

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

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## REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of San Fu Chemical Co., Ltd. as of and for the year ended December 31, 2023 (from January 01 to December 31, 2023) under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises “ are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements of parent and subsidiary companies. Consequently, San Fu Chemical Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

SAN FU CHEMICAL CO., LTD.

By



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SIMON WU  
Chairman

March 12, 2024

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively referred to as the “**Company**”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

#### Occurrence of sales revenue

The operating income of Sanfu Chemical Co., Ltd. and its subsidiaries mainly comes from the sales of fine chemicals, basic chemicals and others. For accounting policies and information related to revenue, please refer to Notes 4, 22 and 29 of the consolidated financial statements. Fine chemical products include the sale of fine chemicals. Domestic sales of fine chemicals are partly transported and delivered by tanker trucks. The actual delivery quantity on the scale or shipping order must be checked to confirm the occurrence of sales transactions. In addition, the revenue of domestic sales of fine chemicals of NT\$3,374,596,000 is the main business item of the Company. Moreover, transactions are frequent, and its revenue in 2023 accounted for approximately 68% of the net operating income in the consolidated financial statements. Therefore, for the domestic sales of fine chemicals, the occurrence of related sales transactions is listed as a key audit matter for this year.

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

1. Understand the relevant internal control systems for sales transactions and test their design and implementation effectiveness.
2. Select samples from the sales details of domestic fine chemicals and check them with the scale list or shipping documents to confirm the occurrence of sales transactions, and randomly check the collection records of samples that have expired before the reporting deadline to further prove the occurrence of the income

### **Other Matter**

Among the subsidiaries included in the consolidated financial statements of Sanfu Chemical Co., Ltd. and its subsidiaries, the financial statements of Sanfu Biotech Co., Ltd., VinaSanFu Industrial Gas Company Limited and VinaSanFu Material Company Limited have not been audited by the accountants of the Deloitte & Touche, Taipei, Taiwan, but by other accountants. Therefore, in the opinions expressed by the accountants on the above-mentioned consolidated financial statements, the amounts listed in the aforementioned company's financial statements are based on the audit reports of other accountants. The total assets of these subsidiaries on December 31, 2023 and December 31, 2022 was respectively NT\$ 1,441,415,000 and NT\$1,220,264,000 which represented 19% and 17% of the total consolidated assets. The net operating income from January 1 to December 31, 2023 and from January 1 to December 31, 2022 was respectively NT\$595,363,000 and NT\$460,144,000 which represented respectively 12% and 8% of the consolidated operating income.

We have also audited the standalone financial statements of the Parent Company of the San Fu Chemical Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shioh-Ming Shue and Ya-Ling Wong.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 12, 2024

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

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

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

# San Fu Chemical Co., Ltd. and Subsidiaries

## CONSOLIDATED BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed in thousands of New Taiwan Dollars)

Code		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 489,222	6	\$ 602,138	8
1110	Financial assets at fair value through profit or loss - current (Note 7)	-	-	11,890	-
1136	Financial assets at amortized cost-current (Notes 4 and 9)	193,565	2	238,427	3
1140	Contract asset - current (Notes 4 and 22)	10,347	-	8,173	-
1150	Notes receivable, net (Notes 4 and 10)	37,815	1	43,300	1
1170	Accounts receivable, net (Notes 4 and 10)	1,290,632	17	1,185,450	17
1180	Receivables from related parties (Notes 4 and 29)	12,820	-	10,062	-
130X	Inventories (Notes 4 and 11)	678,661	9	717,450	10
1410	Prepayments (Note 22)	580,764	7	488,861	7
1220	Current tax assets	124	-	79	-
1470	Other current assets	<u>83,956</u>	<u>1</u>	<u>59,894</u>	<u>1</u>
11XX	Total current assets	<u>3,377,906</u>	<u>43</u>	<u>3,365,724</u>	<u>47</u>
<b>NONCURRENT ASSETS</b>					
1517	Financial asset at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	161,197	2	100,851	1
1550	Investments accounted for using equity method (Notes 4 and 13)	475,385	6	504,904	7
1600	Property, plant and equipment (Notes 4 and 14)	3,415,372	44	3,018,028	42
1755	Right-of-use asset (Notes 4 and 15)	128,246	2	138,176	2
1780	Intangible assets (Notes 4 and 16)	139,458	2	-	-
1840	Deferred income tax assets (Notes 4 and 24)	31,614	-	26,589	-
1915	Prepayments for equipment	40,487	1	59,709	1
1920	Refundable deposits	<u>19,955</u>	<u>-</u>	<u>7,279</u>	<u>-</u>
15XX	Total noncurrent assets	<u>4,411,714</u>	<u>57</u>	<u>3,855,536</u>	<u>53</u>
1XXX	TOTAL ASSETS	<u>\$ 7,789,620</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Note 17)	\$ 1,220,044	16	\$ 926,869	13
2130	Contract liabilities - current (Notes 4 and 22)	481,931	6	260,165	4
2170	Notes and accounts payable (Note 18)	435,007	5	364,719	5
2180	Accounts payable - related parties (Note 29)	5,975	-	7,368	-
2200	Other payables (Note 19)	591,080	8	387,151	5
2230	Current tax liabilities (Notes 4 and 24)	138,753	2	138,291	2
2280	Lease liabilities-current (Notes 4 and 15)	15,026	-	22,485	-
2320	Long-term liabilities - current portion (Note 17)	100,000	1	100,000	2
2399	Other current liabilities	<u>5,642</u>	<u>-</u>	<u>5,119</u>	<u>-</u>
21XX	Total current liabilities	<u>2,993,458</u>	<u>38</u>	<u>2,212,167</u>	<u>31</u>

(Continued)

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

### CONSOLIDATED BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed in thousands of New Taiwan Dollars)

NONCURRENT LIABILITIES					
2540	Long-term loans (Note 17)	225,000	3	325,000	4
2570	Deferred income tax liabilities (Notes 4 and 24)	8,495	-	8,474	-
2580	Lease liabilities-noncurrent (Notes 4 and 15)	48,374	1	47,503	1
2640	Net defined benefit liabilities – noncurrent (Notes 4 and 20)	7,626	-	6,676	-
2670	Other noncurrent liabilities	<u>60,870</u>	<u>1</u>	<u>1,369</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>350,365</u>	<u>5</u>	<u>389,022</u>	<u>5</u>
2XXX	Total liabilities	<u>3,343,823</u>	<u>43</u>	<u>2,601,189</u>	<u>36</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 21)					
Capital Stock					
3110	Ordinary shares	<u>1,007,060</u>	<u>13</u>	<u>1,007,060</u>	<u>14</u>
3200	Capital surplus	<u>564,657</u>	<u>7</u>	<u>762,268</u>	<u>11</u>
Retained earnings					
3310	Legal capital reserve	444,716	6	358,315	5
3320	Special capital reserve	44,926	1	124,794	2
3350	Unappropriated earnings	<u>2,424,570</u>	<u>31</u>	<u>2,380,458</u>	<u>33</u>
3300	Total retained earnings	<u>2,914,212</u>	<u>38</u>	<u>2,863,567</u>	<u>40</u>
Others					
3410	Exchange differences on translating foreign operations	( 45,546)	(1)	(18,377)	-
3420	Unrealized evaluation gains and losses of the equity instrument investment benefit measured at fair value through other comprehensive income	( 26,436)	=	<u>(26,549)</u>	( <u>1</u> )
3400	Total other equity	( <u>71,982</u> )	(1)	<u>(44,926)</u>	( <u>1</u> )
31XX	Total Equity of the Business Owner	<u>4,413,947</u>	<u>57</u>	<u>4,587,969</u>	<u>64</u>
36XX	Non-controlling interests	<u>31,850</u>	=	<u>32,102</u>	=
3XXX	Total equity	<u>4,445,797</u>	<u>57</u>	<u>4,620,071</u>	<u>64</u>
<b>TOTAL</b>		<u>\$ 7,789,620</u>	<u>100</u>	<u>\$ 7,221,260</u>	<u>100</u>

(Concluded)

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

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	NET REVENUE (Notes 4, 22 and 29)	\$ 4,990,961	100	\$ 5,618,600	100
5000	COST OF REVENUE (Notes 11, 23 and 29)	<u>3,968,584</u>	<u>80</u>	<u>4,116,036</u>	<u>73</u>
5900	GROSS PROFIT	<u>1,022,377</u>	<u>20</u>	<u>1,502,564</u>	<u>27</u>
	OPERATING EXPENS (Notes 23 and 29)				
6100	Selling and marketing expenses	214,843	4	286,395	5
6200	General and administrative	169,008	3	222,960	4
6300	Research & Development	80,609	2	63,301	1
6450	Expected credit impairment losses	<u>-</u>	<u>-</u>	<u>86</u>	<u>-</u>
6000	Total operating expenses	<u>464,460</u>	<u>9</u>	<u>572,742</u>	<u>10</u>
6900	INCOME FROM OPERATIONS	<u>557,917</u>	<u>11</u>	<u>929,822</u>	<u>17</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Notes 23 and 29)	33,539	1	36,117	-
7020	Other gains and losses (Note 23)	( 11,903)	-	45,664	1
7050	Financial Cost (Note 23)	( 29,721)	( 1)	( 18,997)	-
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Notes 4 and 13)	23,972	1	73,607	1
7100	Interest income	<u>7,506</u>	<u>=</u>	<u>6,660</u>	<u>=</u>
7000	Total non-operating income and expenses	<u>23,393</u>	<u>1</u>	<u>143,051</u>	<u>2</u>
7900	INCOME BEFORE INCOME TAX	581,310	12	1,072,873	19
7950	INCOME TAX EXPENSE (Notes 4 and 24)	( <u>137,346</u> )	( <u>3</u> )	( <u>223,292</u> )	( <u>4</u> )
8200	NET INCOMNE	<u>443,964</u>	<u>9</u>	<u>849,581</u>	<u>15</u>

(Continued)

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	OTHER COMPREHENSIVE GAIN/(LOSS)				
8310	ITEMS THAT WILL NOT BE RECLASSIFIED				
	SUBSEQUENTLY TO PROFIT OR LOSS:				
8311	Re-measured quantity of defined benefit plan	( \$1,325)	-	\$ 18,291	1
8316	Unrealized loss on financial assets at fair value through other comprehensive income (Note 8)	355	-	8,146	-
8349	Income tax related to items that are not reclassified	<u>265</u>	-	( <u>3,658</u> )	<u>-</u>
		( <u>705</u> )	-	<u>22,779</u>	<u>1</u>
8360	Items that may be reclassified to profit and loss in the future				
8361	Exchange differences on translating the financial statements of foreign operations	( 20,109)	( 1)	61,261	1
8370	Share of the other comprehensive loss of associates and joint ventures using equity method	( <u>7,060</u> )	<u>-</u>	<u>10,461</u>	<u>-</u>
		( <u>27,169</u> )	( <u>1</u> )	<u>71,722</u>	<u>1</u>
8300	Other comprehensive loss for the year, net of income tax	( <u>27,874</u> )	( <u>1</u> )	<u>94,501</u>	<u>2</u>
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 416,090</u>	<u>8</u>	<u>\$ 944,082</u>	<u>17</u>
	NET INCOME ATTRIBUTABLE TO:				
8610	Shareholders of the parent	\$ 444,458	9	\$ 849,365	15
8620	Non-controlling interests	( <u>494</u> )	<u>-</u>	<u>216</u>	<u>-</u>
8600		<u>\$ 443,964</u>	<u>9</u>	<u>\$ 849,581</u>	<u>15</u>
	TOTAL COMPREHENSIVE INCOME				
	ATTRIBUTABLE TO:				
8710	Shareholders of the parent	\$ 416,342	8	\$ 943,866	17
8720	Non-controlling interests	( <u>252</u> )	<u>-</u>	<u>216</u>	<u>-</u>
8700		<u>\$ 416,090</u>	<u>8</u>	<u>\$ 944,082</u>	<u>17</u>
	EARNINGS PER SHARE ( NT\$, Note 24 )				
	From continuing business units				
9750	Basic earnings per share	<u>\$ 4.41</u>		<u>\$ 8.43</u>	
9850	Diluted earnings per share	<u>\$ 4.41</u>		<u>\$ 8.42</u>	

(Concluded)

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

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

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

	<u>Capital Stock (Note 20)</u>		<u>Equity attributable to the Shareholders of the parent</u>				<u>Other equity</u>		<u>Sub-Total</u>	<u>Non-controlling interests</u> (Notes 21 & 28)	
	<u>Shares</u> (In Thousands)	<u>Amount</u>	<u>Capital Surplus</u> (Note 20)	<u>Legal Capital Reserve</u>	<u>Special Capital Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translating Foreign Operations</u>	<u>Unrealized Gains (Losses) On Financial Assets at Fair Value Through Other Comprehensive Income</u>			
A1 BALANCE, JANURAY 1, 2022	100,706	1,007,060	\$ 960,750	\$ 291,281	\$ 103,348	\$ 1,907,058	(\$ 90,099)	\$ 34,695	\$ 4,144,703	\$ 31,886	\$ 4,176,589
Appropriation of 2021 Earnings											
B1 Recognized Legal capital reserve	-	-	-	67,034	-	( 67,034)	-	-	-	-	-
B3 Recognized Special capital reserve	-	-	-	-	21,446	( 21,446)	-	-	-	-	-
B5 Cash Dividend Distributed to Shareholders	-	-	( 201,412)	-	-	( 302,118)	-	-	( 503,530)	-	( 503,530)
Other Changes in Equity:											
C3 Donations from Shareholders			2,900	-	-	-	-	-	2,900	-	2,900
C17 Exercising the right of attribution	-	-	30	-	-	-	-	-	30	-	30
D1 NET PROFIT FOR 2022	-	-	-	-	-	849,365	-	-	849,365	216	849,581
D3 Other Comprehensive Profit & Loss After Tax for 2022	-	-	-	-	-	14,633	71,722	8,146	94,501	-	94,501
D5 Total Comprehensive Income for 2022	-	-	-	-	-	863,998	71,722	8,146	943,866	216	944,082
Z1 BALANCE, DECEMBER 31, 2022	100,706	1,007,060	762,268	358,315	124,794	2,380,458	( 18,377)	( 26,549)	4,587,969	32,102	4,620,071
Distribution of Available Earnings for 2022											
B1 Recognized Legal capital reserve				86,401		( 86,401)					
B5 Cash Dividend Distributed to Shareholders			( 201,412)			( 392,753)			( 594,165)		(594,165)
B17 Reversal of special capital reserve	-	-	-	-	( 79,868)	79,868	-	-	-	-	-
Other Changes in Capital Surplus											
C3 Donations from Shareholders			3,801	-	-	-	-	-	3,801	-	3,801
D1 Net Income in 2023	-	-	-	-	-	444,458	-	-	444,458	( 494)	443,964
D3 Other comprehensive income (loss) in 2023	-	-	-	-	-	( 1,060)	(27,169)	113	( 28,116)	242	( 27,894)
D5 Total Comprehensive Income (loss) in 2023	-	-	-	-	-	443,398	(27,169)	113	416,342	( 252)	416,090
Z1 BALANCE DECEMBER 31, 2023	100,706	1,007,060	\$ 564,657	\$ 444,716	\$ 44,926	\$ 2,424,570	(\$ 45,546)	(\$ 26,436)	\$ 4,413,947	\$ 31,850	\$ 4,445,797

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

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

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

C o d e	<u>2023</u>	<u>2022</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
A10000	\$ 581,310	\$ 1,072,873
A20010	Adjustments for:	
A20100	382,695	311,823
A20200	10,542	-
A20300	-	86
A20400	( 650)	( 4,072)
A20900	29,721	18,997
A21200	( 7,506)	( 6,660)
A21300	( 2,395)	( 2,697)
A22300	Gain/Loss of associates and joint ventures using equity method	
	( 23,972)	( 73,607)
A22500	( 127)	( 6)
A22600	100	164
A23800	Loss for market price decline and obsolete and slow-moving inventories	
	4,794	571
A24100	19,885	( 9,729)
A29900	( 568)	( 693)
A30000	Change in operating assets and liabilities	
A31125	( 2,174)	27
A31130	5,485	13,333
A31150	( 116,713)	327,445
A31160	( 11,719)	13,443
A31200	33,008	2,597
A31230	( 92,840)	( 219,545)
A31240	( 24,735)	41,593
A32125	221,766	56,934
A32150	70,191	( 144,042)
A32160	9,677	( 2,695)
A32180	113,159	( 37,953)
A32230	523	357
A32240	( 375)	( 2,824)
A32990	( 499)	( 1,085)
A33000	1,198,583	1,354,635
A33100	7,506	6,660
A33200	2,395	2,697
A33300	( 25,846)	( 17,141)
A33500	( 141,621)	( 189,111)
AAA	<u>1,041,017</u>	<u>1,157,740</u>

(Continued)

**SAN FU CHEMICAL CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan Dollars)

<b>C o d e</b>		<b>2023</b>	<b>2022 .</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00010	Acquire financial assets at fair value through Profit or Loss	-	( 7,818)
B00010	Acquire financial assets at fair value through other comprehensive income	( 60,000)	-
B00040	Purchase of financial assets at amortized cost	44,820	( 2,159)
B00200	Gain on Disposal of financial assets at fair value through Profit or Loss	12,540	-
B02700	Purchase of property, plant and equipment	( 691,310)	( 775,440)
B02800	Gain on Disposal of property, plant and equipment	1,231	24
B03700	Increase in refundable deposits	( 12,676)	( 1,463)
B04500	Purchase of intangible assets	( 30,000)	-
B07100	Increase in prepayments for equipment	( 35,178)	( 62,404)
B07600	Dividend received	<u>45,332</u>	<u>37,744</u>
BBBB	Net cash used in investing activities	( <u>725,241</u> )	( <u>811,516</u> )
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00100	Increase in short-term loans	294,621	-
C00200	Decrease in short-term loans	-	( 4,906)
C01700	Repayment of long-term loans	( 100,000)	230,498
C04020	Repayment of the principal portion of lease liabilities	( 28,404)	( 26,367)
C04500	Payment – Owners’ Dividend	( 594,165)	( 503,530)
C09900	Donations from Shareholders and exercising the right for attribution	3,801	2,900
		=	<u>30</u>
CCCC	NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	( <u>424,147</u> )	( <u>301,375</u> )
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	( <u>4,545</u> )	<u>4,523</u>
EEEE	NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	( 112,916)	49,372
E00100	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>602,138</u>	<u>552,766</u>
E00200	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 489,222</u>	<u>\$ 602,138</u>

(Concluded)

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

# San Fu Chemical Co., Ltd. and Subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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### 1. GENERAL

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

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

The Company’s shares started to be traded on the Taiwan Stock Exchange (“TWSE”) on November 27, 2013.

The consolidated financial statements are presented in the New Taiwan dollars.

### 2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 27, 2024

### 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The initial application of the amended Amendments to IAS 1 “Disclosure of Accounting Policies”, Amendments to IAS 8 “Definition of Accounting Estimates”, Amendments to IAS 12 “Deferred income tax related to Assets and Liabilities arising from a Single Transaction” and the Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules” endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Boards (IASB) and endorsed by the FSC with effective date starting 2024

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendment to IFRS 16 - Leases and other financial reporting matters Amends IAS 1 to clarify the classification of liabilities as current or non-current	January 1, 2024 (Note 2) January 1, 2024
IASB issues amendments to IAS 1 regarding the classification of liabilities with covenants	January 1, 2024
IASB amends IAS 7 and IFRS 7 to address supplier finance arrangements	January 1, 2024 (Note 3)

- Note 1: Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after each respective date.
- Note 2: A seller and lessee shall measure all sale and leaseback transactions in accordance with the 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' and this amendment is applicable to transactions occurring after January 1, 2024.
- Note 3: When this amendment is applied for the first time, some disclosure requirements are exempted.

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

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

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Issued by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 ”Comparison information between initial application of IFRS 17 and IFRS 9”	January 1, 2023
Amendments to IAS 21 to clarify when a currency is exchangeable and how to determine the exchange rate when it is not	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount shall be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of Compliance**

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

##### **b. Basis of Preparation**

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

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

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

#### **c. Classification of Current and Noncurrent Assets and Liabilities**

Current assets include:

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

Current liabilities include:

- 1) Liabilities due to be settled within 12 months after the reporting period; and
- 2) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

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

#### **d. Basis of consolidation**

The accompanying consolidated financial statements incorporate the financial statements of the Company and the entities ( its subsidiaries) controlled by the Company. Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

For further information, please see Note 12 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

**e. Mergers and Acquisition**

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

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

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

**f. Foreign Currencies**

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Company entities (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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

equity in respect of that operation are reclassified to profit or loss.

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

#### **g. Inventories**

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

#### **h. Investments in associates and joint ventures**

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

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

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

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

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

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

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

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

#### **i. Property, plant and equipment**

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

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

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

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

#### **j. Intangible Assets**

##### **1. Acquired separately**

Intangible assets with limited useful life (patent rights) acquired separately are initially measured at cost, and subsequently measured at cost less accumulated amortization. The Merged Company amortizes the assets over the estimated useful life (10 years) on a straight-line basis, and reviews the estimated useful life, residual value and amortization method at least at the end of each year. The residual value of an intangible asset with a finite useful life is estimated to be zero, except when the Merged Company expects to dispose of the intangible asset before its economic life expires. The impact of changes in accounting estimates is dealt with on a deferred basis.

##### **2. Derecognition**

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

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

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

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

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

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

## **l. Financial instruments**

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

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

### **1) Financial assets**

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

#### **a) Category of financial assets and measurement**

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

##### **A. Financial assets at FVTPL**

Financial assets measured at fair value through profit or loss (FVTPL) are financial assets that are mandatory to be measured at fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include equity instrument investments that are not designated as measured at fair value through other comprehensive profit or loss, and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss are measured at fair value. Please refer to Note 7.

#### B. Financial assets at amortized cost

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

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

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

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

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

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

#### C. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

### **m. Revenue recognition**

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

#### 1) Revenue from sale of goods

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

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

#### 3) Construction contract revenue

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

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

### **n. Leases**

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

#### The Company as Lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

**o. Borrowing costs**

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

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

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

**p. Employee benefits**

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

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

**q. Share-based payment arrangements**

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

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

At the end of each reporting period, the Company revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in

profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

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

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

**r. Taxation**

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

### 3) Current and deferred tax for the year

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

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

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

The Company has considered the possible impact on critical accounting estimates, and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

### Key Sources of Estimation and Uncertainty

#### Valuation of inventory

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

## 6. **CASH AND CASH EQUIVALENTS**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 681	\$ 516
Demand deposits in banks	488,541	446,796
Time deposits in banks	-	154,826
	<u>\$ 489,222</u>	<u>\$ 602,138</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Demand deposits in banks	0.001% ~ 1.45%	0.01% ~ 1.05%
Time deposits in banks	-	4.45% ~ 4.64%

## 7. **FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Mandatory fair value through profit or loss		
Derivatives (unspecified hedging)		
– Foreign Exchange Option Contract	\$ _____	\$11,890

On the balance sheet date, the foreign exchange option contracts that do not apply hedging accounting and have not yet expired are as follows:

December 31, 2022

	Currency	Maturity Date	Contract Amount (Unit: \$1000)
Buy foreign exchange options	USD : NTD	March 01, 2023	USD3,000/TWD 79,500

The purpose of the merged company to engage in foreign exchange option transactions is mainly to avoid the risks of foreign currency assets and liabilities due to exchange rate fluctuations. The foreign exchange option contract held by the Company does not meet the effective hedging conditions, so hedging accounting is not applicable.

#### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Domestic investments		
Listed shares	\$ 32,085	\$ 35,444
Unlisted shares	<u>70,412</u>	<u>6,698</u>
	<u>102,497</u>	<u>42,142</u>
Foreign investments		
Unlisted shares	<u>58,700</u>	<u>58,709</u>
	<u>\$ 161,197</u>	<u>\$ 100,851</u>

The merged company invests in the above-mentioned domestic and foreign stocks for medium and long-term strategic purposes, and expects to make profits through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments of equity instruments were classified as financial assets at fair value through other comprehensive income.

#### 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 68,165	\$ 66,027
Restricted demand deposits	<u>125,400</u>	<u>172,400</u>
	<u>\$ 193,565</u>	<u>\$ 238,427</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.62 ~ 4.00% and 0.495% ~ 3.50% per annum as of December 31, 2023 and 2022, respectively.

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

#### 10. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 37,815</u>	<u>\$ 43,300</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,296,342	\$ 1,191,650
Less: Allowance for impairment loss	<u>( 5,710)</u>	<u>( 6,200)</u>
	<u>\$ 1,290,632</u>	<u>\$ 1,185,450</u>

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

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

#### Aging analysis of notes and accounts receivable

##### December 31, 2023

	<b>Not Past Due</b>	<b>1 to 90 Days</b>	<b>90 to 180 Days</b>	<b>181 to 365 Days</b>	<b>Over 365 Days</b>	<b>Indication of Default</b>	<b>Total</b>
Expected credit loss rate	-	-	-	50%	100%	100%	-
Gross carrying amount	\$1,281,807	\$ 8,744	\$ 81	\$ -	\$ 5,710	\$ -	\$1,296,342
Loss allowance (Lifetime ECL)	-	-	-	-	( 5,710)	-	( 5,710)
Amortized cost	<u>\$1,281,807</u>	<u>\$ 8,744</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,290,632</u>

##### December 31, 2022

	<b>Not Past Due</b>	<b>1 to 90 Days</b>	<b>90 to 180 Days</b>	<b>181 to 365 Days</b>	<b>Over 365 Days</b>	<b>Indication of Default</b>	<b>Total</b>
Expected credit loss rate	-	-	-	50%	100%	100%	-
Gross carrying amount	\$ 1,146,906	\$ 2,137	\$ 36,407	\$ -	\$ 6,200	\$ -	\$ 1,191,650
Loss allowance (Lifetime ECL)	-	-	-	-	( 6,200)	-	( 6,200)
Amortized cost	<u>\$ 1,146,906</u>	<u>\$ 2,137</u>	<u>\$ 36,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,450</u>

#### Movements of the loss allowance for accounts receivable

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, Beginning of year	\$ 6,200	\$ 6,200
Add : Impairment losses for the year	-	86
Less : Actual write-offs for the year	( 490)	( 86)
Balance, end of year	<u>\$ 5,710</u>	<u>\$ 6,200</u>

## 11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Merchandise	\$ 40,739	\$ 7,270
Finished goods	248,095	326,504
Work in progress	6,988	13,949
Semi-finished goods	1,538	1,894
Supplies and Spare Parts	340,055	334,334
Raw materials	<u>41,246</u>	<u>33,499</u>
	<u>\$ 678,661</u>	<u>\$ 717,450</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the years ended December 31, 2023 and 2022 was \$3,968,584,000 and \$4,116,036,000 respectively.

The cost of goods sold in 2023 and 2022 included losses of NT\$4,794,000 and NT\$571,000 respectively on Price Decline in Inventories.

## 12. SUBSIDIARIES

### Subsidiaries included in the consolidated financial statements

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership (%)</u>	
			<u>2023</u>	<u>2022</u>
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%
	VinaSanFu Material Company Limited	Production of chemicals	100%	100%
	San Fu Biotech Co., Ltd.	Sales and production of food additives	93%	93%
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%
	Lifu Carbonate Co., Ltd.	Production of chemicals	87%	87%
San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd	Production of chemicals	100%( Note 1)	100%

Note 1: The company was established in March 2022.

## 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in associates	\$ 56,764	\$ 56,517
Investments in joint ventures	<u>418,621</u>	<u>448,387</u>
	<u>\$ 475,385</u>	<u>\$ 504,904</u>

The share of total comprehensive income for the years ended December 31, 2023 and 2022 was at \$23,972,000 and \$73,607,000, respectively.

a. Investments in associates

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Associates that are not individually material	<u>\$ 56,764</u>	<u>\$ 56,517</u>

Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
The Company's share of:		
Net profit for the year	\$ 2,985	\$ 3,608
Other comprehensive (loss) income	( 1,099 )	2,253
Total comprehensive income for the year	<u>\$ 1,886</u>	<u>\$ 5,861</u>

Except for one associate that are not individually material, other investments of associates that are not individually material accounted for using equity method and the Company's share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. The Company's management believes there will be no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of those investments which have not been audited.

b. Investments in joint ventures

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Material joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>\$ 418,621</u>	<u>\$ 448,387</u>

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31 2023	2022
Sanfuming Electronic Material Co., Ltd.	International trading	Shanghai, China	50%	50%

All the joint ventures are accounted for using equity method.

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2010</b>
Cash and cash equivalents	<u>\$ 322,699</u>	<u>\$ 305,610</u>
Current assets	\$ 728,120	\$ 804,170
Non-current assets	185,060	203,856
Current liabilities	( 141,192 )	( 177,762 )
Non-current liabilities	( 2,999 )	( 1,755 )
Equity	<u>\$ 768,989</u>	<u>\$ 828,509</u>
Proportion of the Company's ownership	50%	50%
Equity attributable to the Company	\$ 384,494	\$ 414,254
Other adjustments (gain of losing control in subsidiaries)	32,643	32,643
Other adjustments (exchange rate affect)	<u>1,484</u>	<u>1,490</u>
Carrying amount	<u>\$ 418,621</u>	<u>\$ 448,387</u>

**For the Year Ended December 31**

	<b>2023</b>	<b>2022</b>
Operating revenue	\$ <u>916,085</u>	\$ <u>1,301,275</u>
Depreciation expenses and amortization expenses	\$ <u>19,195</u>	\$ <u>20,350</u>
Interest income	\$ <u>5,746</u>	\$ <u>3,483</u>
Income tax expenses	\$ <u>16,439</u>	\$ <u>48,595</u>
Net profit for the year	\$ <u>41,974</u>	\$ <u>139,998</u>
Other comprehensive income (loss)	( <u>14,120</u> )	<u>20,922</u>
Total comprehensive income for the year	\$ <u>27,854</u>	\$ <u>160,920</u>

**14. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance, January 1, 2023	\$ 162,700	\$ 1,260,299	\$ 2,484,822	\$ 415,203	\$ 464,338	\$ 908,434	\$ 5,695,796
Reclassifications	7,600	182,222	645,043	36,079	9,603	( 826,247 )	54,300
Additions	-	14,242	84,586	17,909	21,347	581,147	719,231
Disposals	-	( 55 )	( 85,792 )	( 800 )	( 2,299 )	-	( 88,946 )
Effect of foreign currency exchange differences	-	( 5,890 )	( 16,570 )	( 676 )	( 54 )	( 326 )	( 23,516 )
Balance, December 31, 2023	<u>\$ 170,300</u>	<u>\$ 1,450,818</u>	<u>\$ 3,112,089</u>	<u>\$ 467,715</u>	<u>\$ 492,935</u>	<u>\$ 663,008</u>	<u>\$ 6,356,865</u>

Accumulated depreciation and impairment

Balance, January 1, 2023	\$ -	\$ 519,688	\$ 1,488,689	\$ 325,844	\$ 343,547	\$ -	\$ 2,677,768
Depreciation expenses	-	60,812	205,491	31,537	55,419	-	353,259
Disposals	-	( 55 )	( 84,688 )	( 800 )	( 2,299 )	-	( 87,842 )
Effect of foreign currency exchange differences	-	( 382 )	( 1,239 )	( 68 )	( 3 )	-	( 1,692 )
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 580,063</u>	<u>\$ 1,608,253</u>	<u>\$ 356,513</u>	<u>\$ 396,664</u>	<u>\$ -</u>	<u>\$ 2,941,493</u>
Carrying amounts, December 31, 2023	<u>\$ 170,300</u>	<u>\$ 870,755</u>	<u>\$ 1,503,836</u>	<u>\$ 111,202</u>	<u>\$ 96,271</u>	<u>\$ 663,008</u>	<u>\$ 3,415,372</u>

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance, January 1, 2022	\$ 162,700	\$ 1,145,606	\$ 2,162,086	\$ 352,833	\$ 417,323	\$ 639,282	\$ 4,879,830
Reclassifications	-	98,800	451,845	28,823	21,587	( 484,161 )	116,894
Additions	-	11,552	44,776	37,027	37,344	727,878	858,577
Disposals	-	( 2,544 )	( 190,240 )	( 3,889 )	( 11,916 )	-	( 208,589 )
Effect of foreign currency exchange differences	-	6,885	16,355	409	-	25,435	49,084
Balance, December 31, 2022	<u>\$ 162,700</u>	<u>\$ 1,260,299</u>	<u>\$ 2,484,822</u>	<u>\$ 415,203</u>	<u>\$ 464,338</u>	<u>\$ 908,434</u>	<u>\$ 5,695,796</u>

Accumulated depreciation and impairment

Balance, January 1, 2022	\$ -	\$ 464,568	\$ 1,523,076	\$ 304,921	\$ 309,166	\$ -	\$ 2,601,731
Depreciation expenses	-	57,529	155,513	24,797	46,279	-	284,118
Disposals	-	( 2,544 )	( 190,240 )	( 3,889 )	( 11,898 )	-	( 208,571 )
Effect of foreign currency exchange differences	-	135	340	15	-	-	490
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 519,688</u>	<u>\$ 1,488,689</u>	<u>\$ 325,844</u>	<u>\$ 343,547</u>	<u>\$ -</u>	<u>\$ 2,677,768</u>
Carrying amounts, December 31, 2022	<u>\$ 162,700</u>	<u>\$ 740,611</u>	<u>\$ 996,133</u>	<u>\$ 89,359</u>	<u>\$ 120,791</u>	<u>\$ 908,434</u>	<u>\$ 3,018,028</u>

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

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Right-of-use assets		
Carrying amounts		
Land	\$ 118,013	\$ 128,462
Buildings	6,979	3,470
Machinery and equipment	<u>3,254</u>	<u>6,244</u>
	<u>\$ 128,246</u>	<u>\$ 138,176</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 21,597</u>	<u>\$ 25,196</u>
Depreciation charge for right-of-use assets		
Land	\$ 19,524	\$ 18,497
Buildings	5,880	5,135
Machinery and equipment	<u>4,032</u>	<u>4,073</u>
	<u>\$ 29,436</u>	<u>\$ 27,705</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Lease liabilities		
<u>Carrying amounts</u>		
Current portion	\$ 15,026	\$ 22,485
Non-current portion	<u>48,374</u>	<u>47,503</u>
	<u>\$ 63,400</u>	<u>\$ 69,988</u>

Ranges of discount rates for lease liabilities are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	1.03%	1.03% ~ 2.5%
Buildings	1.03% ~ 1.705%	1.03%
Machinery and equipment	1.03%	1.03%

c. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	\$ 5,627	\$ 10,074
Expenses relating to low-value asset leases	\$ 1,217	\$ 1,113
Total cash outflow for leases	( <u>\$ 35,248</u> )	( <u>\$ 37,554</u> )

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

**16. Intangible Assets**

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

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

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

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

Summarize amortization expenses by function category:

	<u>2023</u>
R&D Expenses	<u>\$ 10,542</u>

**17. LOANS**

a. Short-term loans

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured loans (Note 30)</u>		
Bank loans	\$ 265,000	\$ 180,000
<u>Unsecured loans</u>		
Bank loans	<u>955,044</u>	<u>746,869</u>
	<u>\$ 1,220,044</u>	<u>\$ 926,869</u>

The range of weighted average effective interest rates on bank loans was 0.85 % - 1.85 % and 0.9%-1.70 % per annum as of December 31, 2023 and 2022 , respectively.

b. Long-term loans

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Unsecured loans</u>		
Bank loans	\$ 325,000	\$ 425,000
Less: Current portion matured within a year	( <u>100,000</u> )	( <u>100,000</u> )
Long-term loans	<u>\$ 225,000</u>	<u>\$ 325,000</u>

The range of weighted average effective interest rates on bank loans was 1.735 % - 2.002 % and 1.598% -1.61%per annum as of December 31, 2023 and 2022, respectively.

## 18. NOTES AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Notes payable	\$ 487	\$ -
Accounts payable	<u>434,520</u>	<u>364,719</u>
	<u>\$ 435,007</u>	<u>\$ 364,719</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.

## 19. OTHER PAYABLES

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Other payables		
Payable for accrued expenses	\$ 440,236	\$ 264,228
Payable for constructions	13,695	33,434
Payable for purchases of equipment	<u>137,149</u>	<u>89,489</u>
	<u>\$ 591,080</u>	<u>\$ 387,151</u>

## 20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated based on the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts

equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 102,912	\$ 112,589
Fair value of plan assets	( 95,286)	( 105,913)
Net defined benefit liabilities	<u>\$ 7,626</u>	<u>\$ 6,676</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance, January 1, 2022	\$ 132,399	(\$ 104,608)	\$ 27,791
Service cost			
Current service cost	583	-	583
Net interest expense (income)	<u>805</u>	( <u>634</u> )	<u>171</u>
Recognized in profit or loss	<u>1,388</u>	( <u>634</u> )	<u>754</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 8,249)	( 8,249)
Actuarial Profit or loss			
- Changes in demographic assumptions	16	-	16
- Changes in financial assumptions	( 5,059)	-	( 5,059)
- Experience adjustments	( <u>4,999</u> )	<u>-</u>	( <u>4,999</u> )
Recognized in other comprehensive income	( <u>10,042</u> )	( <u>8,249</u> )	( <u>18,291</u> )
Contributions from the employer	-	( 1,057)	( 1,057)
Benefits paid	( <u>11,156</u> )	<u>8,635</u>	<u>2,521</u>
Balance, December 31, 2022	<u>\$ 112,589</u>	( <u>\$ 105,913</u> )	<u>\$ 6,676</u>
Balance, January 1, 2022	\$ 112,589	(\$ 105,913)	\$ 6,676
Service cost			
Current service cost	508	-	508
Net interest expense (income)	<u>1,337</u>	( <u>1,260</u> )	<u>77</u>
Recognized in profit or loss	<u>1,845</u>	( <u>1,260</u> )	<u>585</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 937)	( 937)
Actuarial loss (Benefit)			
Experience adjustments	<u>2,262</u>	<u>-</u>	<u>2,262</u>
Recognized in other comprehensive income	<u>2,262</u>	( <u>937</u> )	<u>1,325</u>
Contributions from the employer	-	( 960)	( 960)
Benefits paid	( <u>13,784</u> )	<u>13,784</u>	<u>-</u>
Balance, December 31, 2022	<u>\$ 102,912</u>	( <u>\$ 95,286</u> )	<u>\$ 7,626</u> Concluded

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

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 336	\$ 456
Selling and marketing expenses	64	90
General and administrative expenses	180	198
Research and development expenses	<u>5</u>	<u>10</u>
	<u>\$ 585</u>	<u>\$ 754</u>

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

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates	1.250%	1.250%
Long-term averaged pay rates	2.000%	2.000%

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	( \$ 1,650 )	( \$ 1,924 )
0.25% decrease	<u>\$ 1,697</u>	<u>\$ 1,980</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,653</u>	<u>\$ 1,930</u>
0.25% decrease	<u>( \$ 1,615 )</u>	<u>( \$ 1,885 )</u>

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plans for the next year	<u>\$ 960</u>	<u>\$ 1,057</u>
Average duration of the defined benefit obligation	6.49 years	6.92 years

## 21. EQUITY

### a. Capital stock

#### Ordinary shares

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>100,706</u>	<u>100,706</u>
Shares issued	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

### b. Capital surplus

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to Capital stock (1)		
Issuance of ordinary shares	\$ 467,787	\$ 669,199
Donations (Note 29)	40,744	36,943
<u>May be used to offset a deficit only</u>		
Exercised employee stock options (2)	54,804	54,804
Expire employee stock options (2)	2,151	2,151
Others - Exercising the right of attribution (4)	30	30
Recognition of changes in ownership interests in subsidiaries (3)	<u>( 859 )</u>	<u>( 859 )</u>
	<u>\$ 564,657</u>	<u>\$ 762,268</u>

1. Capital surplus in excess of par or from donations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred once a year to Capital stock within a certain percentage of the Company's paid-in capital.

2. The capital surplus resulting from exercised or expired employee stock options shall only be used to offset a deficit.

3. This type of capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the company has not actually acquired or disposed of equity in a subsidiary company, or the adjusted amount recognized by the company as a subsidiary's capital

surplus using equity method.

4. The benefits obtained from exercising the right of attribution are essentially the investment of the holders of the right of claim to the company, which does not meet the definition of income in the concept framework. The company shall recognize the benefits obtained from exercising the right of attribution as capital reserves, and properly disclose its facts and effects.

c. Retained earnings and dividend policy

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

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a Legal capital reserve of 10% of the remaining profit, setting aside or reversing a Special capital reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be the basis for proposing the dividend distribution plan. The Board of Directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 23-e.

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

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

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

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on June 16, 2023 and June 17, 2022 respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2019</b>
Legal capital reserve	\$ 86,401	\$ 67,034
Special capital reserve	( \$ 79,868 )	\$ 21,446
Cash dividends	\$ 392,753	\$ 302,118
Cash dividends per share (NT\$)	\$ 3.9	\$ 3.0

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

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

The Company's shareholders' meeting approved distributing cash dividends \$201,412,000 and \$201,412,000 (\$ 2.0 and \$ 2.0 dollars per share) with capital reserves on June 16, 2023 and June 17, 2022 respectively.

The appropriation of earnings for 2023 had been approved by the Company's Board of Directors on February 27, 2024 were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal capital reserve	<u>\$ 44,339</u>
Special capital reserve	<u>\$ 27,056</u>
Cash dividends	<u>\$ 201,412</u>
Cash dividends per share (NT\$)	<u>\$ 2.0</u>

The appropriations of 2023 quarterly earnings have been approved by the Company's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	<b>The Fourth Quarter of 2023</b>	<b>The Third Quarter of 2023</b>	<b>The Second Quarter of 2023</b>	<b>The First Quarter of 2023</b>
Resolution Date of the Company's Board of Directors in its Meeting	February 27, 2024	November 6, 2023	August 4, 2023	May 5 2023
Cash dividends to shareholders	<u>\$ 201,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	<u>\$ 2.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

d. Special capital reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 124,794	\$ 103,348
Provision of special surplus reserve		
Amount of deductions and withdrawals from other equity items	-	21,446
Reversal of special surplus reserve		
Amount of deductions and reversal from other equity items	( 79,868)	-
Ending balance	<u>\$ 44,926</u>	<u>\$ 124,794</u>

e. Non-Controlling Interests

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Beginning balance	\$ 32,102	\$ 31,886
Share attributable to non-controlling interests		
Net profit for the current period	( 494 )	216
Other comprehensive gains and losses for the period		
Unrealized gains and losses on financial assets measured at fair value through other comprehensive profit or loss	<u>242</u>	<u>-</u>
Ending balance	<u>\$ 31,850</u>	<u>\$ 32,102</u>

**22. REVENUE**

	For the Year Ended December 31	
	2023	2022
Revenue from sale of goods and others	\$ 3,699,668	\$ 4,157,276
Fine chemicals	<u>1,043,554</u>	<u>1,229,290</u>
Basic chemicals	<u>4,743,222</u>	<u>5,386,566</u>
Construction contract revenue	<u>247,739</u>	<u>232,034</u>
	<u>\$ 4,990,961</u>	<u>\$ 5,618,600</u>

**Contract Balances**

	December 31	
	2023	2022
Contract assets		
project construction - current	<u>\$ 10,347</u>	<u>\$ 8,173</u>
Contract liabilities		
Project construction - current	\$ 477,869	\$ 257,784
Sale of goods- current	<u>4,062</u>	<u>2,381</u>
	<u>\$ 481,931</u>	<u>\$ 260,165</u>

As of December 31, 2023 and 2022, the Merged Company's prepayments to manufacturers for project construction were \$432,548,000 and \$383,380,000 respectively.

**23. NET REVENUE**

a. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ 2,395	\$ 2,697
Rendering of services	16,496	17,079
Others	<u>14,648</u>	<u>16,341</u>
	<u>\$ 33,539</u>	<u>\$ 36,117</u>

b. Other gains and losses

**For the Year Ended December 31**

	<b>2023</b>	<b>2022</b>
Gains from disposal of property, plant and equipment	\$ 127	\$ 6
Net foreign exchange (losses) gains	( 12,112)	44,638
Gains in financial assets at fair value through profit or loss	650	4,072
Others	( <u>568</u> )	( <u>3,052</u> )
	<u>( \$11,903)</u>	<u>\$ 45,664</u>

c. Depreciation and Amortization

**For the Year Ended December 31**

	<b>2023</b>	<b>2022</b>
Properties, plants and equipment	\$ 353,259	\$ 284,118
Right-of-use assets	29,436	27,705
Other intangible assets	<u>10,542</u>	<u>-</u>
	<u>\$ 393,237</u>	<u>\$ 311,823</u>
An analysis of depreciation by function		
Operating costs	\$ 313,363	\$ 267,209
Operating expenses	<u>69,332</u>	<u>44,614</u>
	<u>\$ 382,695</u>	<u>\$ 311,823</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 10,542</u>	<u>\$ -</u>

d. Employee benefits expense

**For the Year Ended December 31**

	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 15,263	\$ 14,105
Defined benefit plans (Note 20)	585	754
Short-term benefits		
Salaries	383,846	449,763
Labor and health insurance	34,120	34,110
Others	<u>54,156</u>	<u>70,655</u>
Total employee benefits expense	<u>\$ 487,970</u>	<u>\$ 569,387</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 251,983	\$ 264,390
Operating expenses	<u>235,987</u>	<u>304,997</u>
	<u>\$ 487,970</u>	<u>\$ 569,387</u>

e. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of 1%-3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2023 and 2022, which were approved by the Company's Board of Directors on February 27, 2024 and February 24, 2023, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Employees' compensation	1.90%	1.85%
Remuneration of directors and supervisors	1.90%	1.85%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 11,300	\$ 20,500
Remuneration of directors and supervisors	11,300	20,500

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

The Company held Board of Directors' meetings on February 27, 2024, February 24, 2023 and February 25, 2022, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for 2023, 2022 and 2021 have no significant differences between the amounts recognized in the consolidated financial statements for the years ended December 31, 2023, 2022 and 2021, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2024, 2023 and 2022, respectively.

	<b>For the Year Ended December 31</b>					
	<b>2023</b>		<b>2022</b>		<b>2021</b>	
	<b>Employees, Compensation</b>	<b>Remuneration of Directors and Supervisors</b>	<b>Employees, Compensation</b>	<b>Remuneration of Directors and Supervisors</b>	<b>Employees, Compensation</b>	<b>Remuneration of Directors and Supervisors</b>
Amounts approved in the Board of Directors' meeting	<u>\$ 11,626</u>	<u>\$ 11,626</u>	<u>\$ 21,457</u>	<u>\$ 21,457</u>	<u>\$ 16,588</u>	<u>\$ 16,588</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 11,300</u>	<u>\$ 11,300</u>	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 16,600</u>	<u>\$ 16,600</u>

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

## f. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 28,934	\$ 18,052
Interest on lease liabilities	787	945
	<u>\$ 29,721</u>	<u>\$ 18,997</u>

## g. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 44,226	\$ 125,682
Foreign exchange losses	( 56,338)	( 81,044)
Net losses	<u>( \$ 12,112 )</u>	<u>\$ 44,638</u>

## 24. INCOME TAX

- a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense		
Current income tax expense recognized in the current year	\$ 141,348	\$ 220,726
Levy of Undistributed Earnings	9,235	-
Investment deduction	( 4,840)	-
Income tax adjustments on prior years	( <u>3,658</u> )	( <u>1,971</u> )
	<u>142,085</u>	<u>218,755</u>
Deferred income tax benefit		
Deferred income tax benefit recognized in the current year	( 4,739)	4,549
Deferred income tax benefit adjustments on prior years	= (	<u>12</u> )
	( <u>4,739</u> )	<u>4,537</u>
Income tax expense recognized in profit or loss	<u>\$ 137,346</u>	<u>\$ 223,292</u>

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

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Income before tax	<u>\$ 581,310</u>	<u>\$ 1,072,873</u>
Income tax expense at the statutory rate (20%)	\$ 116,262	\$ 214,575
Nondeductible expenses in determining taxable income	60	192
Tax-exempt income	4,772	8,100
Levy of Undistributed Earnings	9,235	-
Investment deduction	( 4,840)	-
Additional income for tax purpose	760	580
Unrecognized deductible temporary differences	14,755	1,828
Income tax adjustments on prior years	( <u>3,658</u> )	( <u>1,983</u> )
Income tax expense recognized in profit or loss	<u>\$ 137,346</u>	<u>\$ 223,292</u>

- b. Income tax expense recognized in other comprehensive income

### Deferred Income Tax

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Related to remeasurement of defined benefit plan	<u>\$ 265</u>	( <u>\$ 3,658</u> )

- c. Current tax liabilities

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	<u>\$ 138,753</u>	<u>\$ 138,291</u>

Prepaid income taxes of \$935,000 and \$78,821,000 have been deducted from the income tax payable for 2023 and 2022, respectively.

d. Deferred income tax assets and liabilities

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 5,558	( \$ 565 )	( \$ 3,658 )	\$ 1,335
Property, plant and equipment	3,031	( 2,019 )	-	1,012
Payables for annual leave	1,359	159	-	1,518
Allowance for impairment loss	1,650	737	-	2,387
Unrealized exchange loss	1,121	( 1,945 )	-	( 824 )
Financial assets at FVTPL	\$ -	( \$ 814 )	\$ -	( \$ 814 )
Financial assets at FVOCI	12,405	-	-	12,405
Others	9,660	( 90 )	-	9,570
	<u>\$ 34,784</u>	<u>( \$ 4,537 )</u>	<u>( \$ 3,658 )</u>	<u>\$ 26,589</u>
	\$ 5,558	( \$ 565 )	( \$ 3,658 )	\$ 1,335
<u>Deferred income tax liabilities</u>				
Temporary differences				
Property, plant and equipment	\$ 8,474	\$ -	\$ -	\$ 8,474

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

As of December 31, 2023, and 2022, the taxable temporary differences associated with investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$54,775,000 and \$63,455,000 respectively.

f. Income tax assessments

Income tax returns of the Company, San Fu Biotech Co., Ltd., International Nitto Technology Company Limited and Lifu Carbonate Co., Ltd. through 2021 have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE (EPS)

	<b>Unit: NT\$ Per Share</b>	
	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share		
Basic earnings per share	<u>\$ 4.41</u>	<u>\$ 8.43</u>
Diluted earnings per share		
Diluted earnings per share	<u>\$ 4.41</u>	<u>\$ 8.42</u>

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

### Net Income for the Year

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net profit attributable to the owners of the company	<u>\$ 444,458</u>	<u>\$ 849,365</u>

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

### Number of ordinary shares

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,706	100,706
Effect of potentially dilutive ordinary shares		
Employees' compensation	<u>114</u>	<u>196</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,820</u>	<u>100,902</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.

## 26. NON-CASH TRANSACTION

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

The Company reclassified and paid for property, plant and equipment partly during 2023 and 2022 (Notes 14 and 19).

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Prepayments for equipment transferred (reclassification)	<u>\$ 54,400</u>	<u>\$ 117,058</u>
Purchase of property, plant and equipment	\$ 719,231	\$ 858,577
Increase in payable of construction payment and purchases of equipment	( <u>27,921</u> )	( <u>83,137</u> )
Paid in cash by acquiring property, plant and equipment	<u>\$ 691,310</u>	<u>\$ 775,440</u>

## 27. CAPITAL MANAGEMENT

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

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

## 28. FINANCIAL INSTRUMENTS

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

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

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

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

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
<u>December 31, 2022</u>				
<u>Financial assets at FVTPL</u>				
Derivatives - Foreign Exchange Option Contracts	\$ -	\$ 11,890	\$ -	\$ 11,890
 <u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 35,444	\$ -	\$ -	\$ 35,444
Domestic unlisted shares	-	-	6,698	6,698
Foreign unlisted shares	-	-	58,709	58,709
Total	\$ 35,444	\$ -	\$ 65,407	\$ 100,851

(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022 .

2) Financial Instruments applied for Level 3 Adjustment at FVTOCI

	<b>Financial assets at FVTOCI</b>	
	<b>Jan. 1- Dec. 31. 2023</b>	<b>Jan. 1- Dec. 31. 2022</b>
Financial assets – Equity instrument		
Beginning balance	\$ 65,407	\$ 59,615
Increase of the current period	60,000	-
Recognized in other comprehensive profit or loss (unrealized appraisal profit or loss of financial assets measured at fair value through other comprehensive profit or loss)	3,714	-
Foreign exchange difference	( 9 )	5,792
Ending balance	\$ 129,112	\$ 65,407

3) Valuation Techniques and Assumptions Used in Fair Value Measurement

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.
- b) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial instrument category</u>	<u>Valuation techniques and inputs</u>
Derivatives – Foreign Exchange Option Contracts	The fair value of the foreign exchange option contract is calculated based on the spot exchange rate on the evaluation date, the exercise price of the option, the exchange rate volatility, the contract expiration period, and the quoted risk-free interest rate during the contract expiration period.

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

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount for lack of marketability		
1% decrease	\$ <u>101</u>	\$ <u>95</u>
Non-controlling interests discount		
1% decrease	\$ <u>95</u>	\$ <u>89</u>

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

c. Categories of Financial Instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 11,890
Financial assets at amortized cost (*1)	2,024,054	2,079,377
Financial assets at FVTOCI	161,197	100,851
- Investment in equity instrument		
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (*2)	2,577,106	2,111,107

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

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

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 - current portion, and long-term loans. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

reported the situation to the Board of Directors.

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

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

## 1) Market Risk

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

### a) Foreign Currency Risk

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

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

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

### Sensitivity Analysis

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

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

	<b>Unit: Thousand NT\$</b>	
	<b>Currency USD Impact</b>	
	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 14,300</u> (i)	<u>\$ 20,833</u> (i)

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

## b) Interest Rate Risk

The Company is exposed to interest rate risks because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for the period from January 1 to December 31 in the fiscal years 2023 and 2022 were NT\$29,721,000 and NT\$ 18,997,000 respectively, which only constitute 0.59% and 0.34% of consolidated net sales revenue. Therefore, the interest rate risk has no significant impact on the Company.

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

	<b>Unit: Thousand NT\$</b>	
	<b>Currency USD Impact</b>	
	<b>Years Ended December 31</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Fair value interest rate risk		
Financial liabilities	\$ 558,444	\$ 386,857
Cash flow interest rate risk		
Financial liabilities	1,050,000	1,035,000

### Sensitivity Analysis

The sensitivity analysis was determined based on the Company's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole period. If interest rates had been five basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the one-year period from January 1 to December 31 in the fiscal years 2023 and 2022 would decrease by NT\$ 525,000 and NT\$ 518,000 respectively.

## c) Other Price Risks

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

### Sensitivity Analysis

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the one-year period from January 1 to December 31 in the fiscal years 2023 and 2022 would have increased/decreased by NT\$ 8,060,000 and NT\$ 5,043,000 respectively, because of the changes in fair value of financial assets at FVTOCI.

## 2) Credit Risk Management

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

Apart from the companies A, B and C of the Company, the Company has no significant credit risk exposure from any single counterparty or any group of counterparties with similar characteristics. Apart from the companies A, B and C, the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A, B and C was carried at a percentage of 58% of the balance of accounts receivable of the merged

company. The credit risk is expected to be immaterial as the companies A, B and C are all reliable and trustworthy counterparties.

### 3) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2023, and 2022, the Company had available unutilized short-term bank loan facilities in the amount of NT\$ 1,775,573,000 and NT\$ 2,110,018,000 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.

#### December 31, 2023

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

#### Additional information about the maturity analysis for lease liabilities

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

#### December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
Lease liabilities	\$ 2,116	\$ 4,231	\$ 16,738	\$ 25,547	\$ 23,904
Variable interest rate liabilities	25,000	410,000	275,000	325,000	-
Fixed interest rate liabilities	<u>-</u>	<u>299,708</u>	<u>17,161</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,116</u>	<u>\$713,939</u>	<u>\$308,899</u>	<u>\$350,547</u>	<u>\$ 23,904</u>

#### Additional information about the maturity analysis for lease liabilities

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

## 29. RELATED PARTY TRANSACTIONS

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

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

### a. Sales of Goods

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Sales</u>		
Joint ventures	\$ 9,249	\$ 3,883
Associate	263	21
	<u>\$ 9,512</u>	<u>\$ 3,904</u>
<u>Purchase</u>		
Joint ventures	\$ 200	\$ 87
Associates	40,838	13,419
	<u>\$ 41,038</u>	<u>\$ 13,506</u>

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Service expense (recognized as other income)</u>		
Joint ventures		
Sanfuming Electronic Material Co., Ltd.	<u>\$ 6,254</u>	<u>\$ 6,598</u>
<u>Service expense (recognized as other expense)</u>		
Investors with significant influence over the Company	<u>\$ 1,143</u>	<u>\$ 1,143</u>
<u>Donation expense</u>		
Others		
Fulu Cultural Foundation	<u>\$ -</u>	<u>\$ 1,000</u>

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

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Accounts receivable - related party</u>		
Joint ventures	\$ 6,564	\$ 3,784
Associates	110	-
	<u>\$ 6,674</u>	<u>\$ 3,784</u>

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Other receivables - related party</u>		
<u>Associates</u>	6,146	6,278
	<u>\$ 12,820</u>	<u>\$ 10,062</u>

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Accounts payable - related party</u>		
<u>Associates</u>	\$ 5,975	\$ 7,368

The outstanding accounts payable from related parties are unsecured and the outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivable from related parties.

c. Lease arrangements - Group is lessee

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>Years Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Lease liabilities	Investors with significant influence over the Company		
	Sanfu Global Co., Ltd.	\$ 51,826	\$ 50,266

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Interest expense</u>		
Investors with significant influence over the Company		
Sanfu Global Co., Ltd.	\$ 542	\$ 516
Others	4	4
	<u>\$ 546</u>	<u>\$ 520</u>

d. Others

Investors with significant influence signed a trust agreement of marketable securities with the CTBC Bank on September 29, 2016. The Company is a beneficiary of interest. The trust interest revenue was \$3,801,000 and \$ 2,900,000 in 2023 and 2022 respectively, and the revenue was credited in capital surplus-donations.

e. Compensation of key management personnel

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

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 34,681	\$ 41,248
Post-employment benefits	1,553	1,538
	<u>\$ 36,234</u>	<u>\$ 42,786</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:

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Pledged deposits (classified as financial assets at amortized cost)	\$ 125,400	\$ 172,400
Land	40,349	40,349
Buildings, net	<u>38,220</u>	<u>41,831</u>
	<u>\$ 203,969</u>	<u>\$ 254,580</u>

### 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

#### December 31, 2023

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

#### December 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>		<b>Carrying Amount</b>
<u>Foreign Currency Assets</u>				
<u>Monetary items</u>				
USD	\$ 14,383	30.660	(USD: NTD)	\$ 440,983
JPY	298,233	0.230	(JPY: NTD)	68,713
<u>Non-monetary items</u>				
Investments in associates and joint ventures using equity method				
RMB	101,688	0.144	(RMB: USD)	448,387
VND	31,800,778	0.0013	(VND: NTD)	40,864
<u>Foreign Currency Liabilities</u>				
<u>Monetary items</u>				
USD	791	30.760	(USD: NTD)	24,331
JPY	244,788	0.234	(JPY: NTD)	57,378

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

Foreign Currencies	<u>For the Year Ended December 31, 2023</u>		<u>For the Year Ended December 31, 2022</u>	
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (losses)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (losses)</u>
USD	30.655 (USD: NTD)	(\$ 17,808)	30.660 (USD: NTD)	\$ 9,782
JPY	0.215 (JPY: NTD)	( 2077)	0.230 (JPY: NTD)	( 53)

### 34. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: See Table 1 attached;
- 2) Endorsements/guarantees provided: See Table 2 attached;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures: See Table 3 attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$ 300 million or 20% of the paid-in capital: See Table 4 attached;
- 5) Acquisition of individual real estate at costs of at least NT\$ 300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$ 300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: None;
- 8) Receivables from related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: None;
- 9) Information about the derivative financial instrument transaction: See Table 7 attached;
- 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 5 attached;

b. Information on investees: See Table 6 attached;

c. Information on investments in Mainland China

- 1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: See Table 7 attached;
- 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
- c) The amount of property transactions and the amount of the resultant gains or losses
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder and the number of shares and percentage of ownership held by of each shareholder: See Table 8 attached;

### 33. OPERATING SEGMENT INFORMATION

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

- Department of fine and high fine chemicals : Mainly engaged in the manufacturing, processing and trading of chemical cleaning and etching agents;
- Department of basic chemicals: Mainly engaged in the manufacturing, processing and trading of food additives.

a. Operating segments, segment revenue and operating results

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

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

<u>For the one-year period from January 1 to December 31, 2022</u>	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write off by Segment</u>	<u>Total</u>
Revenue of general customers	\$ 4,389,310	\$ 1,229,290	\$ -	\$ 5,618,600
Revenue of segment	<u>-</u>	<u>70,495</u>	<u>( 70,495 )</u>	<u>-</u>
Total	<u>\$ 4,389,310</u>	<u>\$ 1,299,785</u>	<u>( \$ 70,495 )</u>	<u>\$ 5,618,600</u>
Profit from operations	<u>\$ 1,029,306</u>	<u>( \$ 99,484 )</u>	<u>\$ -</u>	\$ 929,822
Other income				36,117
Other gain and losses				45,664
Financial cost				( 18,997 )
Investments using equity method				73,607
Interest income				<u>6,660</u>
Income before income tax				<u>\$ 1,072,873</u>

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

b. Segment Total Assets and Liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<u>Segment assets</u>		
<u>Continuing operations</u>		
Fine chemicals	\$ 4,874,689	\$ 4,262,505
Basic chemicals	2,084,784	2,102,683
Investment	<u>830,147</u>	<u>856,072</u>
Consolidated total assets	<u>\$ 7,789,620</u>	<u>\$ 7,221,260</u>

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

	<b>Years Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer A	\$ 1,606,529	32	\$ 1,854,561	33
Customer B	468,468	9	498,968	9

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

### FINANCING PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

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

**TABLE 1**

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	Other receivables	Y	\$ 250,000	\$ -	\$ -	-	The need for Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 441,395	\$ 1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	250,000	250,000	-	-	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	221,076 (US\$ 7,200,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	Other receivables	Y	400,000	400,000	87,202 (US\$ 2,840,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Trading Company Limited	Other receivables	Y	100,000	100,000	32,240 (US\$ 1,050,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	441,395	1,765,578	(Note 3)
1	VinaSanFu Industrial Gas Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	261	261	-	-	The need for Short-term financing	-	Operating capital	-	-	-	29,167	116,669	(Note 3)
2	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	Other receivables	Y	653	653	-	-	The need for Short-term financing	-	Operating capital	-	-	-	28,050	112,201	(Note 3)

Note 1: The items are numbered as follows:

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

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

- a. The maximum amount of financing provided by the Company shall not exceed 40% of the Company's net worth.
- b. The maximum amounts of financing provided by the Company and its subsidiaries are as follows:

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

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

Note 4: Calculated based on the foreign currency exchange rate dated December 31, 2023 (USD \$1 = NT\$30.705)

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

### ENDORSEMENTS/GURANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

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

**TABLE 2**

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Amount of Endorsement /Guarantee Collateralize d by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 441,395	\$ 400,000	\$ 400,000	\$ 290,000	\$ -	9.06%	\$ 1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	300,000	300,000	210,000	-	6.80%	1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	400,000	200,000	184,230	-	4.53%	1,765,578	Y	N	N	
0	San Fu Chemical Co., Ltd.	VinaSanFu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	441,395	400,000	200,000	184,230	-	4.53%	1,765,578	Y	N	N	

Note 1: The items are numbered as follows:

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

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

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

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

**MARKETABLE SECURITIES HELD**

FOR THE YEAR ENDED DECEMBER 31, 2023

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

**TABLE 3**

Holding Company Name	Marketable Securities Type and Name	Nature of Relationship	Financial Statement Account	As of December 31, 2023				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
San Fu Chemical Co., Ltd.	E'Dale Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	32,085	0.45%	32,085	Note 2
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
San Fu Biotech (SFB)	REGiMMUNE Limited		Financial assets at fair value through other comprehensive income	1,075,130	63,714	4.72%	63,714	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	58,700	2.4%	58,700	

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

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

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

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$ 300 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

**TABLE 4**

Securities Purchased/ Sold by	Marketable Securities Type & Name	Line Item	Trading Purpose	Nature of Relationship	Beginning Balance		Acquisition		Adjustment (Note 1)	Sale				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Selling Price	Carrying costs	Gain (Loss) of Disposal	Shares/Units	Amount
San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Investments accounted for using Equity Method	Cash Capital Increase	Subsidiary	90,000,000	\$ 844,231	30,000,000	\$ 300,000 (Note 3)	(\$ 23,314)	-	\$ -	\$ -	\$ -	120,000,000	\$ 1,120,917

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

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

Note 3: International Nitto Technology Co., Ltd. issued common stock for cash on February 6, 2023.

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

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

FOR THE YEAR ENDED DECEMBER 31, 2023

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

**TABLE 5**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	1	Accounts receivable - related parties, net	\$ 8,645	90 days after invoice date	0.11%
				Other receivables - related parties, net	33	According to the contract	0.00%
				Sales revenue	26,023	90 days after invoice date	0.52%
				Other income	6	90 days after invoice date	0.00%
				Accounts payable - related parties, net	3,027	90 days after invoice date	0.04%
				Purchase	10,782	90 days after invoice date	0.22%
				Rental expenses	4,459	90 days after invoice date	0.09%
				International Nitto Technology Co., Ltd.	1	Accounts receivable - related parties, net	9,387
		Sales revenue	8,940	90 days after invoice date		0.18%	
		Accounts payable - related parties, net	62,182	90 days after invoice date		0.80%	
		Purchase	4,702	90 days after invoice date		0.09%	
		Outsourcing costs	82,510	90 days after invoice date		1.65%	
		VinaSanFu Industrial Gas Company Limited	1	Other receivables - related parties, net	223,313	According to the contract	2.87%
		Interest income		3,860	According to the contract	0.08%	
		Other income		749	30 days after invoice date	0.02%	
		VinaSanFu Material Company Limited	1	Other receivables - related parties, net	87,789	According to the contract	1.13%
		Interest income		1,104	According to the contract	0.02%	
		Other income		311	30 days after invoice date	0.01%	
		VinaSanFu Material Trading Company Limited	2	Accounts receivable - related parties, net	208	30 days after invoice date	0.00%
		Other receivables - related parties, net		32,204	According to the contract	0.41%	
Sales revenue	208	30 days after invoice date		0.00%			
Interest income	454	According to the contract		0.01%			

Note 1: "1" represents the transactions between the parent company and subsidiaries.

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

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

### NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2023

(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	%	Carrying Amount			
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$ 586,246	\$ 19,309	\$ 19,309	Note 1
	VinaSanFu Industrial Gas Company Limited	Vietnam	Engaged in industrial gas production	US\$ 13,650,000	US\$ 13,650,000	-	100%	291,674	( 42,080)	( 42,080)	Note 1
	VinaSanFu Material Company Limited	Vietnam	Engaged in manufacturing chemical materials	US\$ 12,200,000	US\$ 12,200,000	-	100%	280,504	( 22,636)	( 22,636)	Note 1
	San Fu Biotech Co., Ltd.	Taiwan	Engaged in the manufacture and sale of food additives	210,000	210,000	22,790,000	93%	269,468	236	220	Notes 1
	International Nitto Technology Co., Ltd	Taiwan	Engaged in electronic component manufacturing business	1,277,904	977,904	120,000,000	100%	1,120,917	( 23,314)	( 23,314)	Note 1
	Hongchong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	14,993	1,957	978	
	Lifu Carbonate Co., Ltd.	Taiwan	Engaged in carbon dioxide gas, carbonic acid fire extinguisher, dry ice manufacturing and its sales and marketing	77,253	77,253	1,740	87%	87,340	( 3,916)	( 3,407)	Note 1
	Shian Yun Joint Stock Company	Vietnam	Engaged in industrial gas production	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	41,771	6,019	2,007	
San Fu Specialty Chemicals Investments Limited	Sanfuming Electronic Material Co., Ltd.	Shanghai, China	Engaged in the operation of international trade business	US\$ 2,151,000	US\$ 2,151,000	-	50%	418,621	41,974	20,987	
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	59,778	13	13	Note 1
VinaSanFu Material Company Limited	Vinasanfu Materials Trading Co., Ltd	Vietnam	Engaged in manufacturing chemical materials	US\$ 400,000	US\$ 160,000	-	100%	23,890	12,694	12,694	Notes 1

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

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

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

### INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

**TABLE 7**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3 and)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Sanfuming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 276,345 ( US\$ 9,000,000) ( Notes 1 and 4 )	Through the third company reinvest in mainland companies	\$ 19,989 ( US\$ 651,000)	\$-	\$-	\$ 19,989 ( US\$ 651,000)	\$41,974	50	\$ 20,987	\$418,621 ( US\$13,634,000)	\$
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in manufacturing and selling chemical products	\$1,120,860 ( RMB 260,000,000) ( Note 2 )	Through the third company reinvest in mainland companies	\$ 57,296 ( US\$ 1,866,000)	-	-	\$ 57,2965 ( US\$ 1,866,000)	- (Note 7)	2.40	-	\$ 58,700 ( US\$1,912,000)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$179,133 ( US\$ 5,834,000 ) ( Notes 5 and 6 )	\$293,509 ( US\$9,559,000 )	\$2,667,478

Note 1: The exchange rate on December 31, 2023 was USD\$1=NT\$ 30.705

Note 2: The exchange rate on December 31, 2023 was RMB\$1=NT\$ 4.311

Note 3: The average exchange rate was based on the USD\$1=NT\$ 31.155 for the 12-month period from January 1, 2023 to December 31, 2023.

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

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

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

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

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

### INFORMATION OF MAJOR SHAREHOLDERS

BASED ON THE INFORMATION REPORTED AS OF DECEMBER 31, 2023

**TABLE 8**

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

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

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