

**San Fang Chemical Industry Co., Ltd.
and Subsidiaries**

Consolidated Financial Statements and Review Report of
Independent Auditors
For The Nine-Month Periods Ended September 30 of 2024 And
2023

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§Table of Contents§

Item	Page	Financial Statements Note No.
I. Cover Page	1	-
II. Table of Contents	2	-
III. Review Report of Independent Auditors	3~4	-
IV. Consolidated Balance Sheet	5	-
V. Consolidated Statement of Comprehensive Income	6~7	-
VI. Consolidated Statement of Changes in Equity	8	-
VII. Consolidated Cash Flow Statement	9~10	-
VIII. Notes to the Consolidated Financial Statements		
(I) Company History	11	1
(II) Date and Procedures of Approval of the Financial Statements	11	2
(III) Application of New Standards, Amendments, and Interpretations	11~13	3
(IV) Summarized Remarks on Significant Accounting Policies	13~14	4
(V) Significant Accounting Judgments, Estimates and Main Uncertainty Assumptions	15	5
(VI) Description of Significant Accounting Items	15~39	6-27
(VII) Related Party Transactions	39~40	28
(VIII) Pledged Assets	40	29
(IX) Significant Contingent Liabilities and Unrecognized Contractual Commitments	40~41	30
(X) Significant Disaster Loss	-	-
(XI) Major Subsequent Events	-	-
(XII) Other Matters	41	31
(XIII) Information on Foreign Currency Financial Assets and Liabilities with a Significant Impact	41~42	32
(XIV) Supplementary Disclosures		
1. Information on Major Transactions	43, 46~52	33
2. Information on Investees	43, 53	33
3. Information on Investments in China	43~44, 54	33
4. Business Relationship and Major Transactions between the Parent Company and Subsidiaries	43, 55	33
5. Information on Major Shareholders	44, 56	33
(XV) Segment Information	44~45	34

Review Report of Independent Auditors

To San Fang Chemical Industry Co., Ltd.:

Preface

We have reviewed the consolidated balance sheet of San Fang Chemical Industry Co., Ltd. and its subsidiaries (“San Fang Group” collectively) as of September 30, 2024 and 2023, the consolidated statements of comprehensive income for the three-month periods ended September 30, 2024 and 2023 and the nine-month periods ended September 30, 2024 and 2023, the consolidated statements of changes in equity and consolidated statements of cash flows for the nine-month periods ended September 30, 2024 and 2023, and the notes to the consolidated financial statements (including a summary of significant accounting policy). It is the management’s responsibility to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 “interim Financial Reporting” as endorsed and promulgated by the Financial Supervisory Commission (FSC). Our responsibility is to draw conclusions on the consolidated financial statements based on the review results.

Scope of Review

Except as stated in the section of Basis for Qualified Conclusion, we conducted our review in accordance with the TWSRE2410 Review of Financial Information Performed by the Independent Auditor of the Entity. The procedures performed in the review of consolidated financial statements include inquiries (primarily inquiring persons responsible for financial and accounting matters), analytical procedures, and other review procedures. The scope of review is substantially less than the scope of an audit. Hence, we may not be able to obtain assurance on all significant matters that an audit could otherwise provide, and therefore we are unable to express an audit opinion.

Basis for Qualified Conclusion

As mentioned in Note 13 of the consolidated financial statements, some consolidated subsidiaries that are not significant subsidiaries didn’t have their financial statements for the same periods reviewed by CPAs; their assets totaled NT\$539,932 thousand and NT\$478,483 thousand, respectively, as of September 30, 2024 and 2023, both accounting for 3% of the consolidated assets. Their liabilities totaled NT\$207,068 thousand and NT\$232,610 thousand, both accounting for 3% of the consolidated liabilities. The total comprehensive income for the three-month periods ended September 30, 2024 and 2023, and the nine-month periods ended September 30, 2024 and 2023, amounted to a net gain of NT\$32,413 thousand, a net loss of NT\$663 thousand, and a net gain of NT\$78,305 thousand and a net loss of NT\$5,947 thousand respectively, accounting for 14%, less than 1%, 6% and 1% of the total consolidated comprehensive income respectively.

Qualified Conclusion

Based on our review, except the financial statements of some non-significant subsidiaries mentioned in the Basis for Qualified Conclusion section that would have impacted the consolidated financial statements had they been reviewed by CPAs, nothing came to our attention that caused us to believe that the aforementioned consolidated financial statements, in all material aspects, were not prepared by IAS 34 Interim Financial Reporting endorsed and promulgated by the FSC and the Regulations Governing the Preparation of Financial Reports by Securities Issuers to an extent unable to fairly present the financial position of San Fang Chemical Group as of September 30, 2024 and 2023 and its consolidated cash flows and financial performance for the nine-month periods then ended.

Deloitte Taiwan

CPA Teng-Wei Wang

CPA Yu-Hsiang Liu

Financial Supervisory Commission Approval No.

Jin-Guan-Zheng-Shen-Zi No.1100356048

Financial Supervisory Commission Approval No.

Jin-Guan-Zheng-Shen-Zi No. 1050024633

November 7, 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 review such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
September 30, 2024 and December 31, 2023 and September 30, 2023

Unit: Thousand NTD

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 3,879,611	23	\$ 4,765,044	31	\$ 5,150,751	32
1110	Current financial assets at fair value through profit or loss (Note 7)	108,380	1	100,589	1	99,327	1
1136	Financial assets at amortized cost - current (Note 9 and 29)	1,573,706	9	1,123,678	7	616,295	4
1150	Notes receivable (Note 11)	9,938	-	24,507	-	20,100	-
1170	Net accounts receivable (Note 11)	1,354,461	8	1,000,724	6	1,247,559	8
1180	Accounts receivable - related parties (Notes 11 and 28)	374,961	2	295,079	2	405,990	3
1200	Other receivables	194,928	1	138,124	1	171,904	1
1220	Current income tax assets (Note 4)	2,738	-	15,201	-	17,071	-
130X	Inventories (Note 12)	1,674,561	10	1,614,941	10	1,799,445	11
1410	Advance payments	142,519	1	154,562	1	149,248	1
1479	Other current assets	<u>37,093</u>	<u>-</u>	<u>34,650</u>	<u>-</u>	<u>45,579</u>	<u>-</u>
11XX	Total current assets	<u>9,352,896</u>	<u>55</u>	<u>9,267,099</u>	<u>59</u>	<u>9,723,269</u>	<u>61</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 8)	105,359	1	119,687	1	86,900	1
1535	Financial assets at amortized cost - non-current (Note 9)	1,602,344	9	604,889	4	625,592	4
1600	Property, plant, and equipment (Notes 14 and 29)	5,393,620	32	5,150,904	33	5,152,724	32
1755	Right-of-use assets (Note 15)	157,931	1	159,703	1	165,485	1
1760	Investment properties (Notes 16 and 29)	108,538	1	109,189	1	109,405	1
1801	Other intangible assets	22,085	-	29,153	-	11,993	-
1805	Goodwill	35,759	-	35,759	-	35,759	-
1840	Deferred income tax assets (Note 4)	85,373	1	94,242	1	67,698	-
1915	Advance payments for land and equipment	28,995	-	28,284	-	16,002	-
1920	Refundable deposits	26,472	-	26,238	-	27,057	-
1990	Other non-current assets	<u>7,478</u>	<u>-</u>	<u>5,824</u>	<u>-</u>	<u>4,844</u>	<u>-</u>
15XX	Total non-current assets	<u>7,573,954</u>	<u>45</u>	<u>6,363,872</u>	<u>41</u>	<u>6,303,459</u>	<u>39</u>
1XXX	Total assets	<u>\$ 16,926,850</u>	<u>100</u>	<u>\$ 15,630,971</u>	<u>100</u>	<u>\$ 16,026,728</u>	<u>100</u>
	Liabilities and equity interests						
	Current liabilities						
2100	Short-term borrowings (Note 17 and 29)	\$ 1,705,000	10	\$ 1,490,000	10	\$ 1,480,000	9
2110	Short-term notes and bills payable (Note 17)	-	-	49,967	-	49,964	-
2130	Current contract liabilities (Note 22)	18,933	-	13,776	-	6,963	-
2170	Accounts payable (Note 18)	589,020	4	377,049	2	541,151	4
2219	Other payables (Note 19)	1,039,457	6	830,216	5	916,207	6
2230	Current income tax liabilities (Note 4)	148,585	1	206,812	1	160,762	1
2280	Current lease liabilities (Note 15)	6,194	-	7,099	-	6,586	-
2320	Current portion of long-term liabilities (Notes 17 and 29)	565,000	3	747,500	5	697,500	4
2399	Other current liabilities	<u>63,188</u>	<u>1</u>	<u>73,173</u>	<u>1</u>	<u>20,994</u>	<u>-</u>
21XX	Total current liabilities	<u>4,135,377</u>	<u>25</u>	<u>3,795,592</u>	<u>24</u>	<u>3,880,127</u>	<u>24</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 17 and 29)	1,835,000	11	1,687,500	11	1,812,500	11
2570	Deferred income tax liabilities (Note 4)	1,175,063	7	1,097,675	7	1,087,985	7
2580	Non-current lease liabilities (Note 15)	4,689	-	7,238	-	6,624	-
2640	Net defined benefit liability - non-current	68,780	-	87,221	1	86,511	1
2645	Guarantee deposits received	<u>17,560</u>	<u>-</u>	<u>12,746</u>	<u>-</u>	<u>13,112</u>	<u>-</u>
25XX	Total non-current liabilities	<u>3,101,092</u>	<u>18</u>	<u>2,892,380</u>	<u>19</u>	<u>3,006,732</u>	<u>19</u>
2XXX	Total liabilities	<u>7,236,469</u>	<u>43</u>	<u>6,687,972</u>	<u>43</u>	<u>6,886,859</u>	<u>43</u>
	Equity attributable to owners of the Company (Note 21)						
3110	Capital stock - common	<u>3,978,181</u>	<u>23</u>	<u>3,978,181</u>	<u>25</u>	<u>3,978,181</u>	<u>25</u>
3200	Capital surplus	<u>149,299</u>	<u>1</u>	<u>145,330</u>	<u>1</u>	<u>145,330</u>	<u>1</u>
	Retained earnings						
3310	Legal reserve	1,612,553	10	1,536,540	10	1,536,540	10
3320	Special reserve	504,790	3	504,790	3	504,790	3
3350	Undistributed earnings	<u>3,303,103</u>	<u>19</u>	<u>2,858,770</u>	<u>18</u>	<u>2,760,186</u>	<u>17</u>
3300	Total retained earnings	<u>5,420,446</u>	<u>32</u>	<u>4,900,100</u>	<u>31</u>	<u>4,801,516</u>	<u>30</u>
3400	Other equity interest	<u>142,455</u>	<u>1</u>	(<u>80,612</u>)	<u>-</u>	<u>214,842</u>	<u>1</u>
3XXX	Total equity	<u>9,690,381</u>	<u>57</u>	<u>8,942,999</u>	<u>57</u>	<u>9,139,869</u>	<u>57</u>
	Total liabilities and equity interests	<u>\$ 16,926,850</u>	<u>100</u>	<u>\$ 15,630,971</u>	<u>100</u>	<u>\$ 16,026,728</u>	<u>100</u>

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

(Please refer to the review report issued by Deloitte Taiwan on November 7, 2024)

Chairman: Mun-Jin Lin

Managers: Chih-I Lin

Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

for the three-month periods ended September 30, 2024 and 2023

and for the nine-month periods ended September 30, 2024 and 2023

		Unit: Thousand NTD, EPS in NTD							
Code		For the three-month period ended September 30, 2024		For the three-month period ended September 30, 2023		For the nine-month period ended September 30, 2024		For the nine-month period ended September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenues (Notes 22 and 28)	\$ 3,110,956	100	\$ 2,770,162	100	\$ 8,212,744	100	\$ 7,671,609	100
5000	Operating costs (Notes 12 and 23)	<u>2,086,380</u>	<u>67</u>	<u>2,086,341</u>	<u>76</u>	<u>5,647,343</u>	<u>69</u>	<u>5,818,321</u>	<u>76</u>
5900	Operating margin	<u>1,024,576</u>	<u>33</u>	<u>683,821</u>	<u>24</u>	<u>2,565,401</u>	<u>31</u>	<u>1,853,288</u>	<u>24</u>
	Operating expenses (Notes 11 and 23)								
6100	Selling expenses	175,476	6	149,879	5	474,676	6	405,496	5
6200	Administrative and general affairs expenses	207,882	7	183,958	7	580,358	7	516,687	7
6300	Research and development expenses	103,439	3	91,985	3	297,633	3	243,127	3
6450	Gain on reversal of impairments of expected credit	(<u>3,540</u>)	<u>-</u>	(<u>4,111</u>)	<u>-</u>	(<u>925</u>)	<u>-</u>	(<u>3,287</u>)	<u>-</u>
6000	Total operating expenses	<u>483,257</u>	<u>16</u>	<u>421,711</u>	<u>15</u>	<u>1,351,742</u>	<u>16</u>	<u>1,162,023</u>	<u>15</u>
6900	Operating net profit	<u>541,319</u>	<u>17</u>	<u>262,110</u>	<u>9</u>	<u>1,213,659</u>	<u>15</u>	<u>691,265</u>	<u>9</u>
	Non-operating income and expenses (Note 23)								
7100	Interest income	60,925	2	37,868	2	184,270	2	104,486	2
7010	Other income	20,594	1	8,253	-	46,167	1	23,262	-
7020	Other profits and losses	(<u>108,921</u>)	(<u>3</u>)	72,992	3	2,904	-	124,458	2
7050	Financial costs	(<u>19,179</u>)	(<u>1</u>)	(<u>18,280</u>)	(<u>1</u>)	(<u>55,594</u>)	(<u>1</u>)	(<u>54,899</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	(<u>46,581</u>)	(<u>1</u>)	<u>100,833</u>	<u>4</u>	<u>177,747</u>	<u>2</u>	<u>197,307</u>	<u>3</u>
7900	Pre-tax profit	494,738	16	362,943	13	1,391,406	17	888,572	12
7950	Income tax expense (Notes 4 and 24)	<u>108,881</u>	<u>3</u>	<u>48,267</u>	<u>2</u>	<u>292,314</u>	<u>4</u>	<u>227,028</u>	<u>3</u>
8000	Net income	<u>385,857</u>	<u>13</u>	<u>314,676</u>	<u>11</u>	<u>1,099,092</u>	<u>13</u>	<u>661,544</u>	<u>9</u>
	Other comprehensive income								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 21)	(<u>7,451</u>)	<u>-</u>	1,251	<u>-</u>	7,159	<u>-</u>	11,725	<u>-</u>

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Code		For the three-month period ended September 30, 2024		For the three-month period ended September 30, 2023		For the nine-month period ended September 30, 2024		For the nine-month period ended September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences arising from the translation of the financial statements of foreign operations (Note 21)	(144,299)	(5)	247,195	9	233,889	3	302,557	4
8300	Other comprehensive income for the period	(151,750)	(5)	248,446	9	241,048	3	314,282	4
8500	Total comprehensive income	\$ 234,107	8	\$ 563,122	20	\$ 1,340,140	16	\$ 975,826	13
8600	Profit attributable to:								
8610	Owners of the company	\$ 385,857	12	\$ 314,676	11	\$ 1,099,092	13	\$ 661,544	9
8700	Comprehensive income attributable to:								
8710	Owners of the company	\$ 234,107	8	\$ 563,122	20	\$ 1,340,140	16	\$ 975,826	13
	Earnings per share (Note 25)								
9750	Basic	\$ 0.97		\$ 0.79		\$ 2.76		\$ 1.66	
9850	Diluted	\$ 0.97		\$ 0.79		\$ 2.75		\$ 1.66	

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

(Please refer to the review report issued by Deloitte Taiwan on November 7, 2024)

Chairman: Mun-Jin Lin

Managers: Chih-I Lin

Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
for the nine-month periods ended September 30, 2024 and 2023

Unit: Thousand NTD

		Equity attributable to shareholders of the Company					Other equity interests			
		Capital stock - common	Capital surplus	Retained earnings			Exchange differences arising from the translation of the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Subtotal	Total equity
Code				Legal reserve	Special reserve	Undistributed earnings				
A1	Balance as at January 1, 2024	<u>\$ 3,978,181</u>	<u>\$ 145,330</u>	<u>\$ 1,536,540</u>	<u>\$ 504,790</u>	<u>\$ 2,858,770</u>	<u>(\$ 154,472)</u>	<u>\$ 73,860</u>	<u>(\$ 80,612)</u>	<u>\$ 8,942,999</u>
	Appropriation and distribution of earnings of 2023 (Note 21)									
B1	Legal reserve	-	-	76,013	-	(76,013)	-	-	-	-
B5	Cash dividends	-	-	-	-	(596,727)	-	-	-	(596,727)
		-	-	76,013	-	(672,740)	-	-	-	(596,727)
C17	Dividends not collected by shareholders before the deadline (Note 21)	-	3,969	-	-	-	-	-	-	3,969
D1	Net profit for the nine-month period ended September 30, 2024	-	-	-	-	1,099,092	-	-	-	1,099,092
D3	Other comprehensive income after tax for the nine-month period ended September 30, 2024	-	-	-	-	-	233,889	7,159	241,048	241,048
D5	Total comprehensive income for the nine-month period ended September 30, 2024	-	-	-	-	1,099,092	233,889	7,159	241,048	1,340,140
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income (Note 21)	-	-	-	-	17,981	-	(17,981)	(17,981)	-
Z1	Balance as at September 30, 2024	<u>\$ 3,978,181</u>	<u>\$ 149,299</u>	<u>\$ 1,612,553</u>	<u>\$ 504,790</u>	<u>\$ 3,303,103</u>	<u>\$ 79,417</u>	<u>\$ 63,038</u>	<u>\$ 142,455</u>	<u>\$ 9,690,381</u>
A1	Balance as at January 1, 2023	<u>\$ 3,978,181</u>	<u>\$ 145,330</u>	<u>\$ 1,488,728</u>	<u>\$ 648,571</u>	<u>\$ 2,320,928</u>	<u>(\$ 128,788)</u>	<u>\$ 29,348</u>	<u>(\$ 99,440)</u>	<u>\$ 8,482,298</u>
	Appropriation and distribution of earnings of 2022 (Note 21)									
B1	Legal reserve	-	-	47,812	-	(47,812)	-	-	-	-
B17	Reversal of special reserve	-	-	-	(143,781)	143,781	-	-	-	-
B5	Cash dividends	-	-	-	-	(318,255)	-	-	-	(318,255)
		-	-	47,812	(143,781)	(222,286)	-	-	-	(318,255)
D1	Net profit for the nine-month period ended September 30, 2023	-	-	-	-	661,544	-	-	-	661,544
D3	Other comprehensive income after tax for the nine-month period ended September 30, 2023	-	-	-	-	-	302,557	11,725	314,282	314,282
D5	Total comprehensive income for the nine-month period ended September 30, 2023	-	-	-	-	661,544	302,557	11,725	314,282	975,826
Z1	Balance as at September 30, 2023	<u>\$ 3,978,181</u>	<u>\$ 145,330</u>	<u>\$ 1,536,540</u>	<u>\$ 504,790</u>	<u>\$ 2,760,186</u>	<u>\$ 173,769</u>	<u>\$ 41,073</u>	<u>\$ 214,842</u>	<u>\$ 9,139,869</u>

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

(Please refer to the review report issued by Deloitte Taiwan on November 7, 2024)

Chairman: Mun-Jin Lin

Managers: Chih-I Lin

Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
for the nine-month periods ended September 30, 2024 and 2023

Unit: Thousand NTD

Code		For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
	Cash flow from operating activities		
A10000	Profit before tax	\$ 1,391,406	\$ 888,572
A20010	Revenues and expenses		
A20100	Depreciation expense	414,660	463,187
A20200	Amortization expense	9,374	7,065
A20300	Gain on reversal of impairments of expected credit	(925)	(3,287)
A20400	Net gains from financial instruments at fair value through profit or loss	(7,791)	(5,003)
A20900	Financial costs	55,594	54,899
A21200	Interest income	(184,270)	(104,486)
A21300	Dividend income	(5,165)	(2,167)
A22500	Net losses on disposal of property, plant and equipment	984	3,223
A23700	Impairment loss on property, plant and equipment	91,192	31,567
A23800	Gain on recovery on inventory devaluation	(15,903)	(73,278)
A29900	Loss on physical inventory	2,275	4,051
A29900	Other	(1,654)	(1,943)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	14,569	(5,713)
A31150	Accounts receivable	(352,816)	(155,049)
A31160	Accounts receivable - related parties	(79,882)	(132,278)
A31180	Other receivables	(40,349)	(102,946)
A31200	Inventories	(46,670)	372,475
A31230	Advance payments	12,043	56,969
A31240	Other current assets	(2,443)	(20,111)
A32125	Contract liabilities	5,157	1,389
A32150	Accounts payable	211,971	47,829
A32180	Other payables	175,245	127,027
A32210	Deferred revenues	(2,088)	-
A32230	Other current liabilities	(7,897)	(6,486)
A32240	Net defined benefit liability	(18,441)	(3,108)
A33000	Cash generated from operating activities	1,618,176	1,442,398
A33100	Interest received	168,116	81,272
A33200	Dividend received	5,165	2,167

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Code		For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
A33300	Interest paid	(\$ 56,656)	(\$ 56,642)
A33500	Income tax paid	(252,638)	(76,391)
AAAA	Net cash inflow from operating activities	<u>1,482,163</u>	<u>1,392,804</u>
	Cash flow from investing activities		
B00040	Acquisition of financial assets at amortized cost	(1,456,756)	(308,727)
B00200	Sale of financial assets measured at fair value through other comprehensive income	21,487	-
B02700	Acquisition of property, plant and equipment	(642,937)	(301,665)
B02800	Proceeds from disposal of property, plant and equipment	790	2,835
B03700	Increase in refundable deposits	(234)	(649)
B04500	Acquisition of intangible assets	(1,470)	(1,178)
BBBB	Net cash outflow from investing activities	<u>(2,079,120)</u>	<u>(609,384)</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	215,000	-
C00200	Decrease in short-term borrowings	-	(60,000)
C00500	Increase in short-term notes and bills payable	-	50,000
C00600	Decrease in short-term notes and bills payable	(50,000)	-
C01600	Increase in long-term borrowing	850,000	540,000
C01700	Repayment of long-term borrowing	(885,000)	(878,000)
C03000	Increase in guarantee deposits	4,814	317
C04020	Repayments of lease liabilities	(5,838)	(5,207)
C04500	Distribution of cash dividends	(596,727)	(318,255)
C09900	Returned unclaimed dividends	<u>3,969</u>	<u>-</u>
CCCC	Net cash outflow from financing activities	<u>(463,782)</u>	<u>(671,145)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>175,306</u>	<u>208,111</u>
EEEE	Increase (decrease) in cash and cash equivalents	(885,433)	320,386
E00100	Cash and cash equivalents at beginning of period	<u>4,765,044</u>	<u>4,830,365</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 3,879,611</u>	<u>\$ 5,150,751</u>

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

(Please refer to the review report issued by Deloitte Taiwan on November 7, 2024)

Chairman: Mun-Jin Lin

Managers: Chih-I Lin

Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
for the nine-month periods ended September 30, 2024 and 2023
(All amounts are in thousand NTD, unless otherwise specified)

I. Company History

San Fang Chemical Industry Co., Ltd. (hereinafter referred to as the "Company") was established in June 1973, and main business items include the manufacturing and sales of artificial leather, synthetic resin, and other materials.

The Company was approved to be listed on the Taiwan Stock Exchange in November 1985.

The consolidated financial statements are presented in the Company's functional currency NTD.

II. Date and Procedures of Approval of the Financial Statements

The consolidated financial statements were approved by the Board of Directors on November 7, 2024.

III. Application of New Standards, Amendments, and Interpretations

- (I) First-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations (hereinafter collectively referred to as the "IFRS Accounting Standards") as endorsed and announced by the Financial Supervisory Commission (FSC)

The application of the amended IFRS Accounting Standards endorsed and announced by the FSC will not result in any major changes to the accounting policy of the Company and entities controlled by the Company (hereinafter referred to as the "Consolidated Entity").

- (II) Application of the IFRS Accounting Standards as endorsed by the FSC in 2025

New, Revised or Amended Standards and Interpretations	Effective date of the International Accounting Standards Board (IASB)
Amendments to IAS 21	January 1, 2025 (Note)
Note: Applicable to the annual reporting period starting after January 1, 2025. When applying the amendment initially, an entity may not restate its financial statements for the comparative period and must recognize the effects under the impacted asset or liability items, or under the exchange differences arising from the translation of the financial statements of foreign operations under retained earnings or equity (where appropriate).	

- (III) New standards, interpretations, and amendments were issued by IASB but not yet included in the IFRS Accounting Standards as endorsed and announced by the FSC

New, Revised or Amended Standards and Interpretations	Effective date of the IASB (Note)
"Annual Improvements to IFRS Accounting Standards—Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Not determined
IFRS 17 Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure of Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries not publicly accountable: Disclosure"	January 1, 2027

Note: Unless otherwise specified, the new, revised or amended standards and interpretations are effective at the beginning of the annual reporting period after the dates above.

IFRS 18 "Presentation and Disclosure of Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard include the followings:

- Items of income and expense are required to be classified into categories in the statement of profit or loss, namely, Operating, Investing, Financing, Income Tax, and Discontinued Operations.
- Entities are required to present in their financial statements the totals and subtotals of operating profit or loss, profit or loss before financing and income tax, and profit or loss.
- The standard provides guidelines for improving the aggregation and disaggregation requirements: The Consolidated Entity is required to identify assets, liabilities, equity, income and expenses, and cash flows that arise from individual transactions or other events, and to classify them into groups based on shared characteristics, resulting in line items in the primary financial statements that share at least one characteristic. Items with different characteristics must be further disaggregated in the primary financial statements and the notes thereto. The Consolidated Entity may not categorize an item as "Others" unless a more informative name is unavailable.

- Introduction of disclosures on Management-defined Performance Measures (MPMs): During public communications outside the financial statements or communication with financial statements users on the management's view of an aspect of the Consolidated Entity's financial performance, a Consolidated Entity must disclose its MPMs in a single note of the financial statements; such disclosures must include a description of the MPM and how the MPM has been calculated, a reconciliation of the MPM to the most directly comparable subtotal or total specified by IFRSs, and effect of tax and non-controlling interests separately for each reconciled item.

Aside from the impacts stated above, as of the date this consolidated financial statements were passed and announced, the Consolidated Entity had been evaluating the impact of the amendments to the various standards and interpretations on its financial position and financial performance, and the relevant impact will be disclosed when it is completed.

IV. Summarized Remarks on Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" endorsed and announced by the FSC. These consolidated financial statements did not include all the items required by IFRS Accounting Standard for consolidated financial statements for the entire year.

(II) Basis of preparation

Except for financial instruments measured at fair value and net defined benefit liability recognized at defined benefit liabilities less fair value of assets of the defined benefit plans, these consolidated financial statements have been prepared based on historical cost.

Fair value measurement can be divided into levels 1 to 3 based on the observability and importance of input values:

1. Level 1 input values: Refers to quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 input values: Refers to directly (i.e., prices) or indirectly (i.e., derived from prices) observable input values of assets or liabilities other than level 1 quoted prices.
3. Level 3 input values: Refers to unobservable input values of assets or liabilities.

(III) Basis of consolidation

Please refer to Note 13, Table 7, and Table 8 for the detailed list, shareholding ratio, and business items of subsidiaries included in the consolidated financial statements.

(IV) Other Significant Accounting Policies

For information beyond those listed below, please refer to the Summarized Remarks on Significant Accounting Policies in the consolidated financial statements of 2023.

1. Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets that are held mainly for trading purposes;
- (2) Assets that are expected to be realized within twelve months from the balance sheet date; and
- (3) Cash and cash equivalents (except those that are restricted as they will be swapped or used to repay liabilities more than 12 months after the balance sheet date)

Current liabilities include:

- (1) Liabilities that are held mainly for trading purposes;
- (2) Liabilities that are to be paid off within twelve months from the balance sheet date; and
- (3) Liabilities to which the rights attached on the balance sheet date do not encompass the right to extend the repayment due date unconditionally beyond 12 months after the balance sheet date.

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

2. Defined post-employment benefit

The pension cost during the interim period is calculated at the pension cost rate determined by actuarial calculation on the closing date of the preceding financial year for the entire preceding fiscal year, adjusted for any major market changes, major plan changes, liquidations, or other major one-off events during the current period.

3. Income tax

Income tax expense is the sum of current income tax and deferred income tax. The income tax of the interim period is calculated on an annual basis by applying the interim profit before tax to the tax rate applicable to the anticipated annual earnings.

V. Significant Accounting Judgments, Estimates and Main Uncertainty Assumptions

For Significant Accounting Judgments, Estimates and Main Uncertainty Assumptions adopted in these consolidated financial statements, please refer to the consolidated financial statements of 2023.

VI. Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and working capital	\$ 2,543	\$ 2,088	\$ 2,446
Bank check and demand deposits	2,185,624	2,399,376	3,232,586
Cash equivalents			
Time deposits within 3 months of its original maturity date	\$ 1,691,444	\$ 2,363,580	\$ 1,915,719
	<u>\$ 3,879,611</u>	<u>\$ 4,765,044</u>	<u>\$ 5,150,751</u>

The market interest rate range for cash equivalents on the balance sheet date is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Cash equivalents			
Time deposits within 3 months of its original maturity date (%)	0.71~5.2	0.59~5.6	0.59~5.37

VII. Financial instruments at fair value through profit or loss - current

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets			
Financial assets for which the fair value is required to be measured through profit or loss			
Fund beneficiary certification	<u>\$ 108,380</u>	<u>\$ 100,589</u>	<u>\$ 99,327</u>

VIII. Non-current financial assets at fair value through other comprehensive income

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in equity instruments measured at fair value through other comprehensive income			
Listed stock in Taiwan	\$ 100,466	\$ 114,914	\$ 82,399
Unlisted stock in Taiwan	4,893	4,773	4,501
	<u>\$ 105,359</u>	<u>\$ 119,687</u>	<u>\$ 86,900</u>

IX. Financial assets at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits more than 3 months from its original maturity date	\$ 1,565,706	\$ 1,113,634	\$ 616,295
Pledged time deposits	8,000	10,044	-
	<u>\$ 1,573,706</u>	<u>\$ 1,123,678</u>	<u>\$ 616,295</u>
Annual interest rate of time deposits (%)	2.31~5.5	0.55~5.55	3.5~5.6
<u>Noncurrent</u>			
Restricted time deposits	\$ 623,505	\$ 604,889	\$ 571,179
Restricted demand deposits	-	-	54,413
Foreign corporate bonds	655,173	-	-
Foreign government bonds	323,666	-	-
	<u>\$ 1,602,344</u>	<u>\$ 604,889</u>	<u>\$ 625,592</u>
Annual interest rate of time deposits (%)	4~5.55	4.9~5.55	4.88~5.31

(I) Restricted bank deposits are deposited into a designated foreign currency deposits account by the Consolidated Entity in accordance with the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act". The use of funds is restricted by such Act.

(II) Information on foreign corporate bonds and foreign government bonds is as follows:

<u>Maturity date</u>	<u>Coupon rate (%)</u>	<u>Effective interest Rate (%)</u>
July 2029 - March 2039	3.875~6.50	3.57~4.61

(III) Please refer to Note 29 for information on financial assets at amortized cost.

X. Credit risk management of debt instrument investment

The foreign corporate bonds and foreign government bonds invested by the Consolidated Entity are debt instruments with a credit rating of investment grade or above, and a low credit risk in the impairment assessment.

The credit risk of these debt instruments has not increased significantly since the initial recognition, resulting in changes in interest rates or terms. Furthermore, there is no significant operational changes that are expected to affect the issuers' ability to repay debts. Therefore, there is no expected credit loss. The Consolidated Entity continues to track external rating information to monitor changes in the credit risk of the debt instruments it invests in, and also reviews other information such as bond yield curves and material information from the issuers to assess whether the credit risk of debt instrument investments has increased significantly since the initial recognition.

XI. Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Arising from operation			
Notes receivable - unrelated parties			
Measured at amortized cost			
Total book value	\$ 9,938	\$ 24,507	\$ 20,100
Accounts receivable - unrelated parties			
Measured at amortized cost			
Total book value	\$ 1,356,148	\$ 1,003,332	\$ 1,249,568
Less: Loss provision	1,687	2,608	2,009
	\$ 1,354,461	\$ 1,000,724	\$ 1,247,559
Accounts receivable - related parties			
Measured at amortized cost			
Total book value	\$ 374,961	\$ 295,079	\$ 405,990

The Consolidated Entity's average credit period for sale of goods is open account 30-120 days. Designated personnel of the Consolidated Entity are responsible for deciding the credit limit, approval, and other monitoring procedures to mitigate credit risk and ensure that appropriate action has been taken to recover overdue receivables. Furthermore, the Consolidated Entity will verify the recoverable amount of receivables on the balance sheet date to ensure that unrecoverable receivables already properly listed as impairment losses. On this basis, management of the Consolidated Entity believes that its credit risk has significantly decreased.

The Consolidated Entity recognizes a loss provision for lifetime ECLs for accounts receivables. Lifetime expected credit losses are calculated using an provision matrix, which takes into consideration the customer's previous default record, current financial situation, industrial and economic trends, and industry outlook. Past experience of the Consolidated Entity relating to credit loss showed no significant difference in loss patterns between different customer groups. Hence, customers are not further divided into groups in the provision matrix, and expected credit loss rate is only set by the number of days receivables are overdue.

The aging analysis of the Consolidated Entity's receivables based on the overdue date and the loss provision are as follows:

September 30, 2024

	Not past due	1-90 days past due	91-180 days past due	181-360 days late	More than 361 days late	Total
Expected credit loss rate (%)	0~1	0~8	0.26~37	28	99	
Total book value	\$ 1,579,643	\$ 160,214	\$ 876	\$ -	\$ 314	\$ 1,741,047
Loss provision (lifetime ECL)	(157)	(1,195)	(23)	-	(312)	(1,687)
Amortized cost	\$ 1,579,486	\$ 159,019	\$ 853	\$ -	\$ 2	\$ 1,739,360

December 31, 2023

	Not past due	1-90 days past due	91-180 days past due	181-360 days late	More than 361 days late	Total
Expected credit loss rate (%)	-	0~0.03	0.04~0.12	0.12~38	58~92	
Total book value	\$ 1,090,714	\$ 226,849	\$ 1,571	\$ 30	\$ 3,754	\$ 1,322,918
Loss provision (lifetime ECL)	-	(1)	-	-	(2,607)	(2,608)
Amortized cost	<u>\$ 1,090,714</u>	<u>\$ 226,848</u>	<u>\$ 1,571</u>	<u>\$ 30</u>	<u>\$ 1,147</u>	<u>\$ 1,320,310</u>

September 30, 2023

	Not past due	1-90 days past due	91-180 days past due	181-360 days late	More than 361 days late	Total
Expected credit loss rate (%)	-	0~0.21	0.01~0.28	0.22~25	17~100	
Total book value	\$ 1,558,625	\$ 110,958	\$ 665	\$ 2,948	\$ 2,462	\$ 1,675,658
Loss provision (lifetime ECL)	-	(4)	(2)	(162)	(1,841)	(2,009)
Amortized cost	<u>\$ 1,558,625</u>	<u>\$ 110,954</u>	<u>\$ 663</u>	<u>\$ 2,786</u>	<u>\$ 621</u>	<u>\$ 1,673,649</u>

Information on changes to loss provision for receivables is as follows:

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Balance at beginning of period	\$ 2,608	\$ 5,298
Reversal in the current period	(925)	(3,287)
Net currency translation difference	4	(2)
Closing balance	<u>\$ 1,687</u>	<u>\$ 2,009</u>

XII. Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 890,451	\$ 784,555	\$ 974,332
Supplies	33,037	33,524	39,876
Work in process	531,631	522,199	550,434
Finished goods	219,194	271,495	229,315
Inventory in transit	248	3,168	5,488
	<u>\$ 1,674,561</u>	<u>\$ 1,614,941</u>	<u>\$ 1,799,445</u>

Inventory-related operating costs for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023 amounted to NT\$2,086,380 thousand, NT\$2,086,341 thousand, NT\$5,647,343 thousand and NT\$5,818,321 thousand respectively, including:

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Gain on recovery on inventory devaluation	(\$ 16,645)	(\$ 18,938)	(\$ 15,903)	(\$ 73,278)
Loss on physical inventory	-	-	2,275	4,051
Income from sale of scraps	(2,194)	(1,836)	(5,451)	(5,568)
	<u>(\$ 18,839)</u>	<u>(\$ 20,774)</u>	<u>(\$ 19,079)</u>	<u>(\$ 74,795)</u>

The gain on recovery of inventory value was mainly due to decreased inventory and the increase in selling prices of inventories, resulting in an increase in net realizable value.

XIII. Subsidiary

The consolidated financial statements mainly discloses on formation on the following entities:

Name of investment company	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	San Fang Development Co., Ltd.	Investment	100	100	100	-
	San Fang Financial Holdings Co., Ltd.	Investment	100	100	100	-
	Grand Capital Limited (GCL)	Investment	100	100	100	-
	Forich Advanced Materials Co., Ltd.	Manufacturing and sales of chemical products	100	100	100	Note
	Bestac Advanced Material Co., Ltd.	Manufacturing and sales of chemical products	100	100	100	Note
San Fang Development	San Fang International Co., Ltd.	Investment	100	100	100	-
	Brave Business Holding Limited (BBH)	Investment	100	100	100	-
GCL	Grand International Investment Corporation Limited (GII)	Investment	100	100	100	-
	Java Ocean Business Limited (JOB)	Investment	100	100	100	-
San Fang International	Megatrade Profits Limited (MPL)	Investment	100	100	100	-
	Giant Tramp Limited (GTL)	Investment	100	100	100	-
MPL	Dongguan Baoliang Material Technology Co., Ltd.	Manufacturing and sales of artificial leather, synthetic resin, and other materials	33.33	33.33	33.33	-
GTL	Dongguan Baoliang	Manufacturing and sales of artificial leather, synthetic resin, and other materials	7.41	7.41	7.41	-
BBH	Dongguan Baoliang	Manufacturing and sales of artificial leather, synthetic resin, and other materials	59.26	59.26	59.26	-
GII	San Fang Vietnam Corporation Limited (SFV)	Material processing	100	100	100	-
JOB	PT. San Fang Indonesia (PTS)	Manufacturing and sales of artificial leather, synthetic resin, and other materials	99.99	99.99	99.99	-
GII	PTS	Manufacturing and sales of artificial leather, synthetic resin, and other materials	0.01	0.01	0.01	-

Note: This is pertaining to non-significant subsidiaries derived from their financial statements for the same periods not reviewed by CPAs, including total assets of NT\$539,932 thousand and NT\$478,483 thousand, respectively, as of September 30, 2024 and 2023, total liabilities of NT\$207,068 thousand and NT\$232,610 thousand, respectively, as of September 30, 2024 and 2023, and total comprehensive income of net gain NT\$32,413 thousand, net loss NT\$663 thousand, net gain NT\$78,305, and net loss NT\$5,947 thousand respectively, for the three-month and nine-month periods ended September 30, 2024 and 2023.

XIV. Property, plant and equipment

For the nine-month period ended September 30, 2024

	Self-owned land	Buildings and structures	Machinery and equipment	Other facilities	Construction in progress and equipment under acceptance	Total
<u>Cost</u>						
Balance as at January 1, 2024	\$ 1,829,099	\$ 3,425,142	\$ 6,770,148	\$ 2,563,040	\$ 539,214	\$ 15,126,643
Addition	-	34,316	131,515	137,365	374,121	677,317
Disposal	-	(3,531)	(120,749)	(31,442)	-	(155,722)
Net currency translation difference	9,940	55,119	89,283	43,349	11,447	209,138
Balance as at September 30, 2024	<u>\$ 1,839,039</u>	<u>\$ 3,511,046</u>	<u>\$ 6,870,197</u>	<u>\$ 2,712,312</u>	<u>\$ 924,782</u>	<u>\$ 15,857,376</u>
<u>Accumulated depreciation and impairment</u>						
Balance as at January 1, 2024	\$ -	\$ 2,118,431	\$ 5,847,630	\$ 2,009,678	\$ -	\$ 9,975,739
Disposal	-	(2,205)	(120,513)	(31,230)	-	(153,948)
Depreciation expense	-	78,870	222,080	103,603	-	404,553
Impairment losses recognized	-	992	66,081	24,119	-	91,192
Net currency translation difference	-	33,320	76,327	36,573	-	146,220
Balance as at September 30, 2024	<u>\$ -</u>	<u>\$ 2,229,408</u>	<u>\$ 6,091,605</u>	<u>\$ 2,142,743</u>	<u>\$ -</u>	<u>\$ 10,463,756</u>
Net amount as of December 31, 2023 and January 1, 2024	<u>\$ 1,829,099</u>	<u>\$ 1,306,711</u>	<u>\$ 922,518</u>	<u>\$ 553,362</u>	<u>\$ 539,214</u>	<u>\$ 5,150,904</u>
Net amount as at September 30, 2024	<u>\$ 1,839,039</u>	<u>\$ 1,281,638</u>	<u>\$ 778,592</u>	<u>\$ 569,569</u>	<u>\$ 924,782</u>	<u>\$ 5,393,620</u>

For the nine-month period ended September 30, 2023

	Self-owned land	Buildings and structures	Machinery and equipment	Other facilities	Construction in progress and equipment under acceptance	Total
<u>Cost</u>						
Balance as at January 1, 2023	\$ 1,589,529	\$ 3,334,816	\$ 6,773,048	\$ 2,508,356	\$ 107,524	\$ 14,313,273
Addition	237,579	45,827	34,066	92,754	257,123	667,349
Disposal	-	(1,792)	(32,398)	(45,693)	-	(79,883)
Net currency translation difference	18,453	77,213	130,398	64,467	6,416	296,947
Balance as at September 30, 2023	<u>\$ 1,845,561</u>	<u>\$ 3,456,064</u>	<u>\$ 6,905,114</u>	<u>\$ 2,619,884</u>	<u>\$ 371,063</u>	<u>\$ 15,197,686</u>
<u>Accumulated depreciation and impairment</u>						
Balance as at January 1, 2023	\$ -	\$ 2,025,759	\$ 5,488,525	\$ 1,912,297	\$ -	\$ 9,426,581
Disposal	-	(1,758)	(27,477)	(44,590)	-	(73,825)
Depreciation expense	-	74,450	264,704	114,679	-	453,833
Impairment loss provided	-	-	26,289	5,278	-	31,567
Net currency translation difference	-	41,088	111,436	54,282	-	206,806
Balance as at September 30, 2023	<u>\$ -</u>	<u>\$ 2,139,539</u>	<u>\$ 5,863,477</u>	<u>\$ 2,041,946</u>	<u>\$ -</u>	<u>\$ 10,044,962</u>
Net amount as at September 30, 2023	<u>\$ 1,845,561</u>	<u>\$ 1,316,525</u>	<u>\$ 1,041,637</u>	<u>\$ 577,938</u>	<u>\$ 371,063</u>	<u>\$ 5,152,724</u>

The Consolidated Entity evaluated in 2024Q2 and 2023Q3 that due to the impact of changes in market demand for specific products, the Kaohsiung plant expected that the future economic benefits of the equipment used to produce specific products would decline, resulting in its recoverable amount being less than the book value. Therefore, an impairment loss of NT\$91,192 thousand and NT\$31,567 thousand was provided respectively and included in other profits and losses in the consolidated statement of comprehensive income.

The increase in property, plant and equipment and adjustments to payment amounts on the cash flow statement are as follows:

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Investing activities that affect both cash and non-cash items		
Increase in property, plant and equipment	\$ 677,317	\$ 667,349
Increase (Decrease) in advance payments for land and equipment	711	(311,424)
Increase in payables on equipment	(33,939)	(52,818)
Capitalization of interest	(1,152)	(1,442)
Payments in cash for the acquisition of property, plant and equipment	<u>\$ 642,937</u>	<u>\$ 301,665</u>

Depreciation of the Consolidated Entity's property, plant and equipment is recognized on a straight-line basis according to the following useful life in years:

Buildings and structures	
Factory and office building	20 to 50 years
Construction system and enclosure wall	15 to 28 years
Other	2 to 10 years
Machinery and equipment	
Embossing machine, grinding machine, and thermal oil boiler	20 to 30 years
Non-woven fabric machine and its auxiliary facilities	8 to 19 years
Other	1 to 9 years
Other facilities	
Pond and gardening	30 to 48 years
Pipelines	20 to 28 years
Other	1 to 15 years

Please refer to Note 29 for property, plant and equipment pledged by the Consolidated Entity as collateral for loans.

XV. Lease agreement

(I) Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Book value of right-of-use assets			
Land	\$ 147,062	\$ 145,379	\$ 152,296
Buildings	4,047	6,477	7,286
Transportation equipment	6,822	7,847	5,903
	<u>\$ 157,931</u>	<u>\$ 159,703</u>	<u>\$ 165,485</u>

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Addition of right-of-use assets	\$ 2,384	\$ 10,402

	For the three-month period ended September 30, 2024	For the three- month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Depreciation expense of right-of- use assets				
Land	\$ 1,218	\$ 1,190	\$ 3,617	\$ 4,352
Buildings	810	810	2,430	1,531
Transportation equipment	1,119	1,018	3,409	2,820
	<u>\$ 3,147</u>	<u>\$ 3,018</u>	<u>\$ 9,456</u>	<u>\$ 8,703</u>

Except for the appreciation and depreciation recognized, the Consolidated Entity's right-of-use assets were not significantly impaired or subleased for the nine-month periods ended September 30, 2024 and 2023.

(II) Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Book value of lease liabilities			
Current	\$ 6,194	\$ 7,099	\$ 6,586
Noncurrent	<u>\$ 4,689</u>	<u>\$ 7,238</u>	<u>\$ 6,624</u>

The discount rate of lease liabilities is 1.05%-2.05%.

(III) Important lease activities and clauses

Right-of-use assets include the land of the following subsidiaries, in which the right to use the land was obtained from the local government, details are as follows:

	Cost of land use rights	Years	Maturity date
SFV	USD \$4,023 thousand	36-48 years	March to June 2051
Dongguan Baoliang	RMB19,373 thousand	50 years	January, 2060

(IV) Other lease information

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Short term lease expenses	\$ 430	\$ 697	\$ 2,563	\$ 2,312
Lease expenses of low value assets	<u>\$ 273</u>	<u>\$ 249</u>	<u>\$ 767</u>	<u>\$ 682</u>
Total cash outflow from leases			<u>\$ 9,339</u>	<u>\$ 8,296</u>

XVI. Investment properties

	September 30, 2024	December 31, 2023	September 30, 2023
Cost	\$ 140,473	\$ 140,473	\$ 140,473
Less: Accumulated depreciation	31,935	31,284	31,068
	<u>\$ 108,538</u>	<u>\$ 109,189</u>	<u>\$ 109,405</u>

Except for the depreciation recognized, the Consolidated Entity's investment properties were not significantly increased, disposed of, or impaired for the nine-month periods ended September 30, 2024 and 2023.

The Consolidated Entity's investment properties consist of land, buildings, and structures in Songshan District, Taipei City; such buildings and structures are depreciated on a straight-line basis over a useful life of 60 years.

The fair value of the Consolidated Entity's investment properties standing at approximately NT\$370 million and NT\$390 million as of December 31, 2023 and 2022 was estimated by the Consolidated Entity by referring to transactions in the nearby housing market. As assessed by the Consolidated Entity's management, there was no significant change in the fair value as of September 30, 2024 and 2023.

Please refer to Note 29 for investment property provided as collateral for loans.

XVII. Borrowings

(I) Short-term borrowing

	September 30, 2024	December 31, 2023	September 30, 2023
Secured loans (Note 29)			
Bank borrowings	\$ 680,000	\$ 780,000	\$ 800,000
Unsecured loans			
Line of credit borrowings	1,025,000	710,000	680,000
	<u>\$ 1,705,000</u>	<u>\$ 1,490,000</u>	<u>\$ 1,480,000</u>
Annual interest rate (%)	1.62~2.09	1.47~1.96	1.47~2.02

(2) Short-term notes and bills payable

Details of commercial paper payable that have not yet matured are as follows:

December 31, 2023

Guarantor/Acceptance agency	Face value	Discounted amount	Book value	Interest Rate (%)
China Bills	<u>\$ 50,000</u>	<u>\$ 33</u>	<u>\$ 49,967</u>	1.40

September 30, 2023

Guarantor/Acceptance agency	Face value	Discounted amount	Book value	Interest Rate (%)
China Bills	<u>\$ 50,000</u>	<u>\$ 36</u>	<u>\$ 49,964</u>	1.40

(III) Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Secured loans (Note 29)			
Bank borrowings - Reaches maturity before February 2029	\$ 975,000	\$ 1,185,000	\$ 1,260,000
Unsecured loans			
Bank borrowings - Reaches maturity before September 2029	1,425,000	1,250,000	1,250,000
	2,400,000	2,435,000	2,510,000
Less: Current portion	565,000	747,500	697,500
	<u>\$ 1,835,000</u>	<u>\$ 1,687,500</u>	<u>\$ 1,812,500</u>
Annual interest rate (%)	1.85~2.39	1.78~2.325	1.78~2.32

XVIII. Accounts payable

The Consolidated Entity's accounts payable are all derived from its business and transaction terms are separately negotiated. The Consolidated Entity established a financial risk management policy to ensure all payables are repaid within the credit period agreed to in advance.

XIX. Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Wages and salaries payable	\$ 470,668	\$ 386,505	\$ 387,197
Employee bonuses and director remuneration payable	84,712	57,589	50,920
Commissions payable	68,676	52,685	48,253
Payables on equipment	64,718	30,779	82,250
Taxes payable	34,902	23,884	27,355
Utilities and fuel costs payable	31,176	25,584	27,934
Compensated absences	29,699	23,074	26,184
Import/export charges payable	29,582	21,499	24,415
Other	225,324	208,617	241,699
	<u>\$ 1,039,457</u>	<u>\$ 830,216</u>	<u>\$ 916,207</u>

XX. Post-employment benefits plan

The pension expenses arising from defined benefit plans recognized for the three-month periods ended September 30, 2024 and 2023 and for the nine-month periods ended September 30, 2024 and 2023, which were NT\$1,500 thousand, NT\$1,409 thousand, NT\$4,441 thousand and NT\$4,188 thousand, respectively, were calculated by applying the pension cost rate determined through actuarial appraisal on December 31, 2023 and 2022, respectively.

XXI. Equity

(I) Capital stock - common

	September 30, 2024	December 31, 2023	September 30, 2023
Authorized shares (thousand shares)	460,000	460,000	460,000
Authorized share capital	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>
Current outstanding shares (thousand shares)	397,818	397,818	397,818
Issued capital	<u>\$ 3,978,181</u>	<u>\$ 3,978,181</u>	<u>\$ 3,978,181</u>

The Company's common shares have a face value of NT\$10. Each share is entitled to one voting right and the right to receive dividends.

(II) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
Contributed capital in excess of par	\$ 135,000	\$ 135,000	\$ 135,000
Gains on the disposal of fixed assets	2,497	2,497	2,497
Donated assets received	369	369	369
Other - Dividends not claimed by shareholders before the deadline	11,433	7,464	7,464
	<u>\$ 149,299</u>	<u>\$ 145,330</u>	<u>\$ 145,330</u>

Pursuant to the Company Act, capital surplus from contributed capital in excess of par and donated assets may be used to offset losses or distribute cash or recapitalized. However, the recapitalized amount shall be restricted to a certain percentage on an annual basis. Capital surplus from gains on the disposal of fixed assets and unclaimed dividends may only be used to offset losses.

(III) Retained earnings and divided policy

Pursuant to the earnings distribution policy set forth in the Company's Articles of Incorporation, if there is a profit after year-end closing, the Company shall first set aside ten percent of such profits as a legal reserve after losses have been covered and all taxes and dues have been paid, and then allowance or reversal of a special reserve should be made in accordance with the law or the Company's operational needs; If there is still a surplus, it shall be distributed together with accumulated undistributed earnings after the Board of Directors makes a proposal for distribution of earnings to distribute all or part of dividends and bonuses in new shares; the proposal shall be submitted to the shareholders' meeting for approval before distribution. Meanwhile, the Board of Directors is authorized to distribute all or part of dividends and bonuses in cash by a

majority vote in a Board meeting with at least two thirds of directors in attendance, and the decision shall be reported during a shareholders' meeting. Please refer to Note 23(7) for the employee bonus and directors' remuneration policy set forth in the Articles of Incorporation.

The Company's dividend policy takes into consideration the Company's current and future investment environment, funding requirements, and financial plans, as well as the interests of shareholders and balanced dividends. At least 10% of distributable earnings is allocated for distribution. However, if the dividend per share is lower than NT\$0.5 when all distributable earnings is distributed, then the distributable earnings are retained and not distributed. Cash dividends may not be less than 10% of all dividends. However, cash dividends are not distributed when dividends per share is lower than NT\$0.3 (inclusive), and stock dividends are distributed instead.

Pursuant to the Company Act, the amount of legal reserve must, at a minimum, equal the Company's total capital. The legal reserve may be used to offset losses. When the Company does not have any losses, the amount of legal reserve that surpasses 25% of paid-up capital may be capitalized and may also be distributed in cash.

The 2023 and 2022 earnings distribution proposals are as below:

	<u>Dividend distribution proposal</u>		<u>Dividends per share (NTD)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 76,013	\$ 47,812		
Reversal of special reserve	-	(143,781)		
Cash dividends	596,727	318,255	\$ 1.5	\$ 0.8

The above cash dividends were approved for distribution and listed under dividends payable by the board of directors in meetings on March 6, 2024 and March 9, 2023 respectively, and the remaining earning distribution items were also approved in the annual shareholders' meetings on June 19, 2024 and June 13, 2023 respectively.

(IV) Special reserve

Upon first-time adoption of the IFRS Accounting Standard, the Consolidated Entity provided special reserves for the NT\$505,112 thousand increase in unrealized revaluation gains and cumulative translation effects transferred to retained earnings as a result of transition to the IFRS Accounting Standards. The reason for allocation was eliminated due to the subsequent sale of property, plant and equipment and reversed NT\$322 thousand in 2013.

(V) Other equity interests

1. Exchange differences arising from the translation of the financial statements of foreign operations

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Opening balance	(\$ 154,472)	(\$ 128,788)
Currency translation difference resulting from the translation of assets of foreign operations	233,889	302,557
Closing balance	<u>\$ 79,417</u>	<u>\$ 173,769</u>

2. Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Opening balance	\$ 73,860	\$ 29,348
Generated in the current year		
Equity instruments - unrealized gains	7,159	11,725
Accumulated gains and losses from disposal of equity instruments reclassified as retained earnings	(\$ 17,981)	\$ -
Closing balance	<u>\$ 63,038</u>	<u>\$ 41,073</u>

XXII. Revenues

	For the three- month period ended September 30, 2024	For the three- month period ended September 30, 2023	For the nine- month period ended September 30, 2024	For the nine- month period ended September 30, 2023
Revenue from contracts with customers				
Revenue from merchandise sales	<u>\$ 3,110,956</u>	<u>\$ 2,770,162</u>	<u>\$ 8,212,744</u>	<u>\$ 7,671,609</u>

(I) Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Net notes and accounts receivable (Note 11)	<u>\$ 1,739,360</u>	<u>\$ 1,320,310</u>	<u>\$ 1,673,649</u>	<u>\$ 1,377,320</u>
Contract liabilities				
Merchandise sales	<u>\$ 18,933</u>	<u>\$ 13,776</u>	<u>\$ 6,963</u>	<u>\$ 5,574</u>

Changes to contract liabilities were mainly from the difference between the time contractual obligations were fulfilled and the time customer made payment. Except for that, there were no other material changes.

- (II) Detailed revenues from contracts with customers: Please refer to Note 34 for the income by operating segment.

XXIII. Pre-tax profit

- (I) Interest income

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Cash in banks	\$ 56,104	\$ 37,432	\$ 178,710	\$ 103,161
Financial assets at amortized cost	4,369	-	4,369	-
Other	452	436	1,191	1,325
	<u>\$ 60,925</u>	<u>\$ 37,868</u>	<u>\$ 184,270</u>	<u>\$ 104,486</u>

- (II) Other income

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Sale of monitored assets	\$ -	\$ -	\$ 14,128	\$ -
Government grants revenue	9,924	1,469	10,382	1,677
Rental income	2,636	2,553	7,596	7,498
Dividend income	5,165	2,167	5,165	2,167
Other	2,869	2,064	8,896	11,920
	<u>\$ 20,594</u>	<u>\$ 8,253</u>	<u>\$ 46,167</u>	<u>\$ 23,262</u>

- (III) Other profits and losses

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Net foreign exchange gains (losses)	(\$ 109,160)	\$ 110,127	\$ 87,657	\$ 157,949
Impairment loss on property, plant and equipment	-	(31,567)	(91,192)	(31,567)
Net losses on disposal of property, plant and equipment	(873)	(3,501)	(984)	(3,223)
Net gains from financial instruments at fair value through profit or loss	1,184	1,156	7,791	5,003
Other	(72)	(3,223)	(368)	(3,704)
	<u>(\$ 108,921)</u>	<u>\$ 72,992</u>	<u>\$ 2,904</u>	<u>\$ 124,458</u>

(IV) Financial costs

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Interest on bank borrowings	\$ 19,558	\$ 18,802	\$ 56,575	\$ 56,246
Interest on lease liabilities	54	55	171	95
Less: Costs of qualifying assets listed	(433)	(577)	(1,152)	(1,442)
	<u>\$ 19,179</u>	<u>\$ 18,280</u>	<u>\$ 55,594</u>	<u>\$ 54,899</u>

Information on capitalization of interest is as follows:

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Amount of interest capitalized	\$ 433	\$ 577	\$ 1,152	\$ 1,442
Interest capitalization rate (%)	1.98~2.28	1.86~2.19	1.87~2.31	1.65~2.19

(V) Depreciation and amortization

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Property, plant and equipment	\$ 129,112	\$ 150,007	\$ 404,553	\$ 453,833
Right-of-use assets	3,147	3,018	9,456	8,703
Investment properties	217	217	651	651
Other intangible assets	3,127	2,368	9,374	7,065
	<u>\$ 135,603</u>	<u>\$ 155,610</u>	<u>\$ 424,034</u>	<u>\$ 470,252</u>
Summary of depreciation expenses by function				
Operating costs	\$ 116,909	\$ 138,757	\$ 368,388	\$ 420,962
Operating expenses	15,567	14,485	46,272	42,225
	<u>\$ 132,476</u>	<u>\$ 153,242</u>	<u>\$ 414,660</u>	<u>\$ 463,187</u>
Summary of amortization expenses by function				
Operating costs	\$ 148	\$ 148	\$ 444	\$ 434
Operating expenses	2,979	2,220	8,930	6,631
	<u>\$ 3,127</u>	<u>\$ 2,368</u>	<u>\$ 9,374</u>	<u>\$ 7,065</u>

(VI) Employee benefit expenses

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Short-term employee benefits	\$ 460,237	\$ 416,042	\$ 1,290,778	\$ 1,198,611
Post-employment benefit				
Defined contribution plan	16,695	15,018	48,484	45,111
Defined benefit plans (Note 20)	1,500	1,409	4,441	4,188
	18,195	16,427	52,925	49,299
	\$ 478,432	\$ 432,469	\$ 1,343,703	\$ 1,247,910
Summary by function				
Operating costs	\$ 259,596	\$ 245,829	\$ 730,175	\$ 723,335
Operating expenses	218,836	186,640	613,528	524,575
	\$ 478,432	\$ 432,469	\$ 1,343,703	\$ 1,247,910

(VII) Employee bonuses and directors' remuneration

With the Company's pre-tax profit before distribution of employee bonuses and directors' remuneration, the Company allocates 3-5% as employee bonuses and no more than 3% as directors' remuneration in accordance with the Articles of Incorporation.

Employee bonuses for the nine-month periods ended September 30, 2024 and 2023 were estimated at 4.0% and 3.8% of the aforementioned pre-tax profits. Director remuneration was the probable sum to be allocated based on past experience. The amount of which is enumerated as follows:

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Employee bonuses	\$ 18,990	\$ 13,879	\$ 55,200	\$ 32,149
Directors' remuneration	\$ 11,010	\$ 7,883	\$ 29,400	\$ 18,613

Any changes to amounts after the consolidated financial statements are passed and announced will be handled as changes to accounting estimates, and will be adjusted and recognized in the following year.

Employee bonuses and directors' remuneration for 2023 and 2022 were determined by a resolution at the Board of directors' meetings dated March 6, 2024 and March 9, 2023, respectively, to be distributed in cash.

	2023	2022
Employee bonuses	\$ 36,412	\$ 22,600
Directors' remuneration	21,081	12,500

There were no deviations between the actual amount of employee bonuses and directors' remuneration distributed for 2023 and 2022 and the amounts recognized in the consolidated financial statements of 2023 and 2022.

For information on Board resolutions relating to employee bonuses and directors' remuneration, please go to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(VIII) Foreign exchange gains (losses)

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Total foreign exchange gains	\$ 51,757	\$ 135,737	\$ 305,240	\$ 328,608
Total foreign exchange losses	(160,917)	(25,610)	(217,583)	(170,659)
Net gains (loss)	<u>(\$ 109,160)</u>	<u>\$ 110,127</u>	<u>\$ 87,657</u>	<u>\$ 157,949</u>

XXIV. Income tax from continuing operations

(I) Income tax recognized in profit or loss

Main income tax expenses are as follows:

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Current income tax				
Generated in the current period	\$ 108,041	\$ 63,921	\$ 233,070	\$ 129,631
Additional surtax on undistributed earnings	(207)	-	4,369	12,792
Adjustments in the previous year	<u>(454)</u>	<u>4,140</u>	<u>(30,565)</u>	<u>6,837</u>
	<u>107,380</u>	<u>68,061</u>	<u>206,874</u>	<u>149,260</u>
Deferred income tax				
Generated in the current year	<u>\$ 1,501</u>	<u>(\$ 19,794)</u>	<u>\$ 85,440</u>	<u>\$ 77,768</u>
Income tax expense recognized in profit or loss	<u>\$ 108,881</u>	<u>\$ 48,267</u>	<u>\$ 292,314</u>	<u>\$ 227,028</u>

The profit-seeking enterprise income tax rate applicable to the Company and its domestic subsidiaries is 20%.

Overseas subsidiaries pay taxes according to the tax rate prescribed by the local government, the tax rates are as follows:

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
SFV	15%	15%
PTS	22%	22%
Dongguan Baoliang (Note)	15%	15%

Note: The subsidiary Dongguan Baoliang obtained the approval of the 15% preferential tax rate for high and new technology in December 2023 and January 2021 respectively, and it will be applicable for three years from 2023 and 2020 respectively in accordance with local tax laws.

(II) Approval of income tax

The Company's profit-seeking income tax returns up to 2022 have been approved by the tax authority.

XXV. EPS

EPS and weighted average ordinary shares are calculated below:

(I) Net profit for the period - Net profit attributable to owners of the Company

	For the three- month period ended September 30, 2024	For the three- month period ended September 30, 2023	For the nine- month period ended September 30, 2024	For the nine- month period ended September 30, 2023
Net income	<u>\$ 385,857</u>	<u>\$ 314,676</u>	<u>\$1,099,092</u>	<u>\$ 661,544</u>

(II) Shares (thousand shares)

	For the three- month period ended September 30, 2024	For the three- month period ended September 30, 2023	For the nine- month period ended September 30, 2024	For the nine- month period ended September 30, 2023
Number of shares used to calculate basic EPS	397,818	397,818	397,818	397,818
Plus: Employee bonuses	1,436	1,222	1,763	1,489
Number of shares used to calculate diluted EPS	<u>399,254</u>	<u>399,040</u>	<u>399,581</u>	<u>399,307</u>

If the Company chooses to distribute employee bonuses in shares or cash, then it is assumed that all distribution will be in shares, which will dilute ordinary shares, and the diluted EPS is calculated based on the weighted-average number of ordinary shares outstanding. When calculating the diluted EPS before deciding to distribute employee bonuses in the following year, the potential dilution of ordinary shares will continue to be taken into consideration.

XXVI. Capital risk management

The Consolidated Entity engages in capital management to ensure that companies in the group can maximize return for shareholders by optimizing the balance of liabilities and equity, under the premise that they are able to continue as a going concern.

The Consolidated Entity's capital structure consists of net liabilities (i.e., loans less cash and cash equivalents) and equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests).

The Consolidated Entity's management periodically examines the group's capital structure, and takes into consideration the cost of various capital and related risks. The Consolidated Entity will balance its overall capital structure via dividend distribution, issuance of new shares, borrowing new debt, and repaying old debt according to recommendations of management.

The Consolidated Entity is not required to comply with other external capital related regulations.

XXVII. Financial instruments

(I) Information on fair value - Financial instruments not measured at fair value

Management of the Consolidated Entity believes that the book value of financial assets and financial liabilities not measured at fair value is near the fair value.

(II) Information on fair value - Financial instruments measured at fair value on a recurring basis

1. Fair value level

	Level 1	Level 2	Level 3	Total
<u>September 30, 2024</u>				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	<u>\$ 108,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,380</u>
Financial assets at fair value through other comprehensive income				
Listed stock in Taiwan	\$ 100,466	\$ -	\$ -	\$ 100,466
Unlisted stock in Taiwan	-	-	4,893	4,893
	<u>\$ 100,466</u>	<u>\$ -</u>	<u>\$ 4,893</u>	<u>\$ 105,359</u>
<u>December 31, 2023</u>				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	<u>\$ 100,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,589</u>
Financial assets at fair value through other comprehensive income				
Listed stock in Taiwan	\$ 114,914	\$ -	\$ -	\$ 114,914
Unlisted stock in Taiwan	-	-	4,773	4,773
	<u>\$ 114,914</u>	<u>\$ -</u>	<u>\$ 4,773</u>	<u>\$ 119,687</u>

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September 30, 2023				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	\$ 99,327	\$ -	\$ -	\$ 99,327
Financial assets at fair value through other comprehensive income				
Listed stock in Taiwan	\$ 82,399	\$ -	\$ -	\$ 82,399
Unlisted stock in Taiwan	-	-	4,501	4,501
	<u>\$ 82,399</u>	<u>\$ -</u>	<u>\$ 4,501</u>	<u>\$ 86,900</u>

There were no transfers of assets between Level 1 and Level 2 during the nine-month periods ended September 30, 2024 and 2023.

2. Financial instruments are adjusted at level 3 fair value measurement.

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Financial assets at fair value through other comprehensive income		
Balance at beginning of period	\$ 4,773	\$ 4,553
Recognized in other comprehensive income	120	(52)
Closing balance	<u>\$ 4,893</u>	<u>\$ 4,501</u>

3. Level 3 fair value valuation technique and inputs

When the Consolidated Entity is measuring the fair value of stocks without a quoted price, the fair value is determined by management after referencing the company's net worth.

(III) Financial instruments by category

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets			
Financial assets at amortized cost (Note 1)	\$ 8,868,868	\$ 7,879,341	\$ 8,128,862
Financial assets for which the fair value is required to be measured through profit or loss	108,380	100,589	99,327
Financial assets at fair value through other comprehensive income			
Equity instrument investments	105,359	119,687	86,900
Financial liabilities			
Measured at amortized cost (Note 2)	5,751,037	5,194,978	5,510,434

Note 1: The balance includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (excluding tax refunds receivable), financial assets at amortized cost, refundable deposits, etc.

Note 2: The balance includes short-term borrowings, short-term notes and bills payable, accounts payable, other accounts payable, long-term borrowings (including those that mature within one year), deposit received, and other financial liabilities at amortized cost.

(IV) The purpose and policy of financial risk management

The Consolidated Entity's main financial instruments include cash and cash equivalents, notes and accounts receivable, financial assets at amortized cost, accounts payable, short-term notes and bills payable, other payables, long-term and short-term borrowings, and lease liabilities. The Consolidated Entity's financial management department provides services to sales units, coordinates operations in domestic and international financial markets, and analyzes exposure based on the level and extent of risks, in order to supervise and manage financial risks related to the Consolidated Entity's operations. Risks include market risk (including foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

1. Market Risk

The main financial risk of the Consolidated Entity due to business activities is the risk of changes in exchange rates (please refer to (1) below) and changes in interest rates (please refer to (2) below).

(1) Foreign exchange risk

The Company and several subsidiaries engage in sales and purchase of goods denominated in foreign currencies, which expose the Consolidated Entity to the risk of exchange rate changes. The Consolidated Entity manages its exposure to foreign exchange risk using FX swaps within the scope permitted by policy.

Please see Note 32 for the book value of the Consolidated Entity's monetary assets and liabilities not denominated in the functional currency on the balance sheet date (including monetary items not denominated in the functional currency on the consolidated financial statements).

Sensitivity analysis

The sensitivity analysis mainly addresses the sensitivity to foreign currency-denominated monetary items on the reporting date. The Consolidated Entity is mainly affected by exchange rate fluctuations of USD and RMB.

The sensitivity ratio used in reports on foreign exchange risk for management of the Consolidated Entity is 1%, which also represents management's evaluation of the reasonable scope of fluctuations in exchange rates. The sensitivity analysis only includes outstanding foreign currency-denominated monetary items, and the conversion at the end of period is adjusted using 1% change in exchange rates. The positive number in the table below is the amount that pre-tax profit will increase (decrease) when the functional currency depreciates 1% against related currencies. The effect on pre-tax profit will be negative (positive) the same amount when the functional currency appreciates 1% against related currencies.

	Effect on income For the nine-month period ended September 30, 2024	Effect on income For the nine-month period ended September 30, 2023
USD	\$ 39,792	\$ 35,151
RMB	1,192	543

(2) Interest rate risk

The Consolidated Entity is exposed to interest rate risk when companies finance using both fixed and floating interest rates at the same time. The Consolidated Entity manages its interest rate risk by maintaining an appropriate portfolio of fixed and floating interest rates.

The book value of the Consolidated Entity's financial assets and liabilities that are exposed to interest rate risk on the balance sheet date is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Has fair value interest rate risk			
Financial assets	\$ 4,867,494	\$ 4,092,147	\$ 3,103,193
Financial liabilities	1,415,883	1,304,337	1,293,210
Has interest rate risk for cash flow			
Financial assets	2,180,262	2,394,347	3,277,003
Financial liabilities	2,700,000	2,635,000	2,710,000

Sensitivity analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivatives on the balance sheet date. The method for analyzing floating interest rate assets and liabilities assumes that the amount of assets and liabilities outstanding on the balance sheet date were outstanding throughout the reporting period.

The sensitivity ratio used in reports on interest rate risk for management of the Consolidated Entity is an increase or decrease of 1%,

which also represents management's evaluation of the reasonable scope of fluctuations in interest rates.

If annual interest rate increases/decreases by 1% while all other variables remain the same, the Consolidated Entity's pre-tax profit will decrease/increase by NT\$3,898 thousand and increase/decrease by NT\$4,253 thousand, respectively, in the nine-month periods ended September 30, 2024 and 2023, which is mainly due to the floating interest rate bank deposits and loans of the Consolidated Entity.

(3) Other price risks

The Consolidated Entity is exposed to the risk of equity prices due to its investments in equity securities. The equity investments are strategic investments and not held for trading. The Consolidated Entity does not actively engage in such investments.

Sensitivity analysis

The following sensitivity analysis is conducted using the equity price on the balance sheet date.

If the price of equity increases/decreases by 1%, the net profit before tax for the nine-month periods ended September 30, 2024 and 2023 will increase/decrease by NT\$1,084 thousand and NT\$993 thousand, respectively, due to the changes in fair value of financial assets at fair value through profit and loss.

If the price of equity increases/decreases by 1%, other comprehensive income for the nine-month periods ended September 30, 2024 and 2023 will increase/decrease by NT\$1,054 thousand and NT\$869 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counterparties. As of the balance sheet date, the Consolidated Entity's greatest credit risk exposure to financial losses caused by transaction counterparties failing to fulfill their obligations is in the book value of financial assets recognized on the consolidated balance sheet.

The Consolidated Entity's policy is to only engage in transactions with counterparties that have a good reputation, and also uses other financial information available to the public along with transaction records to evaluate major customers. The Consolidated Entity continues to monitor its exposure to

credit risk and evaluates the credit of transaction counterparties, using annual credit limits with transaction counterparties to control credit risk exposure.

The Consolidated Entity's credit risk is mainly concentrated in accounts receivables of the following companies:

	September 30, 2024	December 31, 2023	September 30, 2023
Group A	\$ 360,516	\$ 274,073	\$ 392,027
Group B	85,104	114,411	106,868
	<u>\$ 445,620</u>	<u>\$ 388,484</u>	<u>\$ 498,895</u>

As of September 30, 2024, December 31, 2023, and September 30, 2023, the ratios of total accounts receivable from the aforementioned companies are 26%, 30%, and 30% respectively.

3. Liquidity risk

The Consolidated Entity manages and maintains an adequate position of cash and cash equivalents to support the group's operations and mitigate the effect of cash flow fluctuations. Management of the Consolidated Entity supervises the usage of bank credit limit and ensures compliance with terms of loan agreements. Bank borrowings are an important source of the Consolidated Entity's liquidity. Unused long-term and short-term credit limits of the Consolidated Entity were NT\$3,452,500 thousand, NT\$2,575,000 thousand, and NT\$2,505,000 thousand, respectively, as of September 30, 2024, December 31, 2024, and September 30, 2024.

Non-derivative financial liabilities and interest rate risk

Maturity analysis of remaining non-derivative financial liabilities is prepared based on the non-discounted cash flow (including principal and estimated interest) of financial liabilities up to the earliest date that the liabilities may need to be repaid by the Consolidated Entity. Hence, bank borrowings that the Consolidated Entity may be required to immediately repay are listed in the earliest period in the table below without considering the probability that the bank immediately exercises the right. Maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For cash flow from interests paid using floating interest rates, the non-discounted amount of interest is estimated using the interest rate on the balance sheet date.

	Within 6 months	6 months to 1 year	1 year and above	Total
<u>September 30, 2024</u>				
Non-derivative financial liabilities				
No interest-bearing debt	\$ 1,628,029	\$ 448	\$ 17,560	\$ 1,646,037
Lease liabilities	3,392	2,958	4,736	11,086
Floating-rate tools	394,276	518,896	1,880,818	2,793,990
Fixed-rate tools	1,408,795	-	-	1,408,795
	<u>\$ 3,434,492</u>	<u>\$ 522,302</u>	<u>\$ 1,903,114</u>	<u>\$ 5,859,908</u>
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
No interest-bearing debt	\$ 1,205,182	\$ 2,083	\$ 12,746	\$ 1,220,011
Lease liabilities	4,000	3,304	7,351	14,655
Floating-rate tools	604,532	387,206	1,730,311	2,722,049
Fixed-rate tools	1,342,494	-	-	1,342,494
	<u>\$ 3,156,208</u>	<u>\$ 392,593</u>	<u>\$ 1,750,408</u>	<u>\$ 5,299,209</u>
<u>September 30, 2023</u>				
Non-derivative financial liabilities				
No interest-bearing debt	\$ 1,455,459	\$ 1,899	\$ 13,112	\$ 1,470,470
Lease liabilities	3,510	3,258	6,733	13,501
Floating-rate tools	405,489	538,856	1,864,814	2,809,159
Fixed-rate tools	1,331,851	-	-	1,331,851
	<u>\$ 3,196,309</u>	<u>\$ 544,013</u>	<u>\$ 1,884,659</u>	<u>\$ 5,624,981</u>

XXVIII. Related Party Transactions

Transactions, account balances, gains, and losses between companies of the Consolidated Entity were eliminated and therefore not disclosed in this note. Transactions between the Consolidated Entity and related parties are as follows:

(I) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Consolidated Entity</u>
Pou Chen Corporation	Parent company of investor with significant influence
Yue Yuen Industrial (Holdings) Ltd.	Investor with significant influence
Baoyuan Industrial (Group) Co., Ltd.	Subsidiary of investor with significant influence

(II) Operating revenue

General ledger account	Type/Name of related party	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Sales revenue	Investor with significant influence Yue Yuen Industrial (Holdings) Ltd. Parent company of investor with significant influence	\$ 471,002	\$ 478,764	\$ 1,285,613	\$ 1,347,277
		15,824	16,534	41,592	38,560
		<u>\$ 486,826</u>	<u>\$ 495,298</u>	<u>\$ 1,327,205</u>	<u>\$ 1,385,837</u>

There are no significant differences in the prices of goods sold by the Consolidated Entity to the related parties above and terms of payment compared to other customers.

(III) Receivables from related parties

General ledger account	Type/Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable - related parties	Investor with significant influence			
	Yue Yuen Industrial (Holdings) Ltd.	\$ 360,516	\$ 274,073	\$ 392,027
	Parent company of investor with significant influence	14,445	21,006	13,963
		<u>\$ 374,961</u>	<u>\$ 295,079</u>	<u>\$ 405,990</u>

(IV) Compensation for management

Total remuneration for directors and major management is detailed as follows:

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Short-term employee benefits	\$ 19,953	\$ 12,530	\$ 54,567	\$ 37,864
Post-employment benefit	157	182	486	542
	<u>\$ 20,110</u>	<u>\$ 12,712</u>	<u>\$ 55,053</u>	<u>\$ 38,406</u>

Remuneration of directors and management is decided by the Remuneration Committee based on individual performance and market trends.

XXIX. Pledged Assets

The Consolidated Entity provided the following assets as collateral for bank borrowings:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at amortized cost - current	\$ 8,000	\$ 10,044	\$ -
Property, plant and equipment - net	1,510,755	1,516,019	1,517,795
Investment properties - net	108,538	109,189	109,405
	<u>\$ 1,627,293</u>	<u>\$ 1,635,252</u>	<u>\$ 1,627,200</u>

XXX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

The Consolidated Entity made the following major commitments on the balance sheet date:

- (I) The Consolidated Entity's balance of issued but unutilized L/C for the purchase of raw materials is as follows:

Unit: Foreign currency (in thousands)			
	September 30, 2024	December 31, 2023	September 30, 2023
USD	\$ -	\$ -	\$ 25

- (II) Property, plant and equipment purchase contracts not listed by the Consolidated Entity are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment	\$ 503,006	\$ 606,276	\$ 569,638

XXXI. Other Matters

Following the Climate Change Adaptation Act promulgated by the President on February 15, 2023, the Ministry of Environment announced the drafts of the Regulations for Charging of Carbon Fees, Regulations for Management of Voluntary Reduction Plans, and Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees on August 29, 2024. On October 21, 2024, the ministry announced the charging rates of carbon fees which would take effect on January 1, 2025. Based on the emissions assessment in 2023, the Consolidated Entity will become the target of carbon fee collection. Therefore, relevant liability reserves will be recognized based on actual emissions for 2025 and the carbon fee will be paid in May 2026.

XXXII. Information on Foreign Currency Financial Assets and Liabilities with a Significant Impact

The following information is a summary of foreign currencies that are not the functional currency of companies in the Consolidated Entity, and the exchange rate disclosed is the exchange rate for converting foreign currencies to the functional currency. Foreign currency assets and liabilities with a significant impact are as follows:

Unit: Foreign currencies (in thousands): Carrying amount in thousands/Exchange rate: NTD					
	Foreign currencies		Exchange rate		Book value
September 30, 2024					
Monetary financial assets					
USD	\$	112,071	31.65	(USD: NTD)	\$ 3,547,048
USD		25,326	7.02241	(USD: RMB)	801,579
RMB		9,716	0.1424	(RMB: USD)	43,791
RMB		23,858	4.507	(RMB: NTD)	107,530
Monetary financial liabilities					
USD		8,509	31.65	(USD: NTD)	269,322
USD		3,164	7.02241	(USD: RMB)	100,145
RMB		7,135	0.1424	(RMB: USD)	32,155
December 31, 2023					
Monetary financial assets					
USD		98,276	30.705	(USD: NTD)	3,017,573
USD		22,470	7.12248	(USD: RMB)	689,931
RMB		9,588	0.1404	(RMB: USD)	41,335
RMB		21,530	4.311	(RMB: NTD)	92,818

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	Foreign currencies	Exchange rate		Book value
Monetary financial liabilities				
USD	\$ 6,847	30.705	(USD: NTD)	\$ 210,232
USD	2,979	7.12248	(USD: RMB)	91,461
RMB	7,135	0.1404	(RMB: USD)	30,757
September 30, 2023				
Monetary financial assets				
USD	100,292	32.27	(USD: NTD)	3,236,426
USD	19,530	7.33576	(USD: RMB)	630,248
RMB	9,587	0.13632	(RMB: USD)	42,171
RMB	9,900	4.399	(RMB: NTD)	43,548
Monetary financial liabilities				
USD	7,395	32.27	(USD: NTD)	238,621
USD	3,502	7.33576	(USD: RMB)	112,999
RMB	7,135	0.13632	(RMB: USD)	31,385

The Consolidated Entity mainly bears the foreign exchange risk above. The following information is a summary presented in the functional currency of individual companies that hold foreign currencies, and the exchange rate disclosed is the exchange rate for converting foreign currencies to the functional currency. Foreign exchange gain/loss (realized and unrealized) with a significant impact are as follows:

Functional currency	Functional currency to presentation currency		Net exchange gain (loss)
For the three-month period ended September 30, 2024			
USD	32.301	(USD: NTD)	\$ 580
RMB	4.488	(RMB: NTD)	(29,169)
NTD	1	(NTD: NTD)	(80,571)
			<u>(\$ 109,160)</u>
For the three-month period ended September 30, 2023			
USD	31.684	(USD: NTD)	\$ 221
RMB	4.351	(RMB: NTD)	948
NTD	1	(NTD: NTD)	108,958
			<u>\$ 110,127</u>
For the nine-month period ended September 30, 2024			
USD	32.034	(USD: NTD)	\$ 4,951
RMB	4.427	(RMB: NTD)	(11,476)
NTD	1	(NTD: NTD)	94,182
			<u>\$ 87,657</u>
For the nine-month period ended September 30, 2023			
USD	30.928	(USD: NTD)	(\$ 6,717)
RMB	4.378	(RMB: NTD)	19,654
NTD	1	(NTD: NTD)	145,012
			<u>\$ 157,949</u>

XXXIII. Supplementary Disclosures

(I) Information on major transactions and investees

1. Lending to others: See Table 1 for details.
2. Providing endorsements or guarantees to others: See Table 2 for details.
3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries): See Table 3 for details.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital: See Table 4 for details.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: See Table 5 for details.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 6.
9. Derivatives trading: None.
10. Other: The business relationship and major transactions between intra-group companies: See Table 9 for details.
11. Information on the investee: See Table 7 and 8 for details.

(II) Information on Investments in China

1. Name of investee in China, main business items, paid-in capital, investment style, outward/inward remittance, shareholding ratio, income on investment, book value of investments at end of period, income on investment remitted back to Taiwan, and limit on investments in China: See Table 8 for details.
2. Direct or indirect material transactions with investees in China through a third region, and the price, terms of payment, and unrealized gains:
 - (1) Amount and percentage of goods purchased and the ending balance and percentage of payables

	Purchase of goods		Accounts payable	
	Amount	As a percentage of the account (%)	Amount	As a percentage of the account (%)
Dongguan Baoliang	\$ 118,909	3	\$ 18,199	1

- (2) Amount and percentage of goods sold and the ending balance and percentage of receivables

	Sales		Accounts receivable	
	Amount	As a percentage of the account (%)	Amount	As a percentage of the account (%)
Dongguan Baoliang	\$ 393,474	6	\$ 57,100	5

- (3) Property transaction amount and the profit or loss amount: None.
- (4) Ending balance and purpose of endorsements/guarantees or collateral: None.
- (5) Highest balance, ending balance and interest rate range of financing and total interest in the current period: None.
- (6) Other transactions, such as the providing or accepting services, that have a material impact on current profit or loss or financial position:

The income generated from purchasing raw materials for Dongguan Baoliang was NT\$4,775 thousand for the nine-month period ended September 30, 2024; other receivables from Donguan Baoliang was NT\$4,508 thousand as of the end of September 2024.

- (III) Information on major shareholders: Name of shareholder with 5% shareholding or above, number of shares held, and ratio: Please refer to Table 10.

XXXIV. Segment Information

Segment information is provided to the main decision-maker for them to allocate resources and assess segment performance. When preparing the consolidated financial statements, the Consolidated Entity considers region and products or services provided as factors for identifying operating segments, and views the operating segments as a single operating segment. The Consolidated Entity's operating segments are as follows, in which (I)~(IV) are reportable segments:

- (I) San Fang Chemical Industry Co., Ltd. - Manufacturing and sales of artificial leather, synthetic resin, and other materials
- (II) San Fang Development, BBH, San Fang International, and subsidiary MPL, Dongguan Baoliang, and GTL.
- (III) GII and subsidiary SFV(GII).
- (IV) JOB and subsidiary PTS (PTS).

(II)-(IV) above mainly engage in the production of PU synthetic leather and artificial leather, and the production and processing of synthetic resin and other materials.

- (V) Bestac Advanced Material Co., Ltd.
- (VI) Forich Advanced Materials Co., Ltd.

(V)-(VI) above is mainly in the business of chemical product manufacturing and sales.

(VII) San Fang Development, San Fang Financial Holdings, and GCL - Mainly in the financial holdings and investment business.

Department revenue and business results

The Consolidated Entity's revenue and operating results, as well as assets by reportable segment are analyzed below:

	San Fang Chemical Industry Co., Ltd.	San Fang Development	GII	PTS	Other	Adjustment and retired	Total
For the nine-month period ended September 30, 2024							
Revenue from customers other than the parent company and its subsidiaries	\$ 4,678,473	\$ 1,236,478	\$ -	\$ 2,009,080	\$ 288,713	\$ -	\$ 8,212,744
Revenue from the parent company and its subsidiaries	1,568,312	118,959	822,011	5,270	55,454	(2,570,006)	-
Total revenue	\$ 6,246,785	\$ 1,355,437	\$ 822,011	\$ 2,014,350	\$ 344,167	(\$ 2,570,006)	\$ 8,212,744
Segment profit	\$ 595,833	\$ 225,905	\$ 37,998	\$ 325,003	\$ 6,962	\$ 21,958	\$ 1,213,659
Interest income							184,270
Other income							46,167
Other profits and losses							2,904
Financial costs							(55,594)
Pre-tax profit							1,391,406
Income tax expense							292,314
Net profit after tax							\$ 1,099,092
Identifiable assets	\$ 7,734,113	\$ 2,605,427	\$ 3,969,055	\$ 2,907,233	\$ 460,054	(\$ 962,771)	\$ 16,713,111
Current financial assets at fair value through profit or loss							108,380
Non-current financial assets at fair value through other comprehensive income							105,359
Total assets							\$ 16,926,850
For the nine-month period ended September 30, 2023							
Revenue from customers other than the parent company and its subsidiaries	\$ 4,271,246	\$ 1,105,114	\$ -	\$ 2,113,181	\$ 182,068	\$ -	\$ 7,671,609
Revenue from the parent company and its subsidiaries	1,529,887	216,839	773,318	-	71,923	(2,591,967)	-
Total revenue	\$ 5,801,133	\$ 1,321,953	\$ 773,318	\$ 2,113,181	\$ 253,991	(\$ 2,591,967)	\$ 7,671,609
Department income (loss)	\$ 90,687	\$ 206,904	\$ 43,366	\$ 386,006	(\$ 59,572)	\$ 23,874	\$ 691,265
Interest income							104,486
Other income							23,262
Other profits and losses							124,458
Financial costs							(54,899)
Pre-tax profit							888,572
Income tax expense							227,028
Net profit after tax							\$ 661,544
Identifiable assets	\$ 7,579,013	\$ 2,178,180	\$ 3,907,283	\$ 2,566,316	\$ 489,203	(\$ 879,494)	\$ 15,840,501
Current financial assets at fair value through profit or loss							99,327
Non-current financial assets at fair value through other comprehensive income							86,900
Total assets							\$ 16,026,728

Department income (loss) refers to the profits (losses) earned (generated) by each department, and does not include non-operating income and expenditure, as well as income tax expenses. This amount is mainly used by the primary business decision-maker for allocating resources to departments and evaluating their performance.

Furthermore, for the purpose of supervising segment performance and allocating resources to each segment, except current assets at fair value through profit or loss and non-current financial assets at fair value through other comprehensive income, all assets are allocated among the reporting segments.

Lending to others

For the nine-month period ended September 30, 2024

Unit: All amounts are in thousand NTD, unless otherwise specified

Note 1: Limit on lending to a single party: Lending due to business dealings may not exceed the total transaction amount in the most recent 1 year or in the current year up to the time the loan is approved. Lending to meet short-term financing needs may not exceed 10% of the company's net worth. If the Company directly or indirectly holds 100% of the overseas company's shares with voting rights, then the loan may not exceed the company's net worth.

Note 2: Limit on total lending: The total amount of lendings cannot surpass 40% of the lending company's net worth, with loans due to business transactions limited to 30% and short-term loans capped at 20% of the Company's net worth. Lending among overseas subsidiaries whose voting shares are wholly owned by the Company is limited to the lending company's net worth.

Note 3: Already written off when preparing the consolidated financial statements.

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Providing endorsements/guarantees to others
For the nine-month period ended September 30, 2024

Table 2

Unit: All amounts are in thousand NTD, unless otherwise specified

No.	Name of company	Entity for which the endorsement/guarantee is made		Limit on endorsements/guarantees to a single enterprise	Maximum outstanding balance of endorsements/guarantees during the current period	Closing balance of endorsements/guarantees	Actual amount drawn down	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net worth in the most recent financial statements (%)	Maximum endorsed/guaranteed amount	Endorsement/ Guarantee provided by parent company to subsidiary	Endorsement/ Guarantee provided by subsidiary to parent company	Endorsement/ Guarantee provided to China	Remarks
		Company name	Relationship											
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	Subsidiary	\$397,818	\$153,284	\$150,000	\$ 45,000	\$ -	1.55	\$1,989,090	Y	N	N	Note 1 and Note 2

Note 1: The limit on guarantee to a single enterprise is paid-in capital × 10%.

Note 2: The limit on guarantees is paid-in capital × 50%.

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Detailed list of securities held at the end of period
September 30, 2024

Table 3

Unit: All amounts are in thousand NTD, unless otherwise specified

Securities held by	Type and name of security	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares or units	Book value	Shareholding ratio (%)	Fair value	
San Fang Chemical Industry Co., Ltd.	Stock							
	Yuanta Financial Holding Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	570,324	\$ 18,079	-	\$ 18,079	
	Yeashin International Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,952,737	68,541	0.38	68,541	
	Liyu Venture Capital	The Company is an institutional director of Liyu Venture Capital	Non-current financial assets at fair value through other comprehensive income	558,255	4,893	4.76	4,893	
					<u>\$ 91,513</u>		<u>\$ 91,513</u>	
	Funds							
	PineBridge Global ESG Quantitative Bond Fund N9 Acc	-	Current financial assets at fair value through profit or loss	103,755.99	\$ 32,248	-	\$ 32,248	
	Nomura Global Financial Bond (N) Acc	-	Current financial assets at fair value through profit or loss	101,664.05	31,522	-	31,522	
	PineBridge Multi-Income Fund (N) Acc	-	Current financial assets at fair value through profit or loss	67,369.59	25,602	-	25,602	
	Allianz Global Investors Income and Growth Fund (N) Monthly Distribution Class	-	Current financial assets at fair value through profit or loss	68,323.30	19,008	-	19,008	
					<u>\$ 108,380</u>		<u>\$ 108,380</u>	
San Fang Financial Holdings Co., Ltd.	Stock							
	Yentai Wanhua Microfibre Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	4,000,000	\$ -	8	\$ -	
	Taihuangdao Fusheng Chemical and Leather-making Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	-	7.29	-	
					<u>\$ -</u>		<u>\$ -</u>	
Forich Advanced Materials Co., Ltd.	Stock							
	Yeashin International Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	394,454	<u>\$ 13,846</u>	0.08	<u>\$ 13,846</u>	

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Securities held by	Type and name of security	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares or units	Book value	Shareholding ratio (%)	Fair value	
GII	Bonds							
	U.S. Treasuries	-	Financial assets at amortized cost - non-current	-	\$ 323,666	-	\$ 324,587	
	Toyota Motor Credit Corporation	-	Financial assets at amortized cost - non-current	-	97,600	-	97,172	
	Meta Platforms, Inc.	-	Financial assets at amortized cost - non-current	-	98,252	-	97,086	
	ELLI LILLY AND COMPANY	-	Financial assets at amortized cost - non-current	-	97,900	-	96,517	
	MERCK & CO., INC.	-	Financial assets at amortized cost - non-current	-	91,868	-	90,358	
	CITIBANK N.A. NEW YORK	-	Financial assets at amortized cost - non-current	-	101,992	-	101,388	
	AMAZON.COM	-	Financial assets at amortized cost - non-current	-	90,359	-	89,509	
	WALMART INC.	-	Financial assets at amortized cost - non-current	-	77,202	-	76,492	
					<u>\$ 978,839</u>		<u>\$ 973,109</u>	

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital

For the nine-month period ended September 30, 2024

Table 4

Unit: All amounts are in thousand NTD, unless otherwise specified

Investor	Type and name of security	General ledger account	Counterparty	Relationship	Beginning of the Period		Addition (Note)		Sale				End of period (Note)	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying amount	Gain (loss) on disposal	Number of shares	Amount
GII	U.S. Treasuries	Financial assets at amortized cost - non-current	-	-	-	\$ -	-	\$ 326,749 thousand	-	\$ -	\$ -	\$ -	-	\$323,666 thousand

Note: The difference between the addition amount and the balance at the end of period is mainly due to the translation difference and the calculation of effective interest.

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2024

Table 5

Unit: All amounts are in thousand NTD, unless otherwise specified

Purchaser/Seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit period			Balance	Percentage of total notes/accounts receivable (payable)	
							Unit price	Credit period			
San Fang Chemical Industry Co., Ltd.	PTS	Subsidiary	Sales	(\$ 1,173,662)	(19)	Open account 30-75 days	There are no general transaction terms for price comparison	The general transaction term is open account 30~90 days	\$ 197,003	17	Note 1
	Dongguan Baoliang	Subsidiary	Sales	(393,474)	(6)	Open account 30-90 days	There are no general transaction terms for price comparison	General transaction terms	57,100	5	Note 1
	Dongguan Baoliang	Subsidiary	Purchase of goods	118,909	3	Open account 30-75 days	There are no general transaction terms for price comparison	General transaction terms	(18,199)	(1)	Note 1 and Note 2
	SFV	Subsidiary	Processing expenses	822,011	100	Open account 30 days	There are no general transaction terms for price comparison	General transaction terms	(91,064)	(7)	Note 1
	Yue Yuen (Group)	Investor with significant influence	Sales	(609,032)	(10)	Open account 30-90 days	General transaction terms	The general transaction term is open account 30-75 days	126,303	11	-
PTS	San Fang Chemical Industry Co., Ltd.	Parent company	Purchase of goods	1,183,328	87	Open account 30-75 days	There are no general transaction terms for price comparison	The general transaction term is open account 30~90 days	(213,589)	(66)	Note 1 and Note 2
	Yue Yuen (Group)	Investor with significant influence	Sales	(509,735)	(25)	Open account 30-70 days	General transaction terms	General transaction terms	184,767	32	-
Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	Parent company	Sales	(118,959)	(9)	Open account 30-75 days	There are no general transaction terms for price comparison	The general transaction term is open account 30~90 days	17,601	8	Note 1
	San Fang Chemical Industry Co., Ltd.	Parent company	Purchase of goods	398,249	48	Open account 30-90 days	There are no general transaction terms for price comparison	General transaction terms	(61,608)	(21)	Note 1 and Note 2
	Yue Yuen (Group)	Investor with significant influence	Sales	(166,846)	(12)	Open account 30-60 days	General transaction terms	The general transaction term is open account 30~90 days	49,446	21	-

Note 1: Already written off when preparing the consolidated financial statements.

Note 2: Includes the amount of raw materials purchased.

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2024

Table 6

Unit: All amounts are in thousand NTD, unless otherwise specified

Creditor	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amount of receivables from related parties collected subsequent to the balance sheet date	Provision for doubtful debts
					Amount	Action taken		
San Fang Chemical Industry Co., Ltd.	Yue Yuen (Group)	Investor with significant influence	\$ 126,303	8.53	\$ -	-	\$ 53,280	\$ -
GII PTS	PTS	Subsidiary	213,589 (Note 1 and Note 4)	11.48	-	-	88,467	-
	Bestac Advanced Material Co., Ltd.	Subsidiary	164,237 (Note 2 and Note 4)	1.84	-	-	108,831	-
	PTS	Subsidiary	316,803 (Note 3 and Note 4)	-	-	-	-	-
	Yue Yuen (Group)	Investor with significant influence	184,767	4.83	-	-	52,691	-

Note 1: Including NT\$197,003 thousand in accounts receivables and NT\$16,586 thousand in other receivables.

Note 2: Including NT\$154 thousand in accounts receivables, NT\$62,732 thousand in other receivables, and NT\$101,351 thousand in other receivables from loans.

Note 3: Including NT\$303 thousand in other receivables, and NT\$316,500 thousand in long-term receivables from loans.

Note 4: Already written off when preparing the consolidated financial statements.

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Information on the investee

For the nine-month period ended September 30, 2024

Table 7

Unit: All amounts are in thousand NTD, unless otherwise specified

Name of investment company	Name of investee	Location	Main business items	Initial investment amount		Held at the end of period			Current profit (loss) of investee	Investment income (loss) recognized by the Company for the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
San Fang Chemical Industry Co., Ltd.	San Fang Development	British Virgin Islands	Investment	\$ 687,435	\$ 687,435	20,000,000	100.00	\$ 2,114,710	\$ 246,522	\$ 246,522	Note 1 and Note 12
San Fang Chemical Industry Co., Ltd.	GCL	GCL	Investment	656,053	656,053	19,750,000	100.00	6,022,920	390,497	390,497	Note 1 and Note 12
San Fang Chemical Industry Co., Ltd.	San Fang Financial Holdings Co., Ltd.	British Virgin Islands	Investment	20,150	20,150	604,113	100.00	10,539	273	273	Note 12
San Fang Chemical Industry Co., Ltd.	Forich Advanced Materials Co., Ltd.	Taiwan	Manufacturing and sales of chemical products	76,985	76,985	7,698,545	100.00	117,411	(832)	(832)	Note 12
San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	Taiwan	Manufacturing and sales of chemical products	200,000	200,000	20,000,000	100.00	51,765	13,507	13,507	Note 12
San Fang Development	San Fang International	British Virgin Islands	Investment	797,580	773,766	25,200,010	100.00	1,080,635	105,500	105,500	Note 2 and Note 12
San Fang Development	BBH	Hong Kong	Investment	538,050	521,985	17,000,000	100.00	808,866	127,378	127,378	Note 3 and Note 12
San Fang International	MPL	British Virgin Islands	Investment	284,850	276,345	9,000,001	100.00	466,626	78,186	78,186	Note 4 and Note 12
San Fang International	GTL	British Virgin Islands	Investment	201,993	195,962	1	100.00	153,078	15,292	15,292	Note 5 and Note 12
GCL	GII	GCL	Investment	639,330	620,241	20,200,000	100.00	3,879,152	102,422	102,422	Note 6 and Note 12
GCL	JOB	GCL	Investment	1,155,146	1,120,656	36,497,500	100.00	2,202,496	287,793	287,793	Note 7 and Note 12
JOB	PTS	Indonesia	Manufacturing and sales of artificial leather, synthetic resin, and other materials	1,107,671	1,074,598	34,997,500	99.99	2,006,130	279,015	279,015	Note 8 and Note 12
GII	SFV	Vietnam	Material processing	1,139,400	1,105,380	-	100.00	1,291,628	28,167	28,167	Note 9 and Note 12
GII	PTS	Indonesia	Manufacturing and sales of artificial leather, synthetic resin, and other materials	79	77	2,500	0.01	77	279,015	-	Note 10 and Note 12

Note 1: Investment gains (losses) recognized in the current period include unrealized investment gains from upstream transactions and adjustment of unrealized sales between intra-group companies according to the buyer's tax rate.

Note 2: The original investment amount was both US\$25,200,010 at the beginning and end of the current period.

Note 3: The original investment amount was both US\$17,000,000 at the beginning and end of the current period.

Note 4: The original investment amount was both US\$9,000,001 at the beginning and end of the current period.

Note 5: The original investment amount was both US\$6,382,096 at the beginning and end of the current period.

Note 6: The original investment amount was both US\$20,200,000 at the beginning and end of the current period.

Note 7: The original investment amount was both US\$36,497,500 at the beginning and end of the current period.

Note 8: The original investment amount was both US\$34,997,500 at the beginning and end of the current period.

Note 9: The original investment amount was both US\$36,000,000 at the beginning and end of the current period.

Note 10: The original investment amount was both US\$2,500 at the beginning and end of the current period.

Note 11: Please see Table 8 for information on investees in Mainland China.

Note 12: Already written off when subsidiaries were preparing the consolidated financial statements.

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Information on Investments in China

For the nine-month period ended September 30, 2024

Table 8 Unit: All amounts are in thousand NTD, unless otherwise specified

Name of investee in China	Main business items	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted from/to Taiwan in the current period		Accumulated investment amount remitted from Taiwan at the end of the period	Current profit (loss) of investee	Percentage of shares held directly or indirectly by the Company (%)	Investment income (loss) recognized in the current period	Closing book value of investments	Investment gains remitted back to Taiwan as of the end of the period	Remarks
					Remitted from Taiwan	Remitted back to Taiwan							
Taihuangdao Fusheng Chemical and Leather-making Co., Ltd.	Manufacturing and sales of artificial leather, synthetic resin, and other materials	\$ 412,716	2	\$ 33,020	\$ -	\$ -	\$ 33,020	\$ -	7.29	\$ -	\$ -	\$ -	-
Yentai Wanhua Microfibre Co., Ltd.	Production and sales of microfiber synthetic leather, PU synthetic leather, PU resin, and additives	225,350	2	21,174	-	-	21,174	-	8.00	-	-	-	-
Dongguan Huangjiang Baoliang Shoe Factory	Material processing	60,986	2	62,893	-	-	62,893	-	-	-	-	-	Note 1, Note 2, and Note 4 Note 3 and Note 4
Dongguan Baoliang Material Technology Co., Ltd.	Manufacturing and sales of artificial leather, synthetic resin, and other materials	854,550	2	-	-	-	-	220,533	100.00	220,533	1,306,692	88,801	

Name of investment company	Accumulated investment amount remitted from Taiwan to China at the end of the current period	Investment amount approved by the Investment Commission, MOEA	Limit on the Company's investment in China (Note 5)
San Fang Chemical Industry Co., Ltd.	\$ 117,087	\$ 1,075,685	\$ -

Note 1: The Company reported in 2010 that Megatrade Profits Limited, its investee in the British Virgin Islands, has provided non-price setting machinery and equipment worth HKD14,966 thousand to Dongguan Huangjiang Baoliang Shoes Material Factory since 1996, and gained approval from the Investment Commission, Ministry of Economic Affairs in March 2010.

Note 2: Megatrade Profits Limited holds 100% shares of Dongguan Huangjiang Baoliang Shoe Factory for its processing business, but it has not registered its shares.

Note 3: Megatrade Profits Limited (MPL) is an investee of San Fang International Co., Ltd., and then MPL invested US\$3,484 thousand in cash and US\$5,516 thousand in machinery to establish Dongguan Baoliang Material Technology Co., Ltd. Dongguan Baoliang acquired Dongguan Yuguo Shoe Materials Co., Ltd. in Q2 2018. Dongguan Yuguo then invested US\$6,182 thousand in cash in Giant Tramp Limited (GTL), and indirectly obtained 100% shares of Dongguan Yuguo in China. The Investment Commission, MOEA approved the additional investment of US\$16,000 thousand in Dongguan Baoliang in October 2019.

Note 4: Investment gains and losses are recognized based on the figures on the Company's CPA-reviewed financial statements.

Note 5: Pursuant to the amendment to Article 3 of the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, which was announced in Order Jing-Shen-Zi No. 0970460680 from the MOEA dated August 29, 2008, the Company obtained the Operational Headquarters certificate (Letter Jing-Shou-Gong-Zi No. 11351013280 dated July 30, 2024) from the Industrial Development Bureau, MOEA, and therefore has no limit on investment in China.

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Business Relationship and Major Transactions between the Parent Company and Subsidiaries
For the nine-month period ended September 30, 2024

Table 9

Unit: All amounts are in thousand NTD, unless otherwise specified

No.	Company name	Counterparty	Relationship	Transactions status			
				Item	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (%)
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Sales revenue	\$ 393,474	There are no general transaction terms for price comparison	5
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Accounts receivable	57,100	Open account 30-90 days	-
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Other receivables	4,508	Open account 30-90 days	-
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Sales revenue	1,173,662	There are no general transaction terms for price comparison	14
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Accounts receivable	197,003	Open account 30-75 days	1
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Other receivables	16,586	Open account 30-75 days	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other income	17,758	There are no general transaction terms for price comparison	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other receivables	62,732	Open account 30-120 days	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other receivables	101,351	Lending, according to the contract	1
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Interest income	1,351	According to the contract	-
0	San Fang Chemical Industry Co., Ltd.	SFV	1	Other receivables	1,606	Open account 30-90 days	-
1	San Fang International	Dongguan Baoliang	3	Other receivables	38,192	Open account 30-90 days	-
2	GII	PTS	3	Interest income	2,763	According to the contract	-
2	GII	PTS	3	Long-term accounts receivable	316,500	Lending, according to the contract	2
3	SFV	San Fang Chemical Industry Co., Ltd.	2	Revenue from processing	822,011	There are no general transaction terms for price comparison	10
3	SFV	San Fang Chemical Industry Co., Ltd.	2	Accounts receivable	91,064	Open account 30 days	1
4	Forich Advanced Materials Co., Ltd.	San Fang Chemical Industry Co., Ltd.	2	Sales revenue	55,454	There are no general transaction terms for price comparison	1
4	Forich Advanced Materials Co., Ltd.	San Fang Chemical Industry Co., Ltd.	2	Other income	4,200	There are no general transaction terms for price comparison	-
5	PTS	San Fang Chemical Industry Co., Ltd.	2	Sales revenue	5,270	There are no general transaction terms for price comparison	-
5	PTS	San Fang Chemical Industry Co., Ltd.	2	Other receivables	1,197	Open account 30-60 days	-
6	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Sales revenue	118,959	There are no general transaction terms for price comparison	1
6	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Accounts receivable	17,601	Open account 30-75 days	-
6	Dongguan Baoliang	MPL	3	Other receivables	18,165	Open account 30-90 days	-
7	Bestac Advanced Material Co., Ltd.	San Fang Chemical Industry Co., Ltd.	2	Other receivables	1,263	Open account 60 days	-

September 30, 2024

Name of major shareholder	Shareholding	
	Shares Held (share)	Shareholding ratio (%)
Pou Chien Enterprise Co., Ltd.	37,640,504	9.46
Yue Dean Technology Corporation	36,633,876	9.20
Pou Chien Technology Co., Ltd.	36,549,118	9.18
i-Tech. Sporting Enterprise Ltd.	36,528,000	9.18
Investment account of Capital Securities Limited under the custody of Capital Securities Corporation	26,578,577	6.68
Mun-Jin Lin	26,239,427	6.59
Mun-Yon Lin	19,935,265	5.01

Note 2: If the shareholder in the data above put shares into a trust, it is listed as a separate trust account of the shareholder opened by the trustee. For shareholders who are reported as insiders in accordance with Securities and Exchange Act for holding more than 10% of shares, the shareholdings include the shares held by the shareholder plus shares placed in a trust in which the shareholder has control over trust assets. Please refer to the Market Observation Post System for data on reporting insider shareholding.