	2,473	1,268
	<u>\$ 54,385</u>	<u>\$ 32,793</u>	<u>\$ 487,039</u>

As of March 31, 2025 and December 31 and March 31, 2024, the Company's prepayments to manufacturers for project construction were \$62,000,000, \$62,000,000 and \$432,548,000 respectively.

22. NET PROFIT

a. Other income

	<u>Three Months Ended March 31</u>	
	2025	2024
Rendering of services	\$ 1,609	\$ 1,552
Others	2,298	8,369
	<u>\$ 3,907</u>	<u>\$ 9,921</u>

b. Other gains and losses

	<u>Three Months Ended March 31</u>	
	2025	2024
Net foreign exchange gains	\$ 8,800	\$ 20,790
Loss on disposal of property, plant and equipment	-	(6)
Others	(7)	(149)
	<u>\$ 8,793</u>	<u>\$ 20,635</u>

c. Depreciation and Amortization

	<u>Three Months Ended March 31</u>	
	2025	2024
Properties, plants and equipment	\$ 94,515	\$ 97,068
Right-of-use assets	6,828	6,609
Other intangible assets	3,646	3,750
	<u>\$ 104,989</u>	<u>\$ 107,427</u>
Analysis of depreciation by function		
Operating costs	\$ 83,410	\$ 86,509
Operating expenses	17,933	17,168
	<u>\$ 101,343</u>	<u>\$ 103,677</u>
Analysis of depreciation by amortization costs		
Operating costs	<u>\$ 3,646</u>	<u>\$ 3,750</u>

d. Employee benefits expense

	<u>Three Months Ended March 31</u>	
	2025	2024
Post-employment benefits		
Defined contribution plans	\$ 4,084	\$ 3,952
Defined benefit plans (Note 19)	20	71
Short-term benefits		
Salaries		
Labor and health insurance	107,079	112,787
Others	9,332	8,947
Total employee benefits expense	<u>12,642</u>	<u>14,235</u>
	<u>\$ 133,157</u>	<u>\$ 139,992</u>
Analysis by function		
Operating costs	\$ 76,245	\$ 73,862
Operating expenses	<u>56,912</u>	<u>66,130</u>
	<u>\$ 133,157</u>	<u>\$ 139,992</u>

e. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of 1%-3% and no higher than 3% respectively of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the three-month ended March 31, 2025 and 2024 were approved by the Company's Board of Directors, respectively as follows:

	<u>Three Months Ended March 31</u>	
	2025	2024
Employees' compensation	1.61%	1.89%
Remuneration of directors	1.61%	1.89%

Amount

	<u>Three Months Ended March 31</u>	
	2025	2024
Employees' compensation	<u>\$ 2,500</u>	<u>\$ 2,950</u>
Remuneration of directors	<u>\$ 2,500</u>	<u>\$ 2,950</u>

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

The Company held Board of Directors' meetings on February 26, 2025 and February 27, 2024, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2024 and 2023 are as respectively follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
	Cash	Cash
Employees' compensation	\$ 11,290	\$ 11,300
Remuneration of directors	11,290	11,300

The Company held Board of Directors' meetings on February 26, 2025 and February 27, 2024, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2025 and 2024 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2025 and 2024 respectively.

	For the Year Ended December 31			
	2024		2023	
	<u>Employees'</u>	<u>Remuneration</u>	<u>Employees'</u>	<u>Remuneration of</u>
	<u>compensation</u>	<u>of directors</u>	<u>compensation</u>	<u>of directors</u>
Amounts approved in the Board of Directors' meeting	\$ <u>11,347</u>	\$ <u>11,347</u>	\$ <u>11,626</u>	\$ <u>11,626</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>

Information on the employees' compensation and remuneration of directors or the years ended December 31, 2025 and 2024 approved by the Company's Board of Directors is available at the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange.

f. Finance costs

	Three Months Ended March 31	
	2025	2024
Interest on bank loans	\$ 9,957	\$ 7,806
Interest on lease liabilities	<u>873</u>	<u>1,075</u>
	<u>\$ 10,830</u>	<u>\$ 8,881</u>

23. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended March 31	
	2025	2024
Current income tax expense		
Current tax expense recognized in the current period	\$ 39,658	\$ 39,474
Income tax adjustments on prior years	<u>-</u>	<u>249</u>
	<u>39,658</u>	<u>39,723</u>
Deferred income tax		
Deferred income tax recognized in the current period	<u>342</u>	<u>5,340</u>
Income tax expense recognized in profit or loss	<u>\$ 40,000</u>	<u>\$ 45,063</u>

b. Income tax expense recognized in other comprehensive income

Income tax expense consisted of the following:

	Three Months Ended March 31	
	2025	2024
Deferred income tax		
Deferred income tax recognized in the current period		
- Unrealized gain or loss on financial Assets		
Measured at Fair Value through Profit or Loss	<u>\$ 143,805</u>	<u>\$ -</u>

c. Income tax assessment status

The competent tax authorities have assessed the income tax returns up to the fiscal year 2023 filed by the Lifu Carbonate Co., Ltd. and the International Nitto Technology Company Limited as well as the income tax returns up to the fiscal year 2022 of the San Fu Chemical Co., Ltd. and the San Fu Biotech Co., Ltd.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>Three Months Ended March 31</u>	
	2025	2024
Basic earnings per share		
Basic EPS	\$ <u>1.10</u>	\$ <u>1.10</u>
Diluted earnings per share		
Diluted EPS	\$ <u>1.10</u>	\$ <u>1.10</u>

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

Net Income for the Year

	<u>Three Months Ended March 31</u>	
	2025	2024
Net income available to common shareholders of the parent	\$ <u>110,681</u>	\$ <u>111,240</u>

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

	(Unit: in thousands shares)	
	<u>Three Months Ended March 31</u>	
	2025	2024
Weighted average number of common shares used in the computation of basic EPS	100,706	100,706
Effects of dilutive potential common shares:		
Employees' compensation	<u>81</u>	<u>70</u>
Weighted average number of common shares used in the computation of diluted EPS	<u>100,787</u>	<u>100,776</u>

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

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

The Company entered into the following non-cash investing and financing activities for the three months ended March 31, 2025 and 2024, which were not reflected in the consolidated statements of cash flows:

The Company reclassified and paid cash for property, plant and equipment partly for the three-month ended March 31, 2025 and 2024 as follows (please refer to Note 13):

	Three Months Ended March 31	
	2025	2024
Prepayments for equipment transferred (reclassification)	<u>\$ 2,165</u>	<u>\$ 6,082</u>

27. CAPITAL RISK MANAGEMENT

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

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

28. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair Value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2025</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 27,440	\$ -	\$ -	\$ 27,440
Domestic unlisted shares	-	-	62,881	62,881
Foreign unlisted shares	<u>789,280</u>	<u>-</u>	<u>-</u>	<u>789,280</u>
Total	<u>\$816,720</u>	<u>\$ -</u>	<u>\$ 62,881</u>	<u>\$879,601</u>

	Level 1	Level 2	Level 3	Total
<u>December 31, 2024</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 29,155	\$ -	\$ -	\$ 29,155
Domestic unlisted shares	-	-	62,881	62,881
Foreign unlisted 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>March 31, 2024</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 27,941	\$ -	\$ -	\$ 27,941
Domestic unlisted shares	-	-	70,412	70,412
Foreign unlisted shares	-	-	<u>61,175</u>	<u>61,175</u>
Total	<u>\$ 27,941</u>	<u>\$ -</u>	<u>\$131,587</u>	<u>\$159,528</u>

There were no transfers of financial assets at FVTOCI between Levels 1 and 2 for the three months ended March 31, 2025 and 2024.

From January 1 to March 31, 2025, due to the initial public offering of the public listed foreign stocks held by the Company on January 22, 2015, and due to active market quotations, the Company was transferred from Level 3 to Level 1.

2) Financial instruments applied for Level 3 adjustment at FVTOCI

	<u>Financial assets at FVTOCI</u>	
	<u>Through other comprehensive income</u>	
	<u>Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 125,557	\$ 129,112
Recognized in Profit/Loss (Other Gains and Losses)	-	2,475
Transferred to Level 3 (Note)	(<u>62,676</u>)	-
Ending balance	<u>\$ 62,881</u>	<u>\$ 131,587</u>

Note: As the equity instrument has an active market quotation, its fair value measurement level is transferred from Level 3 to Level 1.

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

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

	March 31, 2025	March 31, 2024
Discount for lack of marketability	25%	25%
Non-controlling interests discount	20%	20%

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

	March 31, 2025	March 31, 2024
Discount for lack of marketability 1% decrease	\$ <u>176</u>	\$ <u>105</u>
Non-controlling interests discount 1% decrease	\$ <u>165</u>	\$ <u>98</u>

c. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 2,216,297	\$ 1,995,601	\$ 1,880,372
Financial assets at FVTOCI	879,601	154,712	159,528
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	2,862,207	2,494,682	2,475,844

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

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

d. Financial risk management objectives and policies

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

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

The Company's financial risk management policies are developed for identifying and analyzing the financial risks to the Company, evaluating the impacts of the financial risks, and executing the financial-risk aversion policies. The financial risk management 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 is engaged in developing a disciplined and constructive control environment, in order to have all employees understand own responsibilities.

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

1) Market Risk

The Company is exposed to the following financial market risks, primarily changes in (a) foreign currency exchange rates (currency risks), (b) interest rates, and (c) other price risks.

a) Foreign Currency Risk

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

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities which were not in the same functional currency as the Company entity at the end of the reporting period are shown in Note 31.

Sensitivity Analysis

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

	Unit: Thousand NT\$	
	Currency USD Impact	
	Three Months Ended March 31	
	2025	2024
Profit or loss and Interests	<u>\$ 19,056</u> (i)	<u>\$ 13,880</u> (i)

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

b) Interest Rate Risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for three months ended March 31, 2025 and 2024 are \$10,830,000 and \$8,881,000 respectively, which only constitute 0.93% and 0.78% of the consolidated net sales revenue. Therefore, interest rate risk has no significant impact on the Company.

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

	March 31, 2025	Unit: Thousand NT\$ December 31, 2024	March 31, 2024
Fair value interest rate risk Financial liabilities	\$ 772,235	\$ 378,181	\$ 936,874
Cash flow interest rate risk Financial liabilities	1,480,000	1,715,000	830,000

Sensitivity Analysis

The sensitivity analyses were determined based on the Company's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole period. The rate of change used when reporting interest rates to key management within the Group is a five (5) basis point increase or decrease in interest rates, which also represents management's assessment of the reasonable possible range of interest rate changes.

If the interest rate increases/decreases by five basis points, with all other variables remaining unchanged, the pre-tax net profit of the Company for the three months ended on March 31, 2025 and 2024 will increase/decrease by \$185,000 and \$104,000 respectively.

c) Other Price Risks

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

Sensitivity Analysis

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If the equity price increases/decreases by 5%, the pre-tax other comprehensive income from January 1 to March 31, 2025 and 2024 will increase/decrease by NT\$43,980,000 and NT\$7,976,000 respectively due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2) Credit Risk Management

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

Apart from Company A, B and C, the Company did not have significant credit risk exposure from any single counterparty or any Company of counterparties with similar characteristics. Apart from Company A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A, B and C accounts for 55% of the balance of accounts receivable of the consolidated Company. The credit risk is expected to be immaterial as Company A, B and C are all trustworthy counterparties.

3) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Company had available unutilized short-term bank loan facilities NT\$1,427,435,000, NT\$ 1,413,897,000 and NT\$1,777,294,000, respectively.

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

March 31, 2025

	On				
	Demand or		3 Months to		More than
	Less than	1-3 Months	1 Year	1-5 Years	5 Years
	1 Month				
Lease liabilities	\$ 2,252	\$ 4,505	\$ 16,010	\$ 67,085	\$141,896
Variable interest rate liabilities	115,000	1,320,000	45,000	-	-
Fixed interest rate liabilities	<u>150,000</u>	<u>230,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>\$267,252</u>	<u>\$1,554,505</u>	<u>\$261,010</u>	<u>\$ 67,085</u>	<u>\$141,896</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 22,767</u>	<u>\$ 67,085</u>	<u>\$ 141,896</u>

December 31, 2024

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

March 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	\$ 2,134	\$ 4,125	\$ 14,893	\$ 55,483	\$221,231
Variable interest rate liabilities	585,000	120,000	75,000	50,000	-
Fixed interest rate liabilities	-	<u>655,000</u>	<u>43,930</u>	-	-
	<u>\$587,134</u>	<u>\$779,125</u>	<u>\$133,823</u>	<u>\$105,483</u>	<u>\$221,231</u>

Additional information about the maturity analysis for lease liabilities

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

29. RELATED PARTY TRANSACTIONS

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

a. Related party name and categories

Related Party Name	Related Party Category
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 (Vietnam)	Associates
Sanfuming Electronic Material Co., Ltd.	Joint venture
China Fangda (International) Investment Development Corporation	Other related parties
Fulu Cultural Foundation	Other related parties

b. Sales of goods

	Three Months Ended March 31	
	2025	2024
<u>Sales</u>		
Joint ventures	\$ -	\$ 178
Associates	9	-
Other related parties	<u>43</u>	<u>-</u>
	<u>\$ 52</u>	<u>\$ 1</u>
<u>Purchases</u>		
Associates	\$ 9,501	\$ 6,769
Other related parties	<u>564</u>	<u>-</u>
	<u>\$ 10,065</u>	<u>\$ 6,769</u>
<u>Service revenue</u> (recognized as other income)		
Investors with significant influence over the Company	\$ -	\$ 191
Joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>1,609</u>	<u>1,552</u>
	<u>\$ 1,609</u>	<u>\$ 1,743</u>

<u>Service expense</u> (recognized as other expense)		
Investors with significant influence over the Company	\$ <u>286</u>	\$ <u>286</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Accounts receivable - related party</u>			
Joint ventures	\$ -	\$ 190	\$ 178
Associates	<u>11</u>	<u>43</u>	<u>-</u>
	<u>11</u>	<u>233</u>	<u>178</u>
<u>Other receivables - related party</u>			
Investors with significant influence over the Company	2,000	-	2,000
Joint ventures	<u>7,893</u>	<u>6,284</u>	<u>7,698</u>
	<u>9,893</u>	<u>6,284</u>	<u>9,698</u>
	<u>\$ 9,904</u>	<u>\$ 6,517</u>	<u>\$ 9,876</u>
<u>Accounts payable - related party</u>			
Investors with significant influence over the Company	\$ 973	\$ 588	\$ -
Associates	7,780	9,996	4,115
Other related parties	<u>564</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,317</u>	<u>\$ 10,584</u>	<u>\$ 4,115</u>

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

c. Lease Arrangements

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Lease liabilities	Investors with significant influence			
	Sanfu Global Co., Ltd.	\$ 44,736	\$ 46,734	\$ 49,448
	Others	<u>729</u>	<u>1,090</u>	<u>1,804</u>
		<u>\$ 45,465</u>	<u>\$ 47,824</u>	<u>\$ 51,252</u>

	March 31, 2025	December 31, 2024
<u>Interest expense</u>		
Investors with significant influence		
Sanfu Global Co., Ltd.	\$ 195	\$ 214
Others	<u>4</u>	<u>8</u>
	<u>\$ 199</u>	<u>\$ 222</u>

The decision on rent and the method of payment of rent in the lease contract between the merged company and its related parties are the same as those in general lease transactions.

d. Others

Investors with significant influence signed a trust agreement of marketable securities with CTBC Bank on September 29, 2016. The Company is a beneficiary of interest. The trust interest revenue was \$2,000,000 and \$2,000,000 respectively for the three-month ended March 31, 2025 and 2024, and the revenue was credited in capital surplus-donations.

e. Compensation of key management personnel

	Three Months Ended March 31	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 9,039	\$ 8,633
Post-employment benefits	314	389
	<u>\$ 9,353</u>	<u>\$ 9,022</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:

	March 31, 2025	December 31, 2024	March 31, 2024
Pledged deposits (classified as financial assets at amortized cost)	\$ 136,305	\$ 136,305	\$ 125,400
Land	40,349	40,349	40,349
Buildings, net	<u>33,706</u>	<u>34,608</u>	<u>37,317</u>
	<u>\$ 210,360</u>	<u>\$ 211,262</u>	<u>\$ 203,066</u>

31. SIGNIFICANT EFFECTS ON FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

March 31, 2025

	<u>Foreign Currencies</u> (in Thousands)	<u>Exchange Rate</u>	<u>Carrying Amount</u> (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 12,173	33.155 (USD: NTD)	\$ 403,596
<u>Non-monetary items</u>			
Affiliates and joint ventures accounted for using the equity method			
CNY	91,761	0.139 (CNY: USD)	424,469
VND	34,837,647	0.0013 (VND: NTD)	44,419
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	676	33.255 (USD: NTD)	22,480

December 31, 2024

	<u>Foreign Currencies</u> (in Thousands)	<u>Exchange Rate</u>	<u>Carrying Amount</u> (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,241	32.735 (USD: NTD)	\$ 400,709
Non-monetary items			
Affiliates and joint ventures accounted for using the equity method			
CNY	90,657	0.139 (CNY: USD)	413,470
VND	34,438,735	0.0013 (VND: NTD)	43,565
<u>Financial liabilities</u>			
Monetary items			
USD	1,251	32.835 (USD: NTD)	41,077

March 31, 2024

	<u>Foreign Currencies</u> (in Thousands)	<u>Exchange Rate</u>	<u>Carrying Amount</u> (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,548	31.950 (USD: NTD)	\$ 305,059
JPY	208,744	0.210 (JPY: NTD)	43,732
Non-monetary items			
Affiliates and joint ventures accounted for using the equity method			
CNY	87,212	0.141 (CNY: USD)	393,345
VND	33,418,972	0.0013 (VND: NTD)	42,275
<u>Financial liabilities</u>			
Monetary items			
USD	857	32.050 (USD: NTD)	27,467
JPY	205,762	0.214 (JPY: NTD)	43,930

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

	<u>Three Months Ended March 31</u>			
	<u>2025</u>	<u>Net Foreign Exchange Gain(Losses)</u>	<u>2024</u>	<u>Net Foreign Exchange Gain(Losses)</u>
<u>Foreign Currencies</u>	<u>Exchange Rate</u>		<u>Exchange Rate</u>	
USD	33.155 (USD: NTD)	(\$3,173)	31.950 (USD: NTD)	\$ 21,678
JPY	0.221 (JPY: NTD)	-	0.210 (JPY: NTD)	278

32. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees:
 - 1) Financing provided: See Table 1 attached;
 - 2) Endorsements/guarantees provided: See Table 2 attached;
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
See Table 3 attached;
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (None)
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital
See Table 4 attached;
 - 6) Intercompany relationships and significant intercompany transactions: See Table 5 attached
- b. Information on investees: See Table 6 attached;
- c. Information on investments in mainland China
 - 1) Information on any investee Company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 7 attached.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

33. OPERATING SEGMENTS INFORMATION

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

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

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

a. Segment revenue and results

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

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write Off by Segment</u>	<u>Total</u>
<u>Three Months Ended March 31, 2025</u>				
Revenue of general customers	\$ 882,074	\$ 281,473	\$ -	\$ 1,163,547
Revenue of operating segment	<u>57,243</u>	<u>1,250</u>	(<u>58,493</u>)	<u> </u>
Total	<u>\$ 939,317</u>	<u>\$ 282,723</u>	(<u>\$ 58,493</u>)	<u>\$ 1,163,547</u>
Profit from operations	<u>\$ 163,300</u>	(<u>\$ 23,371</u>)	<u>\$ -</u>	\$ 139,929
Other income				3,907
Other gain and losses				8,793
Financial cost				(10,830)
Investments on affiliates using equity method				5,890
Interest income				<u>2,253</u>
Income before income tax				<u>\$149,942</u>

Three Months Ended March 31, 2024

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

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

b. Segment total assets and liabilities

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Segment assets</u>			
Fine chemicals	\$ 4,563,110	\$ 4,536,663	\$ 4,701,752
Basic chemicals	2,252,089	1,944,288	2,241,535
Investment	<u>1,661,779</u>	<u>920,788</u>	<u>885,203</u>
Consolidated total assets	<u>\$ 8,476,978</u>	<u>\$ 7,401,739</u>	<u>\$ 7,828,490</u>

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCINGS PROVIDED

For the Three Months Ended March 31, 2025

(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	Sanfu Chemical Corporation	Lifu Carbonate Co., Ltd.	Other receivables	Y	\$10,000	\$10,000	\$5,000	1.975%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 502,341	\$ 2,009,363	(Note 3)
0	Sanfu Chemical Corporation	International Nitto Technology Co., Ltd.	Other receivables	Y	300,000	300,000	200,000	1.975%	The need for short-term financing	46,918	Operating capital	-	-	-	\$ 502,341	\$ 2,009,363	(Note 3)
0	Sanfu Chemical Corporation	San Fu Biotech Co., Ltd.		Y	220,000	220,000	-	-	The need for short-term financing	976	Operating capital	-	-	-	\$ 502,341	\$ 2,009,363	(Note 3)
0	Sanfu Chemical Corporation	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	239,076 (USD7,200,000) (Note 4)	2%	The need for short-term financing	-	Operating capital	-	-	-	\$ 502,341	\$ 2,009,363	(Note 3)
0	Sanfu Chemical Corporation	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	96,295 (USD2,900,000) (Note 4)	2%	The need for short-term financing	493	Operating capital	-	-	-	\$ 502,341	\$ 2,009,363	(Note 3)
0	Sanfu Chemical Corporation	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	39,846 (USD1,200,000) (Note 4)	2%	The need for short	-	Operating capital	-	-	-	\$ 502,341	\$ 2,009,363	(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 exchange rate USD\$1=NT\$33.205 on March 31, 2025.

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GURANTEES PROVIDED

For the Three Months Ended March 31, 2025

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

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Sanfu Chemical Corporation	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 502,341	\$ 400,000	\$ 400,000	\$ 210,000	\$ -	7.96%	\$ 2,009,363	Yes	No	No	
0	Sanfu Chemical Corporation	International Nitto Technology Co., Ltd	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	502,341	300,000	300,000	230,000	-	5.97%	2,009,363	Yes	No	No	
0	Sanfu Chemical Corporation	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	502,341	200,000	200,000	199,230	-	3.98%	2,009,363	Yes	No	No	
0	Sanfu Chemical Corporation	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	502,341	200,000	200,000	199,230	-	3.98%	2,009,363	Yes	No	No	

Note 1: The items are numbered as follows:

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

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

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

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

For the Three Months Ended March 31, 2025

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

TABLE 3

Held Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	As of March 31, 2025				Note
				Number of Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
San Fu Chemical Corporation	E'Date Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	Note 2
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	27,440	0.45%	27,440	
	Global Graphene Company	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu Biotech Co., Ltd.	REGiMMUNE Limited	-	Financial assets at fair value through other comprehensive income	1,075,130	56,183	4.68%	56,183	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	6,250,000	789,280	1.74%	789,280	Note 2

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

Note 2: The fair value is calculated based on the closing price on March 31, 2025.

San Fu Chemical Co., Ltd. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Three Months Ended March 31, 2025

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

TABLE 4

Company Name	Related Party	Nature of Relationships	Receivables From Related Parties Ending Balance (Note 2)	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
San Fu Chemical Corporation	International Nitto Technology Co., Ltd	Subsidiary	\$ 200,696	N/A	\$ -	-	\$ -	\$ -
	VinaSanFu Industrial Gas Company Limited	Subsidiary	240,523	N/A	-	-	-	-

Note 1: Receivables from related parties have been written-off when preparing the consolidated financial statements.

Note 2: It is the balance of other receivables after adding the capital loan and interest receivable.

San Fu Chemical Co., Ltd. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Three Months Ended March 31, 2025

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

TABLE 5

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets				
				Financial Statement Item	Amount	Payment Terms					
0	Sanfu Chemical Corporation	International Nitto Technology Co., Ltd	1	Other receivables - net amount from related parties	\$ 200,696	According to the contract	2.37%				
				Sales revenue	7,125	90 days after the invoice date	0.61%				
				Accounts payable - Related parties, net	14,924	90 days after the invoice date	0.18%				
				Purchase	6,904	90 days after the invoice date	0.59%				
				Outsourcing processing costs	32,890	90 days after the invoice date	2.83%				
0	Sanfu Chemical Corporation	Lifu Carbonate Co., Ltd.	1	Other receivables - net amount from related parties	5,004	According to the contract	0.06%				
				VinaSanFu Industrial Gas Company Ltd.	1	Other receivables - net amount from related parties	240,523	According to the contract	2.84%		
						VinaSanFu Material Company Limited	1	Other receivables - net amount from related parties	97,110	According to the contract	1.15%
								VinaSanFu Material Trading Company Limited	1	Other receivables - net amount from related parties	39,862
1	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	2	Accounts payable - Related parties, net	37,191	30 days after the invoice date	0.44%				
				Sales expenses	9,982	30 days after the invoice date	0.86%				

Note 1: The items are numbered as follows:

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

Note 2: There are two types of relationships with the transaction parties, just indicate the type:

1. Parent company to subsidiary
2. Subsidiary to subsidiary

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

Note 4: The Company may decide whether to list the major transactions in this table based on the principle of materiality.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES

For the Three Months Ended March 31, 2025

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

TABLE 6

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss) of Investee	Note
				March 31,2025	December 31, 2024	Shares (In Thousands)	Percent- age of Owner- ship	Carrying Value			
San Fu Chemical Corporation	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$ 1,379,528	\$ 6,567	\$ 6,567	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Manufacturing of industrial gas	US\$ 13,650,000	US\$13,650,000	-	100%	241,965	(12,577)	(12,577)	Note 1
	VinaSanFu Material Company Limited	Vietnam	Manufacturing of chemical materials	US\$ 12,200,000	US\$12,200,000	-	100%	241,073	(14,411)	(14,411)	Note 1
	San Fu Biotech Co., Ltd.	Taiwan	Manufacturing and sales of food additives	2,937	244,827	922,795	89.59%	37,448	(3,220)	(2,885)	Notes 1, 3
	BioPhoenix Co., Ltd.	Taiwan	Manufacturing of new drugs	241,890	-	24,188,998	89.59%	235,932	(2,834)	(2,539)	Notes 1, 3
	International Nitto Technology Co., Ltd	Taiwan	Manufacturing of electronic component	1,277,904	1,277,904	120,000,000	100%	985,782	(23,684)	(23,684)	Note 1
	Hongchong Enterprise Co., Ltd.	Taiwan	Trades of liquid oxygen, oxygen, liquid nitrogen and other gas	10,527	10,527	1,200,000	50%	15,648	482	241	
	Lifu Carbonate Co., Ltd.	Taiwan	Manufacturing, sales and marketing of carbon dioxide gas, carbonic acid fire extinguisher, dry ice etc.	77,523	77,523	1,740	87%	83,526	(831)	(723)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Manufacturing of industrial gas	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	44,419	1,707	569	
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	International trades	US\$ 2,151,000	US\$ 2,151,000	-	50%	424,469	10,160	5,080	Note 2
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	790,460	2	2	Note 1
VinaSanFu Material Company Limited	VinaSanfu Material Trading Co., Ltd	Vietnam	Manufacturing of chemical materials	US\$ 400,000	US\$ 400,000	-	100%	21,034	(5,562)	(5,562)	Notes 1,

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

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

Note 3: Sanfu Biotech Co., Ltd. was split and newly established a new company BioPhoenix on February 3, 2025 to adjust the group's organizational structure.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Three Months Ended March 31, 2025

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

TABLE 7

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2025 (Note 1)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of March 31, 2025 (Note 1)	Net Income (Loss) of the Investee	Percentage of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2025 (Note 1)	Accumulated Inward Remittance of Earnings as of March 31, 2025
					Outflow	Inflow						
Sanfuming Electronic Material Co., Ltd.	International trades	\$ 298,845 (US\$9,000,000) (Notes 1 and 4)	Through the third Company reinvest in mainland companies	\$ 21,616 (US\$651,000)	\$ -	\$ -	\$ 21,616 (US\$651,000)	\$ 10,160	50	\$ 5,080	\$ 424,469 (US\$ 12,783,000)	\$
Hubei Xingfu Electronic Materials Co., Ltd.	Manufacturing and sales of chemical products	1,640,520 (CNY 360,000,000) (Notes 2 and 8)		61,961 (US\$1,866,000)	-	-	61,961 (US\$1,866,000)	(Note 7) -	1.74	-	789,280 (US\$23,770,000)	

Accumulated Investment in Mainland China as of March 31, 2025	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
\$193,718 (US\$ 5,834,000) (Notes 5 & 6)	\$317,407 (US\$ 9,559,000)	\$3,040,594

Note 1: The exchange rate was USD\$1=NT\$33.205 on March 31, 2025.

Note 2: The exchange rate was CNY\$1=NT\$4.557 on March 31, 2025.

Note 3: The average exchange rate was USD\$1=NT\$32.895 for the three months ended March 31, 2025.

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

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

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

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

Note 8: The said company increased its capital by CNY 100,000,000 in cash on January 22, 2025, without the participation of the Company, and was simultaneously listed on the Shanghai Stock Exchange.