Stock Symbol: 1307

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

2024 and 2023

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Consolidated Financial Statement of Affiliates

Companies that must be included in the consolidated financial statements of affiliates according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates" are the same as those that must be included in the consolidated financial statements of parent company and subsidiaries according to IFRS 10 in 2024 (from 2024/1/1 to 2024/12/31). Information that must be disclosed in the consolidated financial statements of affiliates is already disclosed in the consolidated financial statements of the parent company and subsidiaries. Hence, the Company will not separately prepare consolidated financial statements of affiliates.

Hereby declared that

Company name: San Fang Chemical Industry Co., Ltd.

Legal Representative: Mun-Jin Lin

March 7, 2025

Independent Auditor's Report

To San Fang Chemical Industry Co., Ltd.:

Audit Opinion

We have audited the consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and consolidated notes to financial statements (including a summary of major accounting policies) of San Fang Chemical Industry Co., Ltd. and its subsidiaries (San Fang Group) for the years ended December 31, 2024 and 2023.

In our opinion, the consolidated financial statements above were prepared, in all material aspects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved and announced by FSC, and therefore are sufficient to present the financial position of the San Fang Group as at December 31, 2024 and 2023, as well as its consolidated financial performance and consolidated cash flow for the years ended December 31, 2024 and 2023.

Basis of Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. We will further explain our responsibilities under the regulations in the section on the independent auditor's responsibilities relating to consolidated financial statements. Personnel of our firm who are required to maintain independence according to the Code of Professional Ethics have maintained independence from the San Fang Group, and also fulfill other responsibilities set forth by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are the most important matters in the 2024 consolidated financial statements of the San Fang Group determined based on our professional judgment. We have already responded to the matters in the process of auditing the consolidated financial statements and forming an audit opinion, and will not express opinions on individual matters.

Key audit matters in the 2024 consolidated financial statements of the San Fang Group are as follows:

Authenticity of sales revenue

The main source of revenue of San Fang Chemical Industry Group is the sales of artificial leather products and the sales revenue from specific customers had increased significantly compared with the previous year. Therefore, according to the provisions of the Statement of Auditing Standards on presetting revenue as a significant risk, the authenticity of sales revenue from such specific customers was thus listed as a key audit matter.

We have carried out the following audit procedures in response to the specific aspect described in Key Audit Matters above, including:

I. Understanding and testing internal controls related to the authenticity of revenue recognition, including whether or not purchase order and delivery related internal controls are effective, and if sales revenue is recognized accordingly.

II. Obtain detailed information on sales revenue of a specific customer, select appropriate samples, check shipping documents or attached customs clearance documents, etc., and check whether the amount and object of payment are consistent with the object of sales to confirm that the revenue has actually occurred.

Other Matters

San Fang Chemical Industry Co., Ltd. has prepared standalone financial statements for the years 2024 and 2023, on which we have issued an audit report containing an unqualified opinion for reference.

Management and the Governance Department's Responsibility for the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved and announced by FSC, and to maintain necessary internal controls related to the preparation of consolidated financial statements, in order to ensure that the consolidated financial statements are free of material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, it is also the responsibility of management to evaluate the San Fang Group's ability to continue as a going concern, disclosures, and going concern basis of accounting, unless management intends to liquidate or permanently shut down the San Fang Group, or there are no feasible options other than liquidation or termination.

The governance department (including Audit Committee) of the San Fang Group is responsible for supervising the financial reporting process.

The Independent Auditor's Responsibility when Auditing the Consolidated Financial Statements

The purpose for auditing the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance means high level of assurance. However, audits conducted according to auditing standards do not guarantee the detection of material misstatements in the consolidated financial statements. Material misstatements may be due to fraud or error. A misstatement is deemed material if the individual amount or total amount can be reasonably expected to affect the economic decision made by users of the consolidated financial statements.

We utilized our professional judgment and professional skepticism during the audit according to auditing standards. We also performed the following work:

I. Identified and evaluated material misstatements in the consolidated financial statements, whether due to fraud or error. Designed and implemented appropriate countermeasures for the risks that we evaluated. Obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion. Since fraud may involve conspiracy, falsification, intentional omission, false statements, or overriding internal controls, the risk of failing to detect material misstatements due to fraud is higher than the risk of failing to detect material misstatements due to error.

II. Designed appropriate audit procedures to gain necessary understanding of internal controls for the audit. However, the purpose is not to express any opinions on the effectiveness of the San Fang Group's internal controls.

III. Evaluated the appropriateness of management policies adopted by management, as well as the reasonableness of accounting estimates and related disclosures.

IV. Based on the audit evidence we obtained, we reached a conclusion on the appropriateness of management's going concern basis of accounting, and whether or not there are material uncertainties that will lead to events or situations that are cause for serious concern about the San Fang Group's ability to continue as a going concern. If we believe there are material uncertainties about such events or situations, we are required to provide a reminder in the audit report for users of the consolidated financial statements to pay attention to related disclosures, or modify our audit opinion when the disclosures are inappropriate. Our conclusion is based on the audit evidence we obtained as of the audit report date. However, future events or situations may cause the San Fang Group to no longer be able to continue as a going concern.

V. Evaluated the overall presentation, structure, and contents of the consolidated financial statements (including related notes), and whether or not the consolidated financial statements fairly present related transactions and events.

VI. Obtained sufficient and appropriate audit evidence of financial information on companies in the group, and expressed our opinion on the consolidated financial statements. We are responsible for guidance, supervision, and implementation of the audit, and for forming an audit opinion on the San Fang Group.

Matters we communicated with the governance department include the scope and time of the audit, as well as major findings in the audit (including significant deficiencies in internal control identified in the audit process).

We also provided the governance department with a statement that personnel of our firm who are required to maintain independence according to the Code of Professional Ethics have maintained independence, and communicated all relationships and other matters (including related preventive measures) that may affect the independence of auditors with the governance department.

Among the matters we communicated with the governance department, we decided on key audit matters in the 2024 consolidated financial statements of the San Fang Group. The matters are described in the audit report, unless they are specifically prohibited by law from being disclosed, or, under extremely rare circumstances, we decided not to disclose the matters in the audit report because the negative impact can reasonably be expected to be greater than the public benefit it will provide.

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

March 7, 2025

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
December 31, 2024 and 2023

Unit: Thousand NTD

Code	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 3,697,059	21	$ 4,765,044	31
1120	Current financial assets at fair value through other comprehensive income (Note 4 and 8)	13,116	-	-	-
1110	Current financial assets at fair value through profit or loss (Note 4 and 7)	110,191	1	100,589	1
1136	Financial assets at amortized cost - current (Note 9 and 29)	2,177,920	13	1,123,678	7
1150	Notes receivable (Note 4 and 11)	7,992	-	24,507	-
1170	Net accounts receivable (Note 4 and 11)	1,236,137	7	1,000,724	6
1180	Accounts receivable - related parties (Note 4, 11 and 28)	241,444	1	295,079	2
1200	Other receivables (Note 4)	197,273	1	138,124	1
1220	Current income tax assets (Note 24)	2,857	-	15,201	-
130X	Inventories (Note 4, 5 and 12)	1,705,639	10	1,614,941	10
1410	Advance payments	132,335	1	154,562	1
1479	Other current assets	38,940	-	34,650	-
11XX	Total current assets	9,560,903	55	9,267,099	59
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Note 4 and 8)	87,601	-	119,687	1
1535	Financial assets at amortized cost - non-current (Note 9)	1,659,063	10	604,889	4
1600	Property, plant and equipment (Note 4, 14 and 29)	5,555,914	32	5,150,904	33
1755	Right-of-use assets (Note 4 and 15)	163,475	1	159,703	1
1760	Investment properties (Note 4, 16 and 29)	108,322	1	109,189	1
1801	Other intangible assets (Note 4)	19,994	-	29,153	-
1805	Goodwill (Note 4)	35,759	-	35,759	-
1840	Deferred income tax assets (Note 4, 5 and 24)	95,762	1	94,242	1
1915	Advance payments for land and equipment	45,802	-	28,284	-
1920	Refundable deposits	26,962	-	26,238	-
1990	Other non-current assets	7,665	-	5,824	-
15XX	Total non-current assets	7,806,319	45	6,363,872	41
1XXX	Total assets	$ 17,367,222	100	$ 15,630,971	100

Code	Liabilities and equity interests	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities				
2100	Short-term borrowing (Note 17 and 29)	$ 1,555,000	9	$ 1,490,000	10
2110	Short-term notes and bills payable (Note 17)	-	-	49,967	-
2130	Current contract liabilities (Note 4 and 22)	19,439	-	13,776	-
2170	Accounts payable (Note 18)	520,182	3	377,049	2
2219	Other payables (Note 19)	1,057,297	6	830,216	5
2230	Current income tax liabilities (Note 24)	204,492	1	206,812	1
2280	Current lease liabilities (Note 4 and 15)	6,306	-	7,099	-
2320	Current portion of long-term liabilities (Note 17 and 29)	532,500	3	747,500	5
2399	Other current liabilities (Note 4)	73,927	1	73,173	1
21XX	Total current liabilities	3,969,143	23	3,795,592	24
	Non-current liabilities				
2540	Long-term borrowings (Note 17 and 29)	1,812,500	11	1,687,500	11
2570	Deferred income tax liabilities (Note 4, 5 and 24)	1,196,237	7	1,097,675	7
2580	Non-current lease liabilities (Note 4 and 15)	8,819	-	7,238	-
2640	Net defined benefit liability - non-current (Note 4 and 20)	70,387	-	87,221	1
2645	Guarantee deposits received	16,376	-	12,746	-
25XX	Total non-current liabilities	3,104,319	18	2,892,380	19
2XXX	Total liabilities	7,073,462	41	6,687,972	43
	Equity attributable to owners of the Company (Note 21)				
3110	Capital stock - common	3,978,181	23	3,978,181	25
3200	Capital surplus	149,299	1	145,330	1
	Retained earnings				
3310	Legal reserve	1,612,553	9	1,536,540	10
3320	Special reserve	504,790	3	504,790	3
3350	Undistributed earnings	3,684,405	21	2,858,770	18
3300	Total retained earnings	5,801,748	33	4,900,100	31
3400	Other equity interest	364,532	2	(80,612)	-
3XXX	Total equity	10,293,760	59	8,942,999	57
	Total liabilities and equity interests	$ 17,367,222	100	$ 15,630,971	100

The accompanying notes are an integral part of these consolidated financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 7, 2025)

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

Years ended December 31, 2024 and 2023

Unit: Thousand NTD, EPS in NTD

		2024		2023	
Code		Amount	%	Amount	%
4000	Net operating revenues (Note 4, 22 and 28)	$ 10,779,822	100	$ 10,086,736	100
5000	Operating costs (Notes 12 and 23)	7,481,145	69	7,561,009	75
5900	Operating margin	3,298,677	31	2,525,727	25
	Operating expenses (Note 11 and 23)				
6100	Selling expenses	638,741	6	543,785	5
6200	Administrative and general affairs expenses	712,185	7	667,167	7
6300	Research and development expenses	387,779	3	330,386	3
6450	Gain on reversal of impairments of expected credit	(493)	-	(2,686)	-
6000	Total operating expenses	1,738,212	16	1,538,652	15
6900	Operating net profit	1,560,465	15	987,075	10
	Non-operating income and expenses (Note 23)				
7100	Interest income	251,837	2	164,144	2
7010	Other income	52,802	1	30,834	-
7020	Other profits and losses	86,395	1	(79,183)	(1)
7050	Financial costs	(75,401)	(1)	(73,793)	(1)
7000	Total non-operating income and expenses	315,633	3	42,002	-
7900	Pre-tax profit	1,876,098	18	1,029,077	10
7950	Income tax expense (Note 4 and 24)	396,696	4	268,803	2
8200	Net profit for the year	1,479,402	14	760,274	8

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Code		2024 Amount	2024 %	2023 Amount	2023 %
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of the net defined benefit (Note 20)	$ 751	-	($ 156)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 21)	4,192	-	44,512	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 24)	241	-	10	-
		5,184	-	44,366	-
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)	458,933	4	(25,684)	-
8300	Other consolidated income (net income after tax)	464,117	4	18,682	-
8500	Total comprehensive income	$ 1,943,519	18	$ 778,956	8
8600	Profit attributable to:				
8610	Owners of the company	$ 1,479,402	14	$ 760,274	8
8700	Comprehensive income attributable to:				
8710	Owners of the company	$ 1,943,519	18	$ 778,956	8
	EPS (Note 25)				
9750	Basic	$ 3.72		$ 1.91	
9850	Diluted	$ 3.70		$ 1.90	

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

(Please refer to the audit report issued by Deloitte Taiwan on March 7, 2025)

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

Years ended December 31, 2024 and 2023

Unit: Thousand NTD

		Equity attributable to shareholders of the Company								
				Retained earnings			Other equity interests			
Code		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed 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
A1	Balance as at January 1, 2023	$ 3,978,181	$ 145,330	$ 1,488,728	$ 648,571	$ 2,320,928	($ 128,788)	$ 29,348	($ 99,440)	$ 8,482,298
	Appropriation and distribution of 2022 earnings (Note 21)									
B1	Legal reserve	-	-	47,812	-	(47,812)	-	-	-	-
B5	Cash dividends	-	-	-	-	(318,255)	-	-	-	(318,255)
B17	Reversal of special reserve	-	-	-	(143,781)	143,781	-	-	-	-
		-	-	47,812	(143,781)	(222,286)	-	-	-	(318,255)
D1	Net profit - 2023	-	-	-	-	760,274	-	-	-	760,274
D3	Other comprehensive income after tax - 2023	-	-	-	-	(146)	(25,684)	44,512	18,828	18,682
D5	Total comprehensive income - 2023	-	-	-	-	760,128	(25,684)	44,512	18,828	778,956
Z1	Balance as at December 31, 2023	3,978,181	145,330	1,536,540	504,790	2,858,770	(154,472)	73,860	(80,612)	8,942,999
	Appropriation and distribution of 2023 earnings (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	-	3,969	-	-	-	-	-	-	3,969
D1	Net profit - 2024	-	-	-	-	1,479,402	-	-	-	1,479,402
D3	Other comprehensive income after tax - 2024	-	-	-	-	992	458,933	4,192	463,125	464,117
D5	Total comprehensive income - 2024	-	-	-	-	1,480,394	458,933	4,192	463,125	1,943,519
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 21)	-	-	-	-	17,981	-	(17,981)	(17,981)	-
Z1	Balance as at December 31, 2024	$ 3,978,181	$ 149,299	$ 1,612,553	$ 504,790	$ 3,684,405	$ 304,461	$ 60,071	$ 364,532	$ 10,293,760

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

(Please refer to the audit report issued by Deloitte Taiwan on March 7, 2025)

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

Years ended December 31, 2024 and 2023

Unit: Thousand NTD

Code		2024	2023
	Cash flow from operating activities		
A10000	Net profit before tax	$ 1,876,098	$ 1,029,077
A20010	Revenues and expenses		
A20100	Depreciation expense	548,349	612,217
A20200	Amortization expense	11,296	10,851
A20300	Gain on reversal of impairments of expected credit	(493)	(2,686)
A20400	Net gains from financial instruments at fair value through profit or loss	(9,602)	(6,265)
A20900	Financial costs	75,401	73,793
A21200	Interest income	(251,837)	(164,144)
A21300	Dividend income	(5,165)	(2,167)
A22500	Net losses on disposal of property, plant and equipment	5,715	3,939
A23700	Impairment loss on property, plant and equipment	159,282	67,754
A23800	Gain on recovery on inventory devaluation	(17,606)	(77,696)
A29900	Loss on physical inventory	7,480	8,599
A29900	Gains on lease modification	(42)	-
A29900	Other	(1,247)	37,077
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	16,515	(10,120)
A31150	Accounts receivable	(234,926)	91,187
A31160	Accounts receivable - related parties	53,635	(21,367)
A31180	Other receivables	(36,129)	(64,567)
A31200	Inventories	(81,202)	557,268
A31230	Advance payments	22,227	51,655
A31240	Other current assets	(4,290)	(9,182)
A32125	Contract liabilities	5,663	8,202
A32150	Accounts payable	143,133	(116,273)
A32180	Other payables	209,238	92,281
A32230	Other current liabilities	160	5,693
A32240	Net defined benefit liability	(16,083)	(2,554)
A33000	Cash generated from operating activities	2,475,570	2,172,572
A33100	Interest received	230,122	136,331
A33200	Dividend received	5,165	2,167
A33300	Interest paid	(76,790)	(75,731)

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Code		2024	2023
A33500	Income tax paid	($ 289,784)	($ 86,976)
AAAA	Net cash inflow from operating activities	2,344,283	2,148,363
	Cash flow from investing activities		
B00030	Refund of capital due to capital reduction of financial assets at fair value through other comprehensive income	1,675	-
B00040	Acquisition of financial assets at amortized cost	(2,083,330)	(795,407)
B00020	Sale of financial assets measured at fair value through other comprehensive income	21,487	-
B02700	Acquisition of property, plant and equipment	(952,647)	(650,565)
B02800	Proceeds from disposal of property, plant and equipment	1,125	3,580
B03700	Increase in refundable deposits	(724)	-
B03800	Decrease in refundable deposits	-	170
B04500	Acquisition of intangible assets	(1,470)	(22,328)
BBBB	Net cash outflow from investing activities	(3,013,884)	(1,464,550)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	65,000	-
C00200	Decrease in short-term borrowings	-	(50,000)
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	920,000	540,000
C01700	Repayment of long-term borrowing	(1,010,000)	(953,000)
C03000	Increase in guarantee deposits received	3,630	-
C03100	Decrease in guarantee deposits received	-	(49)
C04020	Repayments of lease liabilities	(7,859)	(7,135)
C04500	Distribution of cash dividends	(596,727)	(318,255)
C09900	Returned unclaimed dividends	3,969	-
CCCC	Net cash outflow from financing activities	(671,987)	(738,439)
DDDD	Effect of exchange rate changes on cash and cash equivalents	273,603	(10,695)
EEEE	Decrease in cash and cash equivalents	(1,067,985)	(65,321)
E00100	Cash and cash equivalents at beginning of period	4,765,044	4,830,365
E00200	Cash and cash equivalents at end of period	$ 3,697,059	$ 4,765,044

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

(Please refer to the audit report issued by Deloitte Taiwan on March 7, 2025)

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

Years ended December 31, 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 March 7, 2025.

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 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the guidelines for the application of financial asset categories	January 1, 2026 (Note 2)

Note 1: 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).

Note 2: Applicable to the annual reporting period starting on January 1, 2026. Companies may choose to apply the amendment in advance starting on January 1, 2025. When the amendment is applied for the first time, it must be applied retrospectively, but comparative periods do not need to be restated, and the effect will be recognized on the date of initial application. However, if a company is able to restate without the benefit of hindsight, it may choose to restate the comparative period.

As of the date the consolidated financial statements were passed, the Consolidated Entity has determined that the abovementioned amendments to standards and interpretations will not have a material impact on its financial position and financial performance.

(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" regarding the guidelines for the derecognizing financial liabilities.	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts that Reference Nature-Dependent Electricity"	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 in 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 in Financial Statements"

FRS 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.
- The income statement should include the operating income, income before financing and income tax, as well as the subtotal and total income.
- 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 should be broken down in the financial statements and notes. The Consolidated Entity will only label these items as "other" if it cannot find a more informative label.
- 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 discloses 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, the Consolidated Entity had been evaluating the impact of the amendments to other 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 the IFRS Accounting Standards endorsed and announced by the FSC.

(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) 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.

(IV) Basis of consolidation

These consolidated financial statements include financial statements of the Company and entities (subsidiaries) controlled by the Company. Financial statements of subsidiaries have been appropriately adjusted to align their accounting policy with the Consolidated Entity's accounting policy. Transactions, account balances, gains, and losses between individual entities were eliminated when preparing the consolidated financial statements. Changes in the Consolidated Entity's ownership interest in a subsidiary that do not result in the loss of control over the subsidiary are equity transactions.

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.

(V) Foreign currencies

When each entity is preparing financial statements, transactions denominated in currencies other than the functional currency (i.e., foreign currencies) are recorded after conversion into the functional currency using the exchange rate on the transaction date.

Foreign currency-denominated monetary items are converted using the closing rate on each balance sheet date. The currency translation difference resulting from settlement or conversion of monetary items is recognized as income or loss in the current year.

Foreign currency-denominated non-monetary items carried at fair value are converted at exchange rates on the date of fair value measurement. Currency translation differences are also recognized in current profit or loss; for items that have fair value changes recognized in other comprehensive income, currency translation differences are recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical costs are converted on the transaction date and are not re-converted.

When preparing the consolidated financial statements, assets and liabilities of overseas operations (including country of operations and subsidiaries that use different currencies than the Company) are converted to NTD using the exchange rate on each balance sheet date. Revenues and expenses/losses are converted using average exchange rate of the current period, with currency translation differences recognized in other comprehensive income.

(VI) Inventories

Inventory includes raw materials, raw materials, work in process, and finished goods. Inventories are measured at cost and net realizable value, whichever is lower. Unless the inventories are in the same category, the cost and net realizable value is compared for each individual item. Net realizable value is the estimated selling price under normal circumstances, less the estimated cost of completion and selling expenses. Inventories are usually calculated at standard cost, and then adjusted to its weighted average cost when settling accounts.

(VII) Property, plant and equipment

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

Property, plant and equipment under construction are recognized at cost after accumulated impairment losses. Costs include professional service fees and borrowing costs that meet the conditions for capitalization. Such assets are measured at the cost or net realizable value until they reach the expected state of use, whichever is lower, and their sales price and cost are recognized in profit or loss. When assets are completed and reach the expected state of use, they are classified to a suitable category under property, plant and equipment, and depreciation expenses are recognized.

Except for self-owned land, for which depreciation is not recognized, depreciation is separately recognized for each major part of property, plant and equipment on a straight line basis over its useful life. The Consolidated Entity reviews methods for estimating useful life in years, residual value, and depreciation, at a minimum, on the last day of each year, as well as the effect of prospective application of changes to accounting estimates.

When derecognizing property, plant and equipment, the difference between net disposal proceeds and the book value is recognized as gains or losses in the current period.

(VIII) Investment properties

Investment properties are real estate properties held for rental income or capital gain, or both.

Self-owned investment property is initially measured at cost (including transaction cost), and is subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation of investment property is recognized on a straight-line basis.

When property under property, plant and equipment is no longer for self-use, its book value is transferred to investment property.

When derecognizing investment property, the difference between net disposal proceeds and the book value is recognized as gains or losses.

(IX) Goodwill

With regard to goodwill obtained by San Fang Development from acquiring 40% of San Fang International's outstanding shares in 2003, the amount of goodwill recognized on the acquisition date is used as the cost. Goodwill is subsequently measured at cost less accumulated impairment loss.

The purpose of impairment testing is to allocate goodwill to cash-generating units or cash-generating groups (collectively referred to as "Cash-Generating Units") expected by the Consolidated Entity to benefit from synergistic effects of the merger.

Impairment testing is carried out by comparing the book value of a cash-generating unit to which goodwill has been allocated with its recoverable value each year (and when there are signs indicating that the unit may already be impaired). If the goodwill allocated to the cash-generating unit or cash-generating group was obtained from a merger that year, then impairment testing must be conducted for the unit or group before the end of the year. If the recoverable amount of a cash generating unit to which goodwill has been allocated falls below its book value, the impairment loss will first be charged against the book value of the goodwill that has been allocated, and any remaining impairment losses will then be allocated proportionally to reduce book values of all assets under the unit. Any impairment loss is directly recognized as loss in the current period. Goodwill impairment may not be reversed in subsequent periods.

When disposing of an operation in a cash-generating unit to which goodwill has been allocated, then the gain or loss from disposal of the operation is determined by including the amount of goodwill allocated to the operation in the book value of the operation.

(X) Other intangible assets

1. Independently acquired

Independently acquired intangible assets (computer software and pollution rights) with a limited useful life is initially measured at cost, and subsequently measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis during their useful life. The Consolidated Entity reviews methods for estimating useful life in years, residual value, and amortization, at a minimum, on the last day of each year, as well as the effect of prospective application of changes to accounting estimates.

2. Internal production – R&D expenses

Research expenses are recognized as expenses when incurred.

3. Derecognition

When derecognizing intangible assets, the difference between net disposal proceeds and the book value is recognized as gains or losses in the current period.

(XI) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (except for goodwill)

The Consolidated Entity evaluates if there are any signs of impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (except for goodwill) on each balance sheet date. If any signs of impairment exist, then estimate the asset's recoverable amount. If the recoverable amount cannot be estimated on an individual basis, the Consolidated Entity will instead estimate recoverable amounts for the entire cash-generating unit. Depreciation of corporate assets may be allocated to the smallest identifiable cash-generating group with a reasonable and consistent basis.

Recoverable amounts are determined as the higher of "fair value less cost to sell" or the "utilization value." If the recoverable amount of an individual asset or cash-generating unit is expected to be lower than its book value, the Company will reduce the book value of the asset or cash-generating unit down to the recoverable amount and recognize impairment loss.

When impairment losses are reversed, the book value of the asset or cash-generating unit is increased to the revised recoverable amount. However, the increased book value may not exceed the asset or cash-generating unit's book value in the previous year before impairment loss was recognized (less depreciation or amortization). Reversal of impairment losses is listed in income.

(XII) Financial instruments

When the Consolidated Entity is a party to the contract, financial assets and financial liabilities are recognized in the consolidated balance sheet.

If financial assets and financial liabilities being recognized for the first time are not measured at fair value through profit or loss, then they are measured at fair value plus transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities are immediately recognized as profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using transaction date accounting.

(1) Type of measurement

Financial assets held by the Consolidated Entity include financial assets at fair value through profit or loss, financial assets at amortized cost, and equity instruments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets for which the fair value is required to be measured through profit or loss.

For financial assets at fair value through profit or loss, any interest accrued is recognized in interest income, and any profit or loss from the remeasurement of fair value is recognized in other profits and losses.

B. Financial assets at amortized cost

Financial assets that the Consolidated Entity invests in are classified as financial assets at amortized cost if they meet both of the conditions below:

a. Held under a certain business model that aims to collect cash flow from the financial asset; and
b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After recognizing financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, and refundable deposits), they are measured at book value determined using the effective interest rate method less any impairment losses. Any foreign exchange gains/losses are recognized in profit and loss. Interest income is calculated by multiplying the effective interest rate with the financial asset's total book value.

Credit-impaired financial assets mean that the debtor has encountered major financial difficulties, defaulted, may very likely declare bankruptcy or other financial restructuring, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include highly liquid time deposits that can be converted into a specific amount of cash with low risk of value change within 3 months after being acquired. Cash equivalents are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income

The Consolidated Entity may make an irreversible decision during initial recognition to measure equity instruments, which are not held for trading and not recognized from mergers and acquisitions, at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes to fair value are listed in other comprehensive income and accumulated in other equity. When disposing of investments, accumulated gains is directly transferred to retained earnings and not reclassified as income.

Dividends from equity instruments measured at fair value through other comprehensive income are recognized in income when the Consolidated Entity is determined to have the right to receive the dividends, unless the dividends clearly represent the recovery of partial investment costs.

(2) Impairment of financial assets

The Consolidated Entity evaluates the impairment loss of financial assets at amortized cost (including notes and accounts receivable) using ECL on each balance sheet date.

A loss provision is recognized for lifetime ECL for notes and accounts receivables. For other financial assets, whether or not credit risk has significantly increased after the financial asset was recognized is first evaluated. If it has not significantly increased, then a loss provision is recognized for 12-month ECL. If it has significantly increased, then a loss provision is recognized for lifetime ECL.

ECL is the weighted average credit loss using the risk of default as weights. 12-Month ECL is the ECL from potential default on the financial instrument within 12 months after the reporting date. Lifetime ECL is the ECL from potential default during the expected lifetime of the financial instrument.

For the purpose of internal credit risk management, the Consolidated Entity may deem a financial asset to be in default if there is internal or external information showing that the debtor is no longer able to repay debts without considering collateral.

The impairment loss on all financial assets is recognized by lowering the book value of the loss provision.

(3) Derecognition of financial assets

The Consolidated Entity derecognizes financial assets when the contractual rights to the cash inflow from the financial asset are terminated or when the Consolidated Entity transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

When derecognizing financial assets at amortized cost, the difference between book value and consideration received is recognized in gains or losses. When derecognizing investments in equity instruments at fair value through other comprehensive income, accumulated gains is directly transferred to retained earnings and not reclassified as income.

2. Equity instruments

Equity instruments issued by the Consolidated Entity are recognized at the price amount obtained less the direct flotation costs.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest rate method.

(2) Derecognition of financial liabilities

When a financial liability is derecognized, any difference between its carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) is recognized in income or loss.

(XIII) Provisions for liabilities

The amount recognized as provisions for liabilities takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. Provision for liabilities is measured at the discounted value of the estimated cash flow of the obligation of settlement.

(XIV) Revenue recognition

After the Consolidated Entity identifies its contractual obligations with each customer, it allocates the transaction price to each contractual obligation, and then recognizes revenue when each contractual obligation is fulfilled.

1. Income from sale of merchandise

   Income from sale of merchandise comes from the sale of synthetic leather. According to the contract, when synthetic leather is delivered to customers, customers have the right to set prices and use the products, and bear the responsibility of sales and risk of products becoming obsolete. The Consolidated Entity recognizes accounts receivable upon delivery. Unearned revenues from sale of goods is recognized as contract liabilities.

2. Service revenue

   Service revenues from leather processing for customers are recognized when the provision of services.

(XV) Lease

On the date a contract is formed, the Consolidated Entity evaluates if the contract is (or includes) a lease.

1. Where the Consolidated Entity is the lessor

   A lease arrangement is classified as a finance lease if the terms involve a transfer of virtually all risks and returns associated with ownership to the lessee. All other lease arrangements are classified as operating lease.

   Under an operating lease arrangement, the proceeds received are recognized as income on a straight-line basis over the lease tenor.

2. Where the Company is the lessee

   Except for low value asset leases and short-term leases, for which lease payments are recognized as expenses on a straight-line basis over the lease tenor, other leases are all recognized as right-of-use assets and lease liabilities from the start date of the lease.

   Right-of-use assets are initially measured at cost, and are subsequently measured at cost less accumulated depreciation and accumulated impairment loss, with adjustments made to the remeasurement of lease liabilities. Right-of-use assets are independently presented in the consolidated balance sheet.

   Depreciation of right-of-use assets is recognized on a straight-line basis from the start date of the lease until the expiry of its useful life or lease tenor, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. If the interest rate implicit in a lease is easy to determine, then lease payments will be discounted using the interest rate. If the interest rate is not easy to determine, then the lessee's incremental borrowing rate of interest is used.

In subsequent periods, lease liabilities are measured at amortized cost using the effective interest rate method, and interest expense is recognized over the lease term. Lease liabilities are independently presented in the consolidated balance sheet.

(XVI) Borrowing costs

Borrowing costs that can be directly attributed to the acquisition, construction, or production of qualified assets shall be recognized as a part of asset costs, until almost all necessary activities for the asset to reach its expected state of use or sale.

If a specific loan is used for a temporary investment and obtains investment gains before a qualified capital expenditure occurs, the gains shall be deducted from borrowing costs that qualify for capitalization.

All other borrowing costs are recognized as losses in the period they occur.

(XVII) Government subsidies

Government grants shall not be recognized until there is reasonable assurance that the Consolidated Entity will comply with the attached conditions and that the grants will be received.

If income-related government subsidies are provided in the period that the costs they intend to cover are recognized by the Consolidated Entity as expenses, they are systematically recognized by reducing the costs or recognized in other income.

If the government subsidies are compensation for expenses or losses that have already occurred, or aim to provide the Consolidated Entity with immediate financial support and do not have any related costs in the future, then they are recognized as income in the period they are received.

(XVIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits-related liabilities are measured at the undiscounted amount of the benefits expected to be paid in exchange for employee services.

2. Post-employment benefit

For defined contribution plans, pension contributions made by the Company over the course of employment are listed as expenses; net defined benefit liability is the deficit of contributions to defined benefit plans.

The cost of defined benefits (including service cost, net interest, and number of remeasurement) for defined benefit plans is calculated using the projected unit credit method. Service costs (including service costs in the current and previous periods) and net interest accrued on net defined benefit liabilities (assets) are recognized as employee benefit expenses when they occur. The number of remeasurement (including calculation of income and losses, changes in asset limit effects, return on assets of the plans less interest) is recognized in other comprehensive income when it occurs and listed in retained earnings, and is not reclassified to profit or loss.

(XIX) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The Consolidated Entity determines current income (loss) according to the regulations enacted by each income tax reporting jurisdiction, and calculates the income tax payable (recoverable) on this basis.

Income tax on undistributed earnings is calculated in accordance with the Income Tax Act of the R.O.C. and recognized in the year the resolution is adopted by the shareholders' meeting.

An adjustment to the income tax payable in the previous year is listed as the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities on the consolidated financial statements from the taxable income that was calculated.

Deferred income tax liabilities are generally recognized based on the taxable temporary difference, and deferred income tax assets are recognized when there is likely to be taxable income to offset the temporary difference and income tax deductibles from losses carried forward.

Taxable temporary differences relating to subsidiaries are recognized as deferred income tax liabilities, except in cases where the Consolidated Entity is able to control the timing of which temporary differences are reversed, and that such temporary differences are highly unlikely to reverse in the foreseeable future. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to offset the temporary differences, and that reversal is expected to occur in the foreseeable future.

The book value of deferred income tax assets is reexamined on each balance sheet date, and the book value is reduced if it is not very likely there will be sufficient taxable income to recover all or a part of the assets. Those that were not recognized as deferred income tax assets are also reexamined on each balance sheet date, and the book value is increased if it is very likely there will be sufficient taxable income to recover all or a part of the assets.

Deferred income tax assets and liabilities are measured using the tax rate in the period in which liabilities are expected to be paid off or assets are expected to be realized. The tax rate is based on the tax rate and tax law that has been enacted or substantially enacted on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects on the tax effects of the ways the Consolidated Entity expects to recover or pay off the book value of its assets or liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except for items that are bound to be recognized under other comprehensive income or directly as other equity items.

V. Significant Accounting Judgments, Estimates and Main Uncertainty Assumptions

When the Consolidated Entity adopts an accounting policy, management must make judgments, estimates, and assumptions based on historical experience and other factors for information that is difficult to obtain from other sources. Actual results may be different from estimates.

The Consolidated Entity took the possible impact on the economic environment into consideration of cash flow estimates, growth rates, discount rates, profitability and other relevant major accounting estimates when developing major accounting estimates, and the management will continue to examine estimates and basic assumptions.

(I) Inventory impairments

Net realizable value of inventory is the estimated selling price during normal business operations, less the estimated cost of completion and selling expenses. The estimates are made based on the current market situation and previous sales experience of similar products. Changes in the market situation may have a material impact on the estimates.

(II) Income tax

The tax effect of subsidiaries and unused tax losses as well as deductible temporary differences not recognized as deferred income tax assets was NT$37,296 thousand and NT$45,233 thousand for the years ended December 31, 2024 and 2023. The realizability of deferred income tax assets mainly depends on whether or not there is sufficient profit or taxable temporary difference in the future. If actual profits exceed expectations, it may result in the recognition of significant deferred income tax assets and tax income.

With regard to taxable temporary differences related to investments in subsidiaries that were not recognized as deferred income tax liabilities, the effect on income tax was NT$615,546 thousand and NT$546,819 thousand for the years ended December 31, 2024 and 2023, respectively. If the taxable temporary difference is reversed in the future, it may result in major income tax liabilities, which are recognized as income tax expenses during the period that reversal occurs.

VI. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and working capital	$ 2,286	$ 2,088
Bank check and demand deposits	2,480,083	2,399,376
Cash equivalents		
Time deposits within 3 months of its original maturity date	1,214,690	2,363,580
	$ 3,697,059	$ 4,765,044

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

	December 31, 2024	December 31, 2023
Cash equivalents		
Time deposits within 3 months of its original maturity date (%)	1.37~4.4	0.59~5.6

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

	December 31, 2024	December 31, 2023
Financial assets for which the fair value is required to be measured through profit or loss		
Fund beneficiary certification	$ 110,191	$ 100,589

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Current		
Domestic equity instruments		
Listed stocks	$ 13,116	$ -
Noncurrent		
Domestic equity instruments		
Listed stocks	$ 84,319	$ 114,914
Unlisted stocks	3,282	4,773
	$ 87,601	$ 119,687

IX. Financial assets at amortized cost

Current	December 31, 2024	December 31, 2023
Time deposits more than 3 months from its original maturity date	$ 2,169,920	$ 1,113,634
Pledged time deposits	8,000	10,044
	$ 2,177,920	$ 1,123,678
Annual interest rate of time deposits (%)	0.745~5.16	0.55~5.55

Noncurrent	December 31, 2024	December 31, 2023
Restricted time deposits	$ 645,865	$ 604,889
Foreign corporate bonds	678,210	-
Foreign government bonds	334,988	-
	$ 1,659,063	$ 604,889
Annual interest rate (%)	4.00~5.17	4.9~5.55

(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) The counterparties of time deposits of the Consolidated Entity are banks with good credit quality. As such, there is no significant compliance concerns, and no expected credit losses were evaluated.

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

Maturity date	Coupon rate	Effective interest rate
July 2029 - March 2039	3.875%~6.50%	3.57%~4.61%

(IV) 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

Arising from operation	December 31, 2024	December 31, 2023
Notes receivable - unrelated parties		
Measured at amortized cost		
Total book value	$ 7,992	$ 24,507
Accounts receivable - unrelated parties		
Measured at amortized cost		
Total book value	$ 1,238,258	$ 1,003,332
Less: Loss provision	2,121	2,608
	$ 1,236,137	$ 1,000,724
Accounts receivable - related parties		
Measured at amortized cost		
Total book value	$ 241,444	$ 295,079

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 a 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:

December 31, 2024

	Not past due	1-90 days late	91-180 days late	181-360 days late	More than 361 days late	Total
Expected credit loss rate (%)	0~0.05	0.02~9.69	10~26	55	88~99	
Total book value	$1,201,221	$ 284,544	$ 1,615	$ -	$ 314	$1,487,694
Loss provision (lifetime ECL)	(159)	(1,487)	(163)	-	(312)	(2,121)
Amortized cost	$1,201,062	$ 283,057	$ 1,452	$ -	$ 2	$1,485,573

December 31, 2023

	Not past due	1-90 days late	91-180 days late	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	$1,090,714	$ 226,848	$ 1,571	$ 30	$ 1,147	$1,320,310

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

	2024	2023
Opening balance	$ 2,608	$ 5,298
Reversed in the current year	(493)	(2,686)
Net currency translation difference	6	(4)
Closing balance	$ 2,121	$ 2,608

XII. Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 818,783	$ 784,555
Supplies	13,399	33,524
Work in process	573,656	522,199
Finished goods	290,551	271,495
Inventory in transit	9,250	3,168
	$ 1,705,639	$ 1,614,941

Inventory-related operating costs amounted to NT$7,481,145 thousand in 2024 and NT$7,561,009 thousand in 2023, including:

	2024	2023
Gain on recovery on inventory devaluation	($ 17,606)	($ 77,696)
Loss on physical inventory	7,480	8,599
Income from sale of scraps	(7,544)	(8,555)
	($ 17,670)	($ 77,652)

The gain on recovery of inventory value was mainly due to the increase in net realizable value of inventory as a result of the increase in market price of inventory and the sales of inventory.

XIII. Subsidiary

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

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

Note: The board of directors in August 2024 adopted the resolution to dissolve Forich Advanced and set December 31, 2024 as the dissolution record date. Liquidation procedures are still ongoing.

XIV. Property, plant and equipment

2024

	Self-owned land	Buildings and structures	Machinery and equipment	Other facilities	Construction in progress and equipment under acceptance	Total
Cost						
Balance as at January 1, 2024	$ 1,829,099	$ 3,425,142	$ 6,770,148	$ 2,563,040	$ 539,214	$ 15,126,643
Addition	-	36,103	185,103	223,132	510,056	954,394
Disposal	-	(10,918)	(134,830)	(64,565)	-	(210,313)
Net currency translation difference	21,879	109,614	185,366	91,406	42,942	451,207
Balance as at December 31, 2024	$ 1,850,978	$ 3,559,941	$ 7,005,787	$ 2,813,013	$ 1,092,212	$ 16,321,931
Accumulated depreciation and impairment						
Balance as at January 1, 2024	$ -	$ 2,118,431	$ 5,847,630	$ 2,009,678	$ -	$ 9,975,739
Disposal	-	(6,181)	(133,598)	(63,694)	-	(203,473)
Depreciation expense	-	105,365	292,104	137,147	-	534,616
Impairment losses recognized	-	992	105,856	52,434	-	159,282
Net currency translation difference	-	63,091	160,050	76,712	-	299,853
Balance as at December 31, 2024	$ -	$ 2,281,698	$ 6,272,042	$ 2,212,277	$ -	$ 10,766,017
Net amount as at December 31, 2024	$ 1,850,978	$ 1,278,243	$ 733,745	$ 600,736	$ 1,092,212	$ 5,555,914

2023

	Self-owned land	Buildings and structures	Machinery and equipment	Other facilities	Construction in progress and equipment under acceptance	Total
Cost						
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	98,089	44,409	124,902	447,941	952,920
Disposal	-	(3,842)	(41,809)	(67,711)	-	(113,362)
Net currency translation difference	1,991	(3,921)	(5,500)	(2,507)	(16,251)	(26,188)
Balance as at December 31, 2023	$ 1,829,099	$ 3,425,142	$ 6,770,148	$ 2,563,040	$ 539,214	$ 15,126,643
Accumulated depreciation and impairment						
Balance as at January 1, 2023	$ -	$ 2,025,759	$ 5,488,525	$ 1,912,297	$ -	$ 9,426,581
Disposal	-	(3,713)	(35,728)	(66,402)	-	(105,843)
Depreciation expense	-	100,718	346,956	151,857	-	599,531
Impairment losses recognized	-	-	53,355	14,399	-	67,754
Net currency translation difference	-	(4,333)	(5,478)	(2,473)	-	(12,284)
Balance as at December 31, 2023	$ -	$ 2,118,431	$ 5,847,630	$ 2,009,678	$ -	$ 9,975,739
Net amount as at December 31, 2023	$ 1,829,099	$ 1,306,711	$ 922,518	$ 553,362	$ 539,214	$ 5,150,904

The Consolidated Entity evaluated in 2024 and 2023 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$159,282 thousand and NT$67,754 thousand was recognized in 2024 and 2023, respectively, and listed under 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:

	2024	2023
Investing activities that affect both cash and non-cash items		
Increase in property, plant and equipment	$ 954,394	$ 952,920
Increase (Decrease) in advance payments for land and equipment	17,518	(299,142)
Increase in payables on equipment	(17,648)	(1,347)
Capitalization of interest	(1,617)	(1,866)
Payments in cash for the acquisition of property, plant and equipment	$ 952,647	$ 650,565

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

	December 31, 2024	December 31, 2023
Book value of right-of-use assets		
Land	$ 148,494	$ 145,379
Buildings	4,355	6,477
Transportation equipment	10,626	7,847
	$ 163,475	$ 159,703

	2024	2023
Addition of right-of-use assets	$ 11,745	$ 13,457

	2024	2023
Depreciation expense of right-of-use assets		
Land	$ 4,833	$ 5,548
Buildings	3,382	2,341
Transportation equipment	4,651	3,930
	$ 12,866	$ 11,819

Other than the aforementioned new items and recognized depreciation expenses, there were no major subleases or impairment of the Consolidated Entity's right-of-use assets in 2024 and 2023.

(II) Lease liabilities

	December 31, 2024	December 31, 2023
Book value of lease liabilities		
Current	$ 6,306	$ 7,099
Noncurrent	$ 8,819	$ 7,238

The discount rate of lease liabilities is 1.05%-2.39%.

(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 thousand $4,023	36-48 years	March to June 2051
Dongguan Baoliang	RMB thousand 19,373	50 years	January, 2060

(IV) Other lease information

	2024	2023
Short term lease expenses	$ 3,212	$ 2,952
Lease expenses of low value assets	$ 1,036	$ 949
Total cash outflow from leases	$ 12,352	$ 11,194

XVI. Investment properties

2024

Cost	Completed investment properties
Balance as at January 1 and December 31, 2024	$ 140,473
Accumulated depreciation	
Balance as at January 1, 2024	$ 31,284
Depreciation expense	867
Balance as at December 31, 2024	$ 32,151
Net amount as at December 31, 2024	$ 108,322

2023

Cost	Completed investment properties
Balance as at January 1 and December 31, 2023	$ 140,473
Accumulated depreciation	
Balance as at January 1, 2023	$ 30,417
Depreciation expense	867
Balance as at December 31, 2023	$ 31,284
Net amount as at December 31, 2023	$ 109,189

The lease term of investment property is 10 years. The tenant does not have right of first refusal over the investment property when the lease term expires.

The Consolidated Entity's investment properties consists of land, buildings, and structures in Songshan District, Taipei City. They are the Company's own equity, and depreciation of buildings and structures is recognized on a straight-line basis over a useful life of 60 years. Please refer to Note 29 for investment property provided as collateral for loans.

The sum of future lease payments for operating leases of investment property is as follows:

	December 31, 2024	December 31, 2023
1st year	$ 9,634	$ 9,493
2nd year	9,634	9,634
3rd year	9,778	9,634
4th year	9,922	9,778
5th year	4,961	9,922
Over 5 years	-	4,961
	$ 43,929	$ 53,422

The Consolidated Entity implements a general risk management policy to reduce the residual asset risk of buildings when the lease term expires.

The fair value of the Consolidated Entity's investment properties was approximately NT$380 million and NT$370 million for the years ended December 31, 2024 and 2023, in which the fair value was estimated by the Consolidated Entity's management after referring to transactions in the nearby housing market.

XVII. Borrowings

(I) Short-term borrowing

	December 31, 2024	December 31, 2023
Secured loans (Note 29)		
Bank borrowings	$ 630,000	$ 780,000
Unsecured loans		
Line of credit borrowings	925,000	710,000
	$ 1,555,000	$ 1,490,000
Annual interest rate (%)	1.66~2.19	1.47~1.96

(II) Short-term notes and bills payable - Only December 31, 2023

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

Guarantor/Acceptance agency	Face value	Discounted amount	Book value	Interest Rate (%)
China Bills	$ 50,000	$ 33	$ 49,967	1.4

(III) Long-term borrowings

	December 31, 2024	December 31, 2023
Secured loans		
Bank borrowings - Reaches maturity before December 2029	$ 920,000	$ 1,185,000
Unsecured loans		
Bank borrowings - Reaches maturity before August 2029	1,425,000	1,250,000
	2,345,000	2,435,000
Less: Current portion	532,500	747,500
	$ 1,812,500	$ 1,687,500
Annual interest rate (%)	1.908~2.498	1.78~2.325

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

	December 31, 2024	December 31, 2023
Wages and salaries payable	$ 459,412	$ 386,505
Employee bonuses and director remuneration payable	94,881	57,589
Commissions payable	77,048	52,685
Payables on equipment	48,427	30,779
Taxes payable	33,217	23,884
Import/export charges payable	28,834	21,499
Utilities and fuel costs payable	27,722	25,584
Other	287,756	231,691
	$ 1,057,297	$ 830,216

XX. Post-employment benefits plan

(I) Defined contribution plan

In the Consolidated Entity, the Company, Forich Advanced Materials Co., Ltd., and Bestac Advanced Material Co., Ltd. use the defined contribution plan managed by the government according to the Labor Pension Act, and contribute

6% of employees' monthly salaries to their individual pension account at the Bureau of Labor Insurance.

In the Consolidated Entity, Dongguan Baoliang, PTS, and SFV make pension contributions according to local laws and regulations, which are classified as a defined contribution plan.

(II) Defined benefit plan

The pension system implemented by the Company in the Consolidated Entity according to the Labor Standards Act of the R.O.C. is the defined benefit plan managed by the government. Payment of employee pensions is calculated based on the employee's years of service and 6-month average wage before the approved date of retirement. The Company makes monthly contributions equal to 4% of employees' monthly salaries and wages to a dedicated account at the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Reserve Fund. Before the end of each year, if the balance in the dedicated account is insufficient to pay the retirement benefits of employees who are eligible for retirement in the following year, the deficit will be funded in one appropriation before the end of March in the following year. The dedicated account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company does not have any right to influence its investment management strategy.

PTS in the Consolidated Entity pays severance pay to qualified employees according to local laws and regulations, which is classified as a defined benefit plan.

The defined benefit plan amounts listed in the consolidated balance sheet is as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit liabilities	$ 118,081	$ 115,047
Fair value of assets of the plans	(47,694)	(27,826)
Net defined benefit liability	$ 70,387	$ 87,221

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit liabilities	Fair value of assets of the plans	Net defined benefit liability
Balance as at January 1, 2024	$ 115,047	($ 27,826)	$ 87,221
Service cost			
Service cost of the term	4,284	-	4,284
Interest expense (income)	2,540	(362)	2,178
Listed in income	6,824	(362)	6,462
Number of remeasurement			
Return on assets of the plans (except for amounts included in net interest)	-	(2,675)	(2,675)
Actuarial loss – Changes in financial assumption	852	-	852
Actuarial losses – experience adjustments	1,072	-	1,072
Recognized in other comprehensive income	1,924	(2,675)	(751)
Employer contributions	-	(23,945)	(23,945)
Benefits payment	(7,114)	7,114	-
Currency translation difference	1,400	-	1,400
Balance as at December 31, 2024	$ 118,081	($ 47,694)	$ 70,387
Balance as at January 1, 2023	$ 111,215	($ 21,596)	$ 89,619
Service cost			
Service cost of the term	3,989	-	3,989
Interest expense (income)	2,583	(340)	2,243
Listed in income	6,572	(340)	6,232
Number of remeasurement			
Return on assets of the plans (except for amounts included in net interest)	-	(203)	(203)
Actuarial loss – Changes in financial assumption	3,499	-	3,499
Actuarial gains – experience adjustments	(3,140)	-	(3,140)
Recognized in other comprehensive income	359	(203)	156
Employer contributions	-	(8,726)	(8,726)
Benefits payment	(3,039)	3,039	-
Currency translation difference	(60)	-	(60)
Balance as at December 31, 2023	$ 115,047	($ 27,826)	$ 87,221

Summary of defined benefit plans recognized in income and loss by function:

	December 31, 2024		December 31, 2023	
Operating costs	$	4,626	$	4,381
Selling expenses		535		520
Administrative expenses		902		917
Research and development expenses		399		414
	$	6,462	$	6,232

The Consolidated Entity is exposed to the following risks due to the pension system of the Labor Standards Act:

1. Investment risks

   The Bureau of Labor Funds (BLF), Ministry of Labor (MOL) invests the labor pension fund in domestic (overseas) equity securities, bonds, and bank deposits at its own discretion and through mandated investments. However, the distributable amount of assets may not be lower than gains calculated using the interest rate for 2-year time deposits at local banks.

2. Interest rate risk

   A decrease in bond interest rate will cause the present value of defined benefit liabilities to increase. However, the return on assets of defined benefit plans will also increase, and the effect of the two on defined benefit liabilities will offset each other.

3. Salary risk

   Calculation of the present value of defined benefit liabilities takes into consideration the future salaries of members of defined benefit plans. Hence, an increase in salaries of members of defined benefit plans will increase the present value of defined benefit liabilities.

The present value of defined benefit liabilities of the Consolidated Entity is calculated by a qualified actuary, and major assumptions on the measurement date are as follows:

	December 31, 2024	December 31, 2023
Discount rate (%)	1.63~7.12	1.25~6.99
Estimated salary growth ratio (%)	3.0~8.0	2.5~8

If a reasonable change to a significant actuarial assumption occurs while all other assumptions remain the same, the amount of increase (decrease) in the present value of defined benefit liabilities is as follows:

	December 31, 2024	December 31, 2023
Discount rate		
Increased 0.25%	($ 5,164)	($ 3,455)
Decreased 0.25%	$ 5,679	$ 3,597
Estimated salary growth ratio		
Increased 0.25%	$ 5,727	$ 3,535
Decreased 0.25%	($ 5,239)	($ 3,412)

Since actuarial assumptions may be related, it is unlikely that only one assumption will change at a time, so the sensitivity analysis above might not reflect on actual changes in present value of defined benefit liabilities.

	December 31, 2024	December 31, 2023
Amount expected to be allocated within 1 year	$ 1,984	$ 2,238
Average time to maturity of defined benefit liabilities	11.8~24.34 years	12.4~23.73 years

XXI. Equity

(I) Capital stock - common

	December 31, 2024	December 31, 2023
Authorized shares (thousand shares)	460,000	460,000
Authorized share capital	$ 4,600,000	$ 4,600,000
Current outstanding shares (thousand shares)	397,818	397,818
Issued capital	$ 3,978,181	$ 3,978,181

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

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

Pursuant to the Company Act, capital surplus is from contributed capital in excess of par and donated assets received. Besides using capital surplus to offset losses, companies may also use capital surplus for distribution of cash dividends or capitalization. However, capitalization of capital surplus is limited to once a year. Capital surplus from gains on the disposal of fixed assets and unclaimed dividends may only be used to offset losses.

(III) Retained earnings and dividend 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 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 Company's cash dividends were approved 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 by the annual shareholders' meeting on June 19, 2024 and June 13, 2023, respectively. The 2023 and 2022 earnings distribution proposal is as below:

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

The Company passed the 2024 earnings distribution below in the Board meeting on March 7, 2025:

	Dividend distribution proposal	Dividends per share (NTD)
Legal reserve	$ 149,837	
Cash dividends	1,074,109	$ 2.7

The distribution of the above-mentioned cash dividends has been approved by the resolution of the board of directors, and the rest of the items are yet to be resolved at the general meeting of shareholders, which is expected to be held in June 2025.

(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

	2024	2023
Opening balance	($ 154,472)	($ 128,788)
Currency translation difference resulting from the translation of assets of foreign operations	458,933	(25,684)
Closing balance	$ 304,461	($ 154,472)

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

	2024	2023
Opening balance	$ 73,860	$ 29,348
Generated in the current year		
Equity instruments - unrealized gains	4,192	44,512
Accumulated gains and losses from disposal of equity instruments reclassified as retained earnings	(17,981)	-
Closing balance	$ 60,071	$ 73,860

XXII. Revenues

	2024	2023
Revenue from contracts with customers		
Revenue from merchandise sales	$ 10,779,822	$ 10,086,736

(I) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Net notes and accounts receivable (Note 11)	$ 1,485,573	$ 1,320,310	$ 1,377,320
Contract liabilities			
Merchandise sales	$ 19,439	$ 13,776	$ 5,574

Changes to contract assets and contract liabilities are mainly from the difference between the time contractual obligations are fulfilled and the customer makes payment. There are no other material changes.

The contract liabilities at the beginning of the year recognized as income of the current year are as follows:

	2024	2023
Contract liabilities at the beginning of the year		
Merchandise sales	$ 12,366	$ 4,574

(II) Detailed revenues from contracts with customers: Please refer to Note 34.

XXIII. Pre-tax profit

Net income from continuing operations includes the following item:

(I) Interest income

	2024	2023
Cash in banks	$ 235,400	$ 162,290
Financial assets at amortized cost - Bond investments	14,691	-
Other	1,746	1,854
	$ 251,837	$ 164,144

(II) Other income

	2024	2023
Sale of monitored assets	$ 14,128	$ -
Government grants revenue	10,415	1,912
Rental income	10,170	9,977
Dividend income	5,165	2,167
Other	12,924	16,778
	$ 52,802	$ 30,834

(III) Other profits and losses

	2024	2023
Net foreign exchange gains (losses)	$ 242,251	($ 6,733)
Impairment loss on property, plant and equipment (Note 14)	(159,282)	(67,754)
Net gains from financial instruments at fair value through profit or loss	9,602	6,265
Net losses on disposal of property, plant and equipment	(5,715)	(3,939)
Gains on lease modification	42	-
Other	(503)	(7,022)
	$ 86,395	($ 79,183)

(IV) Financial costs

	2024	2023
Interest on bank borrowings	$ 76,773	$ 75,501
Interest on lease liabilities	245	158
Less: Costs of qualifying assets listed	(1,617)	(1,866)
	$ 75,401	$ 73,793

Information on capitalization of interest is as follows:

	2024	2023
Amount of interest capitalized	$ 1,617	$ 1,866
Interest capitalization rate (%)	1.87~2.33	1.65~2.21

(V) Depreciation and amortization

	2024	2023
Property, plant and equipment	$ 534,616	$ 599,531
Right-of-use assets	12,866	11,819
Investment properties	867	867
Other intangible assets	11,296	10,851
	$ 559,645	$ 623,068
Summary of depreciation expenses by function		
Operating costs	$ 485,357	$ 554,169
Operating expenses	62,992	58,048
	$ 548,349	$ 612,217
Summary of amortization expenses by function		
Operating costs	$ 592	$ 583
Operating expenses	10,704	10,268
	$ 11,296	$ 10,851

(VI) Employee benefit expenses

	2024	2023
Short-term employee benefits	$1,611,026	$1,501,484
Post-employment benefit		
Defined contribution plan	65,338	60,710
Defined benefit plan (Note 19)	$ 6,462	$ 6,232
	71,800	66,942
	$1,682,826	$1,568,426
Summary by function		
Operating costs	$ 948,841	$ 922,566
Operating expenses	733,985	645,860
	$1,682,826	$1,568,426

(VII) Employee bonuses and directors' remuneration

Of 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.

2024 and 2023 employee bonuses were approximately 3.8% of the pre-tax profit mentioned above. The potential amount of director remuneration is estimated based on past experience. Employee bonuses and directors' remuneration in 2024 and 2023 will be distributed in cash according to resolutions adopted by the Board of Directors on March 7, 2025 and March 6, 2024:

	2024	2023
Employee bonuses	$ 70,481	$ 36,412
Directors' remuneration	24,400	21,081

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.

There were no deviations in the actual amount of employee bonuses and directors' remuneration distributed from the amounts recognized in the 2023 and 2022 consolidated financial statements in 2024 and 2023.

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

(VIII) Foreign exchange gains (losses)

	2024	2023
Total foreign exchange gains	$ 480,364	$ 382,020
Total foreign exchange losses	(238,113)	(388,753)
Net gains (loss)	$ 242,251	($ 6,733)

XXIV. Income tax from continuing operations

(I) Income tax recognized in profit or loss

Main income tax expenses are as follows:

	2024	2023
Current income tax		
Generated in the current period	$ 321,302	$ 188,267
Additional surtax on undistributed earnings	4,369	12,799
Adjustments in the previous year	(25,863)	6,699
	299,808	207,765
Deferred income tax		
Generated in the current year	96,888	61,038
Income tax expense recognized in profit or loss	$ 396,696	$ 268,803

Adjustments to accounting income and income tax expense are as follows:

	2024	2023
Pre-tax profit from continuing operations	$ 1,876,098	$ 1,029,077
Income tax expense on pre-tax profit calculated at the statutory tax rate	$ 364,353	$ 198,632
Tax effect of adjustments		
Non-deductible tax expenses	7,254	3,463
Effect of profits of subsidiaries on deferred income tax	62,776	63,000
Non-taxable income	(11,646)	(27,500)
Unrecognized losses carried forward and temporary difference	(4,547)	-
Additional surtax on undistributed earnings	4,369	12,799
Adjustments in the previous year	(25,863)	6,699
Income tax expense recognized in profit or loss	$ 396,696	$ 268,803

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:

	2024	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) Income tax recognized in other comprehensive income

	2024	2023
Gain on deferred income tax		
Generated in the current year		
Remeasurements of the net defined benefit	$ 241	$ 10

(III) Current income tax assets and liabilities

	December 31, 2024	December 31, 2023
Current income tax assets		
Tax refunds receivable	$ 2,857	$ 15,201
Current income tax liabilities		
Income tax payable	$ 204,492	$ 206,812

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

Deferred income tax assets	Opening balance	Listed in income	Recognized in other comprehensive income	Effect of foreign exchange	Closing balance
Temporary difference					
Defined benefit plan	$ 13,591	($ 4,405)	$ 241	$ -	$ 9,427
Inventory loss	10,529	2,578	-	-	13,107
Loss on disposal of property, plant and equipment	16,392	(10,452)	-	-	5,940
Impairment loss on property, plant and equipment	12,705	21,888	-	-	34,593
Unrealized gains from subsidiaries	15,411	3,974	-	-	19,385
Unrealized foreign exchange losses	11,555	(11,555)	-	-	-
Other	14,059	(749)	-	-	13,310
	$ 94,242	$ 1,279	$ 241	$ -	$ 95,762

Deferred income tax liabilities	Opening balance	Listed in income	Recognized in other comprehensive income	Effect of foreign exchange	Closing balance
Temporary difference					
Overseas investment gains recognized under the equity method	$ 672,644	$ 62,776	$ -	$ -	$ 735,420
Provision for land value increment tax	414,430	-	-	-	414,430
Other	10,601	35,391	-	395	46,387
	$ 1,097,675	$ 98,167	$ -	$ 395	$ 1,196,237

2023

Deferred income tax assets	Opening balance	Listed in income	Recognized in other comprehensive income	Effect of foreign exchange	Closing balance
Temporary difference					
Defined benefit plan	$ 14,878	($ 1,297)	$ 10	$ -	$ 13,591
Inventory loss	18,653	(8,124)	-	-	10,529
Loss on disposal of property, plant and equipment	16,392	-	-	-	16,392
Impairment loss on property, plant and equipment	-	12,705	-	-	12,705
Unrealized gains from subsidiaries	27,686	(12,275)	-	-	15,411
Unrealized foreign exchange losses	-	11,555	-	-	11,555
Other	3,978	10,081	-	-	14,059
	$ 81,587	$ 12,645	$ 10	$ -	$ 94,242

Deferred income tax liabilities	Opening balance	Listed in income	Recognized in other comprehensive income	Effect of foreign exchange	Closing balance
Temporary difference					
Overseas investment gains recognized under the equity method	$ 609,644	$ 63,000	$ -	$ -	$ 672,644
Provision for land value increment tax	414,430	-	-	-	414,430
Other	32	10,683	-	(114)	10,601
	$ 1,024,106	$ 73,683	$ -	($ 114)	$ 1,097,675

(V) Items and amounts of deferred income tax assets not recognized in the consolidated balance sheet

	December 31, 2024	December 31, 2023
Losses carried forward		
Matures in 2025	$ 3,728	$ 8,564
Matures in 2026	8,040	8,040
Matures in 2027	297	297
Matures in 2028	102	102
Matures in 2029	7,171	7,171
Matures in 2030	25,454	25,454
Matures in 2031	37,877	37,877
Matures in 2032	21,732	21,732
Matures in 2033	67,659	50,709
	$ 172,060	$ 159,946
Deductible temporary differences		
International investment impairment losses	$ 31,369	$ 31,369
Other	-	34,850
	$ 31,369	$ 66,219

(VI) Information on unused losses carried forward

As of December 31, 2024, information on losses carried forward is as follows:

Unused balance	Final year for the carry forward
$ 3,728	2025
8,040	2026
297	2027
102	2028
7,171	2029
25,454	2030
37,877	2031
21,732	2032
67,659	2033
$ 172,060	

(VII) Temporary difference in unrecognized deferred income tax liabilities related to investments in subsidiaries

The taxable temporary difference of unrecognized deferred income tax liabilities related to investments in subsidiaries was NT$3,077,729 thousand and NT$2,734,094 thousand as at December 31, 2024 and 2023, respectively.

(VIII) Approval of income tax

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

XXV. EPS

Net profit and weighted average ordinary shares for the calculation of earnings per share are as below:

(I) Net profit for the year – Net income attributable to owners of the Company

	2024	2023
Net income	$ 1,479,402	$ 760,274

(II) Shares (thousand shares)

	2024	2023
Number of shares used to calculate basic EPS	397,818	397,818
Plus: Employee bonuses	2,157	1,605
Number of shares used to calculate diluted EPS	399,975	399,423

If the Consolidated Entity may choses 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 Consolidated Entity's 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
December 31, 2024				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	$ 110,191	$ -	$ -	$ 110,191
Financial assets at fair value through other comprehensive income				
Listed stock in Taiwan	$ 97,435	$ -	$ -	$ 97,435
Unlisted stock in Taiwan	-	-	3,282	3,282
	$ 97,435	$ -	$ 3,282	$ 100,717
December 31, 2023				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	$ 100,589	$ -	$ -	$ 100,589
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
	$ 114,914	$ -	$ 4,773	$ 119,687

There was no transfer of level 1 and level 2 fair value measurements in 2024 and 2023.

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

Financial assets at fair value through other comprehensive income	2024	2023
Opening balance	$ 4,773	$ 4,553
Return of capital due to capital reduction	(1,675)	-
Recognized in other comprehensive income	184	220
Closing balance	$ 3,282	$ 4,773

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

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at amortized cost (Note 1)	$ 9,103,274	$ 7,879,341
Financial assets for which the fair value is required to be measured through profit or loss	110,191	100,589
Financial assets at fair value through other comprehensive income		
Equity instrument investments	100,717	119,687
Financial liabilities		
Measured at amortized cost (Note 2)	5,493,855	5,194,978

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 foreign 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 2024	Effect on income 2023
USD	$ 40,372	$ 34,058
RMB	883	1,034

(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:

	December 31, 2024	December 31, 2023
Has interest rate risk for cash flow		
Financial assets	$2,478,418	$2,394,347
Financial liabilities	2,645,000	2,635,000

The Consolidated Entity has also determined that the fair value risk of its fixed interest rate time deposits, short-term notes and bills payable, and lease liabilities is not material.

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 1% while all other variables remain the same, the Consolidated Entity's pre-tax profit will increase/decrease by NT$1,666 thousand in 2024 and increase/decrease by NT$2,407 thousand in 2023, respectively, 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 in 2024 and 2023 will increase/decrease NT1,102 thousand and NT$1,006 thousand, respectively, due to the increase/decrease 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 in 2024 and 2023 will increase/decrease NT$1,007 thousand and NT$1,197 thousand, respectively, due to the increase/decrease in 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 Company's credit risk is mainly concentrated in accounts receivables of the following companies:

	December 31, 2024	December 31, 2023
Group A	$ 237,619	$ 274,073

The abovementioned companies accounted for 16% and 21% of accounts receivable for the years ended December 31, 2024 and 2023, 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 was NT$3,310,000 thousand and NT$2,575,000 thousand for the years ended December 31, 2024 and 2023, respectively.

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
December 31, 2024				
Non-derivative financial liabilities				
No interest-bearing debt	$ 1,576,971	$ 508	$ 16,376	$ 1,593,855
Lease liabilities	3,345	3,113	9,035	15,493
Floating-rate tools	574,145	306,468	1,850,952	2,731,565
Fixed-rate tools	1,257,970	-	-	1,257,970
	$ 3,412,431	$ 310,089	$ 1,876,363	$ 5,598,883
December 31, 2023				
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
	$ 3,156,208	$ 392,593	$ 1,750,408	$ 5,299,209

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

Name of related party	Relationship with the Consolidated Entity
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	2024	2023
Sales revenue	Investor with significant influence		
	Yue Yuen Industrial (Holdings) Ltd.	$ 1,614,094	$ 1,727,772
	Parent company of investor with significant influence	51,493	59,450
		$ 1,665,587	$ 1,787,222

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	December 31, 2024	December 31, 2023
Accounts receivable - related parties	Investor with significant influence		
	Yue Yuen Industrial (Holdings) Ltd.	$ 237,619	$ 274,073
	Parent company of investor with significant influence	3,825	21,006
		$ 241,444	$ 295,079

(IV) Compensation for management

	2024	2023
Short-term employee benefits	$ 75,396	$ 53,691
Post-employment benefit	643	724
	$ 76,039	$ 54,415

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:

	December 31, 2024	December 31, 2023
Financial assets at amortized cost - current	$ 8,000	$ 10,044
Property, plant and equipment - net	1,509,076	1,516,019
Investment properties - net	108,322	109,189
	$ 1,625,398	$ 1,635,252

XXX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

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

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

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	$ 404,598	$ 606,276

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

December 31, 2024	Foreign currencies	Exchange rate		Book value
Monetary financial assets				
USD	$ 110,319	32.785	(USD: NTD)	$ 3,616,808
USD	26,203	7.3476	(USD: RMB)	859,052
RMB	9,813	0.1361	((RMB: USD)	43,785
RMB	17,114	4.462	(RMB: NTD)	76,365
Monetary financial liabilities				
USD	8,829	32.785	(USD: NTD)	289,451
USD	4,552	7.3476	(USD: RMB)	149,224
RMB	7,135	0.1361	((RMB: USD)	31,834

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December 31, 2023	Foreign currencies		Exchange rate		Book value
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
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

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)	
2024				
USD	32.112	(USD: NTD)	$	5,183
RMB	4.438	(RMB: NTD)		22,154
NTD	1	(NTD: NTD)		214,914
			$	242,251
2023				
USD	31.155	(USD: NTD)	($	9,635)
RMB	4.380	(RMB: NTD)		2,461
NTD	1	(NTD: NTD)		441
			($	6,733)

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 7 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	$ 171,702	4	$ 21,581	2

(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	$ 565,360	7	$ 107,949	10

(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$6,947 thousand in 2024, and other receivables from Donguan Baoliang was NT$5,723 thousand as of December 31, 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 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:

2024	San Fang Chemical Industry Co., Ltd.	San Fang Development	GII	PTS	Other	Adjustment and retired	Total
Revenue from customers other than the parent company and its subsidiaries	$ 6,100,569	$ 1,632,060	$ -	$ 2,642,273	$ 404,920	$ -	$10,779,822
Revenue from the parent company and its subsidiaries	2,137,468	171,822	1,093,968	5,270	55,454	(3,463,982)	-
Total revenue	$ 8,238,037	$ 1,803,882	$ 1,093,968	$ 2,647,543	$ 460,374	($ 3,463,982)	$10,779,822
Department income (loss)	$ 829,418	$ 274,938	$ 21,257	$ 407,238	$ 1,155	$ 26,459	$ 1,560,465
Interest income							251,837
Other income							52,802
Other profits and losses							86,395
Financial costs							(75,401)
Pre-tax profit							1,876,098
Income tax expense							396,696
Net profit after tax							$ 1,479,402
Identifiable assets	$ 7,819,563	$ 2,739,568	$ 4,120,757	$ 3,072,790	$ 505,484	($ 1,101,848)	$17,156,314
Current financial assets at fair value through other comprehensive income							13,116
Current financial assets at fair value through profit or loss							110,191
Non-current financial assets at fair value through other comprehensive income							87,601
Total assets							$17,367,222
2023							
Revenue from customers other than the parent company and its subsidiaries	$ 5,683,072	$ 1,476,084	$ -	$ 2,653,121	$ 274,459	$ -	$10,086,736
Revenue from the parent company and its subsidiaries	1,903,483	265,634	1,034,432	-	90,042	(3,293,591)	-
Total revenue	$ 7,586,555	$ 1,741,718	$ 1,034,432	$ 2,653,121	$ 364,501	($ 3,293,591)	$10,086,736
Department income (loss)	$ 227,955	$ 256,956	$ 50,108	$ 478,275	($ 58,178)	$ 31,959	$ 987,075
Interest income							164,144
Other income							30,834
Other profits and losses							(79,183)
Financial costs							(73,793)
Pre-tax profit							1,029,077
Income tax expense							268,803
Net profit after tax							$ 760,274
Identifiable assets	$ 7,344,240	$ 2,146,030	$ 3,753,550	$ 2,506,070	$ 495,155	($ 834,350)	$15,410,695
Current financial assets at fair value through profit or loss							100,589
Non-current financial assets at fair value through other comprehensive income							119,687
Total assets							$15,630,971

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 for non-current financial assets at fair value through other comprehensive income, all assets are distributed to the department they should be reported by.

(I) Other segment information

	Depreciation and amortization	
	2024	2023
San Fang Chemical Industry Co., Ltd.	$ 267,547	$ 328,754
San Fang Development	35,898	38,791
GII	185,647	192,037
PTS	55,017	49,859
Other	15,536	13,627
	$ 559,645	$ 623,068

(II) Revenue from main products and services

Revenue from main products and services of the surviving company is analyzed below:

	2024	2023
PU synthetic leather	$ 4,514,205	$ 3,146,915
Eco-friendly synthetic leather	5,239,134	4,175,062
Thin film	441,227	331,390
Other	585,256	2,433,369
	$ 10,779,822	$ 10,086,736

(III) Information by region

The Consolidated Entity's revenue from continuing operations of external customers is listed by the location of the customer's operations and the location of non-current assets:

	Revenue from external customers		Non-current assets	
	2024	2023	2024 years December 31	2023 years December 31
Taiwan	$ 248,378	$ 272,338	$ 2,865,138	$ 3,152,066
China and Hong Kong	2,147,930	1,904,720	275,501	281,892
Southeast Asia	7,294,708	6,836,972	2,796,292	2,084,858
Other	1,088,806	1,072,706	-	-
	$ 10,779,822	$ 10,086,736	$ 5,936,931	$ 5,518,816

Non-current assets include financial assets and deferred income tax assets.

(IV) Information on major customers

Individual customers that accounted for 10% and above of the Consolidated Entity's net operating revenues in 2024 and 2023 are as follows:

	2024		2023	
	Amount	As a percentage of net operating revenues (%)	Amount	As a percentage of net operating revenues (%)
Group A	$ 1,614,094	15	$ 1,727,772	17
Group B	968,575	9	1,058,160	10
	$ 2,582,669		$ 2,785,932	

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Lending to others

From January 1 to December 31, 2024

Table1

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

No.	Lender	Borrower	General ledger account	Is it a related party	Highest balance in the current period	Closing balance	Actual amount drawn down	Interest rate range (%)	Nature of loan	Amount of transaction	Reason for short-term financing	Provision for doubtful debts	Collateral		Limit on loans granted to a single party	Limit on total lending	Remarks
													Name	Value			
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	Other receivables	Yes	$ 100,000	$ 100,000	$ 100,000	1.9	Short-term financing	$ -	Working capital	$ -	N/A	$ -	$ 1,029,376	$ 4,117,504	Note 1, Note 2, and Note 3
1	GII	PTS	Long-term accounts receivable	Yes	919,380	917,980	327,850	1.15~1.8	Short-term financing	-	Working capital	-	N/A	-	4,029,474	4,029,474	Note 1, Note 2, and Note 3

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: Total lending to a company may not exceed 40% of the company's net worth (lending due to business dealings may not exceed 30% of the company's net worth, short-term loans may not exceed 20% 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 3: Already written off when preparing the consolidated financial statements.

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Providing endorsements/guarantees to others

From January 1 to December 31, 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	$ -	1.46	$ 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

December 31, 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: Number of shares or units	End of period: Book value	End of period: Shareholding ratio (%)	End of period: Market price (net value of equity)	Remarks
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	$ 19,391	-	$ 19,391	
	Yeashin International Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,051,445	64,928	0.34	64,928	
	Liyu Venture Capital	The Company is an institutional director of Liyu Venture Capital	Non-current financial assets at fair value through other comprehensive income	390,778	3,282	4.76	3,282	
					$ 87,601		$ 87,601	
	Funds							
	PineBridge Global ESG Quantitative Bond Fund N9 Acc	-	Current financial assets at fair value through profit or loss	103,755.99	$ 32,784	-	$ 32,784	
	Nomura Global Financial Bond (N) Acc	-	Current financial assets at fair value through profit or loss	101,664.05	31,701	-	31,701	
	PineBridge Multi-Income Fund (N) Acc	-	Current financial assets at fair value through profit or loss	67,369.59	26,241	-	26,241	
	Allianz Global Investors Income and Growth Fund (N) Monthly Distribution Class	-	Current financial assets at fair value through profit or loss	68,323.30	19,465	-	19,465	
					$ 110,191		$ 110,191	
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	-	
					$ -		$ -	
Forich Advanced Materials Co., Ltd.	Stock							
	Yeashin International Development Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	414,393	$ 13,116	0.07	$ 13,116	

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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 (%)	Market price (net value of equity)	
GII	Bonds							
	U.S. Treasuries	-	Financial assets at amortized cost - non-current	-	$ 334,988	-	$ 322,834	
	Toyota Motor Credit Corporation	-	Financial assets at amortized cost - non-current	-	101,040	-	96,103	
	Meta Platforms, Inc.	-	Financial assets at amortized cost - non-current	-	101,705	-	96,417	
	ELLI LILLY AND COMPANY	-	Financial assets at amortized cost - non-current	-	101,348	-	94,942	
	MERCK & CO., INC.	-	Financial assets at amortized cost - non-current	-	95,192	-	87,697	
	CITIBANK N.A. NEW YORK	-	Financial assets at amortized cost - non-current	-	105,497	-	100,106	
	AMAZON.COM	-	Financial assets at amortized cost - non-current	-	93,668	-	87,467	
	WALMART INC.	-	Financial assets at amortized cost - non-current	-	79,760	-	74,481	
					$ 1,013,198		$ 960,047	

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

December 31, 2024

Table 4

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

					Beginning of the Period		Addition (Note)		Sale				End of period (Note)	
Investor	Type and name of security	General ledger account	Counterparty	Relationship	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	-	$ -	$ -	$ -	-	$ 334,988

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

From January 1 to December 31, 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	Unit price	Credit period	Balance	Percentage of total notes/accounts receivable (payable)	
San Fang Chemical Industry Co., Ltd.	PTS	Subsidiary	Sales	($ 1,569,853)	(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	$ 246,378	22	Note 1
	Dongguan Baoliang	Subsidiary	Sales	(565,360)	(7)	Open account 30-90 days	There are no general transaction terms for price comparison	General transaction terms	107,949	10	Note 1
	Dongguan Baoliang	Subsidiary	Purchase of goods	171,702	4	Open account 30-75 days	There are no general transaction terms for price comparison	General transaction terms	(21,581)	(2)	Note 1 and Note 2
	SFV	Subsidiary	Processing expenses	1,093,968	100	Open account 30 days	There are no general transaction terms for price comparison	General transaction terms	101,538	8	Note 1
	Yue Yuen (Group)	Investor with significant influence	Sales	(765,010)	(9)	Open account 30-90 days	General transaction terms	The general transaction term is open account 30~75 days	80,845	7	-
PTS	San Fang Chemical Industry Co., Ltd.	Parent company	Purchase of goods	1,583,400	84	Open account 30-75 days	There are no general transaction terms for price comparison	The general transaction term is open account 30~90 days	(265,347)	(72)	Note 1 and Note 2
	Yue Yuen (Group)	Investor with significant influence	Sales	(637,139)	(24)	Open account 30-70 days	General transaction terms	General transaction terms	121,895	26	-
Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	Parent company	Sales	(171,822)	(10)	Open account 30-75 days	There are no general transaction terms for price comparison	The general transaction term is open account 30~90 days	18,343	9	Note 1
	San Fang Chemical Industry Co., Ltd.	Parent company	Purchase of goods	572,307	53	Open account 30-90 days	There are no general transaction terms for price comparison	General transaction terms	(113,672)	(34)	Note 1 and Note 2
	Yue Yuen (Group)	Investor with significant influence	Sales	(211,945)	(12)	Open account 30-60 days	General transaction terms	The general transaction term is open account 30~90 days	34,879	17	-

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

December 31, 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	Overdue receivables from related parties: Action taken	Amount of receivables from related parties collected subsequent to the balance sheet date	Provision for doubtful debts
San Fang Chemical Industry Co., Ltd.	PTS	Subsidiary	$ 265,347 (Note 1 and Note 5)	13.32	$ -	-	$ 159,889	$ -
	Dongguan Baoliang	Subsidiary	113,672 (Note 2 and Note 5)	11.32	-	-	49,516	-
	Bestac Advanced Material Co., Ltd.	Subsidiary	169,320 (Note 3 and Note 5)	-	-	-	15,578	-
GII	PTS	Subsidiary	328,164 (Note 4 and Note 5)	-	-	-	314	-
PTS	Yue Yuen (Group)	Investor with significant influence	121,895	7.52	-	-	34,180	-
SFV	San Fang Chemical Industry Co., Ltd.	Parent company	101,538	17.12	-	-	101,538	-

Note 1: Including NT$246,378 thousand in accounts receivables and NT$18,969 thousand in other receivables.

Note 2: Including NT$107,949 thousand in accounts receivables and NT$5,723 thousand in other receivables.

Note 3: Including NT$1,132 thousand in accounts receivables, NT$67,943 thousand in other receivables, and NT$100,245 thousand in other receivables from loans.

Note 4: Including NT$314 thousand in other receivables, and NT$327,850 thousand in long-term receivables from loans.

Note 5: Already written off when preparing the consolidated financial statements.

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Information on the investee

From January 1 to December 31, 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: End of the current year	Initial investment amount: End of last year	Number of shares	Ratio (%)	Book value	Current profit (loss) of investee	Investment income (loss) recognized by the Company for the current period	Remarks
San Fang Chemical Industry Co., Ltd.	San Fang Development	British Virgin Islands	Investment	$ 687,435	$ 687,435	20,000,000	100.00	$ 2,218,105	$ 343,599	$ 343,465	Note 1 and Note 12
San Fang Chemical Industry Co., Ltd.	GCL	GCL	Investment	656,053	656,053	19,750,000	100.00	6,316,871	465,870	466,195	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	10,975	709	709	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	107,284	(10,229)	(10,229)	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	59,422	21,165	21,165	Note 12
San Fang Development	San Fang International	British Virgin Islands	Investment	826,182	773,766	25,200,010	100.00	1,131,296	141,854	141,854	Note 2 and Note 12
San Fang Development	BBH	Hong Kong	Investment	557,345	521,985	17,000,000	100.00	851,228	177,954	177,954	Note 3 and Note 12
San Fang International	MPL	British Virgin Islands	Investment	296,065	276,345	9,000,001	100.00	490,211	105,077	105,077	Note 4 and Note 12
San Fang International	GTL	British Virgin Islands	Investment	209,237	195,962	1	100.00	153,485	21,165	21,165	Note 5 and Note 12
GCL	GII	GCL	Investment	662,257	620,241	20,200,000	100.00	4,029,474	113,516	113,516	Note 6 and Note 12
GCL	JOB	GCL	Investment	1,196,571	1,120,656	36,497,500	100.00	2,348,075	351,694	351,694	Note 7 and Note 12
JOB	PTS	Indonesia	Manufacturing and sales of artificial leather, synthetic resin, and other materials	1,147,393	1,074,598	34,997,500	99.99	2,142,286	340,579	340,579	Note 8 and Note 12
GII	SFV	Vietnam	Material processing	1,180,260	1,105,380	-	100.00	1,322,695	13,147	13,147	Note 9 and Note 12
GII	PTS	Indonesia	Manufacturing and sales of artificial leather, synthetic resin, and other materials	82	77	2,500	0.01	79	340,579	-	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

From January 1 to December 31, 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 by the Company 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	$ 427,516	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	223,100	2	21,174	-	-	21,174	-	8.00	-	-	-	
Dongguan Huangjiang Baoliang Shoe Factory	Material processing	63,186	2	62,893	-	-	62,893	-	0.00	-	-	-	Note 1, Note 2, and Note 4
Dongguan Baoliang Material Technology Co., Ltd.	Manufacturing and sales of artificial leather, synthetic resin, and other materials	885,195	2	-	-	-	-	302,907	100.00	302,907	1,375,795	88,801	Note 3 and Note 4

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	The Company's limit on investments 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 in the Company's financial statements that were audited by a CPA.

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

From January 1 to December 31, 2024

Table 9

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

No.	Company name	Counterparty	Relationship	Transactions status: Item	Transactions status: Amount	Transactions status: Transaction terms	Transactions status: Percentage of consolidated total operating revenues or total assets (%)
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Sales revenue	$ 565,360	There are no general transaction terms for price comparison	5
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Accounts receivable	107,949	Open account 30-90 days	1
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Other receivables	5,723	Open account 30-90 days	-
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Sales revenue	1,569,853	There are no general transaction terms for price comparison	15
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Accounts receivable	246,378	Open account 30-75 days	1
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Other receivables	18,969	Open account 30-75 days	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Sales revenue	1,697	There are no general transaction terms for price comparison	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other income	22,259	There are no general transaction terms for price comparison	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Accounts receivable	1,132	Open account 30-120 days	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other receivables	67,943	Open account 30-120 days	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other receivables	100,245	Lending, according to the contract	1
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Interest income	1,739	According to the contract	-
0	San Fang Chemical Industry Co., Ltd.	SFV	1	Other receivables	5,610	Open account 30-90 days	-
1	San Fang International	Dongguan Baoliang	3	Other receivables	39,562	Open account 30-90 days	-
2	GII	PTS	3	Interest income	3,693	According to the contract	-
2	GII	PTS	3	Long-term accounts receivable	327,850	Lending, according to the contract	2
3	SFV	San Fang Chemical Industry Co., Ltd.	2	Revenue from processing	1,093,968	There are no general transaction terms for price comparison	10
3	SFV	San Fang Chemical Industry Co., Ltd.	2	Accounts receivable	101,538	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	Open account 30-60 days	-
6	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Sales revenue	171,822	There are no general transaction terms for price comparison	2
6	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Accounts receivable	18,343	Open account 30-75 days	-
6	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Other receivables	3,238	Open account 30-75 days	-
6	Dongguan Baoliang	MPL	3	Other receivables	11,740	Open account 30-90 days	-

San Fang Chemical Industry Co., Ltd.

Information on Major Shareholders

December 31, 2024

Table 10

Name of major shareholder	Shareholding	
	Shares Held (share)	Shareholding ratio (%)
Pou Chien Technology Co., Ltd.	36,549,118	9.18
Yue Dean Technology Corporation	34,990,876	8.79
i-Tech. Sporting Enterprise Ltd.	31,838,000	8.00
Pou Chien Enterprise Co., Ltd.	31,642,504	7.95
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 1: Information on major shareholders in this table is based data from Taiwan Depository and Clearing Corporation, which calculated shareholders with 5% or more of the Company's non-physical ordinary shares on the last business day of the quarter. The share capital specified on the Company's consolidated financial statements may be different from the actual number of non-physical shares due to different calculation basis.

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.