Stock Symbol: 1307

San Fang Chemical Industry Co., Ltd.

Standalone Financial Statements and Independent Auditor's Report

2024 and 2023

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Independent Auditor's Report

To San Fang Chemical Industry Co., Ltd.:

Audit Opinion

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

In our opinion, the standalone financial statements above were prepared, in all material aspects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and therefore are sufficient to present the financial position of the Company as at December 31, 2024 and 2023, as well as its financial performance and 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 standalone financial statements. Personnel of our firm who are required to maintain independence according to the Code of Professional Ethics have maintained independence from the Company, 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 standalone financial statements of the Company determined based on our professional judgment. We have already responded to the matters in the process of auditing the standalone financial statements and forming an audit opinion, and will not express opinions on individual matters.

Key audit matters in the 2024 standalone financial statements of the Company are as follows:

Authenticity of sales revenue

The main source of revenue of San Fang Chemical Industry Co., Ltd. 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.

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

The responsibility of management is to prepare fairly presented standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal controls related to the preparation of standalone financial statements, in order to ensure that the standalone financial statements are free of material misstatements, whether due to fraud or error.

When preparing the standalone financial statements, it is also the responsibility of management to evaluate the Company'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 Company, or there are no feasible options other than liquidation or termination.

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

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

The purpose for auditing the standalone financial statements is to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 Company'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 Company'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 standalone 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 Company to no longer be able to continue as a going concern.

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

VI. Obtained sufficient and appropriate audit evidence of financial information on the Company, and expressed our opinion on the standalone financial statements. We are responsible for guidance, supervision, and implementation of the audit, and for forming an audit opinion on the Company.

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 standalone consolidated financial statements of the Company. 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.

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)	$ 1,243,015	7	$ 1,119,173	8
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 28)	630,915	4	347,799	2
1150	Net notes receivable (Note 4 and 10)	7,992	-	24,507	-
1170	Net accounts receivable (Note 4 and 10)	683,524	4	611,828	4
1180	Net accounts receivable – related parties (Note 4, 10 and 27)	440,129	3	272,531	2
1200	Net other receivables (Note 4)	21,862	-	25,427	-
1210	Other receivables - related parties (Note 27)	198,490	1	165,724	1
130X	Inventories (Note 4, 5 and 11)	1,097,044	7	1,062,967	7
1410	Advance payments	77,036	-	60,184	-
1479	Other current assets	10,449	-	7,226	-
11XX	Total current assets	4,520,647	27	3,797,955	25
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Note 4 and 8)	87,601	-	89,234	-
1535	Financial assets at amortized cost - non-current (Note 4 and 9)	645,865	4	604,889	4
1550	Investments recognized under the equity method (Note 4 and 12)	8,712,657	52	7,445,232	50
1600	Property, plant and equipment (Note 4, 13 and 28)	2,529,202	15	2,810,339	19
1755	Right-of-use assets (Note 4 and 14)	14,236	-	8,242	-
1760	Investment properties (Note 4, 15 and 28)	108,322	1	109,189	1
1801	Computer software – net (Note 4)	3,508	-	8,731	-
1840	Deferred income tax assets (Note 4 and 23)	90,907	1	92,853	1
1915	Advance payments for equipment	4,111	-	-	-
1920	Refundable deposits	12,956	-	12,632	-
15XX	Total non-current assets	12,209,365	73	11,181,341	75
1XXX	Total assets	$ 16,730,012	100	$ 14,979,296	100
Code	Liabilities and equity interests				
	Current liabilities				
2100	Short-term borrowing (Note 16 and 28)	$ 1,510,000	9	$ 1,460,000	10
2110	Short-term notes and bills payable (Note 16)	-	-	49,967	-
2130	Current contract liabilities (Note 4 and 21)	13,507	-	12,237	-
2170	Accounts payable (Note 17)	486,341	3	338,793	2
2180	Accounts payable - related parties (Note 17 and 27)	22,359	-	29,703	-
2219	Other payables (Note 18)	576,086	3	408,842	3
2220	Other payables - related parties (Note 18 and 27)	101,538	1	90,362	1
2230	Current income tax liabilities (Note 23)	173,775	1	70,982	1
2280	Current lease liabilities (Note 4 and 14)	5,898	-	4,588	-
2320	Current portion of long-term liabilities (Note 16 and 28)	512,500	3	727,500	5
2399	Other current liabilities (Note 4)	58,696	-	68,134	-
21XX	Total current liabilities	3,460,700	20	3,261,108	22
	Non-current liabilities				
2540	Long-term borrowings (Note 16 and 28)	1,757,500	11	1,612,500	11
2570	Deferred income tax liabilities (Note 4, 5 and 23)	1,158,428	7	1,087,074	7
2580	Non-current lease liabilities (Note 4 and 14)	8,477	-	3,645	-
2640	Net defined benefit liability (Note 4 and 19)	47,129	-	67,952	-
2645	Guarantee deposits received	4,018	-	4,018	-
25XX	Total non-current liabilities	2,975,552	18	2,775,189	18
2XXX	Total liabilities	6,436,252	38	6,036,297	40
	Equity (Note 20)				
3110	Capital stock - common	3,978,181	24	3,978,181	27
3200	Capital surplus	149,299	1	145,330	1
	Retained earnings				
3310	Legal reserve	1,612,553	10	1,536,540	10
3320	Special reserve	504,790	3	504,790	4
3350	Undistributed earnings	3,684,405	22	2,858,770	19
3300	Total retained earnings	5,801,748	35	4,900,100	33
3400	Other equity interest	364,532	2	(80,612)	(1)
3XXX	Total equity	10,293,760	62	8,942,999	60
	Total liabilities and equity interests	$ 16,730,012	100	$ 14,979,296	100

The accompanying notes are an integral part of these 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.

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, 21 and 27)	$ 8,238,037	100	$ 7,586,555	100
5000	Operating costs (Note 11, 22 and 27)	6,301,127	77	6,458,228	85
5900	Operating margin	1,936,910	23	1,128,327	15
5910	Realized (and unrealized) gains from subsidiaries	(18,918)	-	63,815	1
5950	Realized operating margin	1,917,992	23	1,192,142	16
	Operating expenses (Note 10, 22 and 27)				
6100	Selling expenses	388,737	5	320,439	4
6200	Administrative expenses	413,895	5	397,252	5
6300	Research and development expenses	287,712	3	248,875	4
6450	Gain on reversal of impairments of expected credit	(1,770)	-	(2,379)	-
6000	Total operating expenses	1,088,574	13	964,187	13
6900	Operating net profit	829,418	10	227,955	3
	Non-operating income and expenses (Note 22 and 27)				
7100	Interest income	75,288	1	58,772	1
7010	Other income	67,393	1	47,656	1
7020	Other profits and losses	39,281	-	(62,778)	(1)
7050	Financial costs	(72,812)	(1)	(72,248)	(1)
7070	Share of profits (losses) of subsidiaries accounted for using equity method	821,305	10	701,351	9
7000	Total non-operating income and expenses	930,455	11	672,753	9

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Code		2024 Amount	2024 %	2023 Amount	2023 %
7900	Pre-tax profit	$ 1,759,873	21	$ 900,708	12
7950	Income tax expense (Note 4 and 23)	280,471	3	140,434	2
8200	Net profit for the year	1,479,402	18	760,274	10
	Other comprehensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of the net defined benefit (Note 19)	(1,204)	-	(52)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 20)	42	-	32,019	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method	6,105	-	12,389	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 23)	241	-	10	-
8310		5,184	-	44,366	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8380	Share of other comprehensive income of subsidiaries accounted for using equity method (Note 20)	458,933	6	(25,684)	-
8300	Other consolidated income (net income after tax)	464,117	6	18,682	-
8500	Total comprehensive income	$ 1,943,519	24	$ 778,956	10
	EPS (Note 24)				
9710	Basic	$ 3.72		$ 1.91	
9810	Diluted	$ 3.70		$ 1.90	

The accompanying notes are an integral part of these 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.

Statement of Changes in Equity

Years ended December 31, 2024 and 2023

Unit: Thousand NTD

				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 20)									
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 20)									
B1	Legal reserve	-	-	76,013	-	(76,013)	-	-	-	-
B5	Cash dividends	-	-	-	-	(596,727)	-	-	-	(596,727)
		-	-	76,013	-	(672,740)	-	-	-	(596,727)
C17	Dividends not collected by shareholders before the deadline (Note 20)	-	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 20)	-	-	-	-	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 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.

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	$ 1,759,873	$ 900,708
A20010	Revenues and expenses		
A20100	Depreciation expense	260,854	319,604
A20200	Amortization expense	6,693	9,150
A20300	Gain on reversal of impairments of expected credit	(1,770)	(2,379)
A20400	Net gains from financial instruments at fair value through profit or loss	(9,602)	(6,265)
A20900	Financial costs	72,812	72,248
A21200	Interest income	(75,288)	(58,772)
A21300	Dividend income	(3,786)	(1,639)
A22400	Share of profits (losses) of subsidiaries accounted for using equity method	(821,305)	(701,351)
A22500	Net losses (gains) on disposal of property, plant and equipment	4,646	(616)
A23700	Impairment loss on property, plant and equipment	159,282	67,754
A23800	Gain on recovery on inventory devaluation	(384)	(56,995)
A24100	Realized (and unrealized) gains from subsidiaries	18,918	(63,815)
A29900	Loss on physical inventory	2,529	3,891
A29900	Other	594	40,000
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	16,515	(10,120)
A31150	Accounts receivable	(69,926)	95,466
A31160	Accounts receivable - related parties	(167,598)	41,423
A31180	Other receivables	9,784	(1,655)
A31190	Other receivables - related parties	(32,758)	58,040
A31200	Inventories	(36,222)	311,066
A31230	Advance payments	(16,852)	24,416
A31240	Other current assets	(3,223)	1,825
A32125	Contract liabilities	1,270	9,679
A32150	Accounts payable	147,548	(120,310)
A32160	Accounts payable - related parties	(7,344)	1,565
A32180	Other payables	150,368	76,140
A32190	Other payables - related parties	11,176	2,218
A32230	Other current liabilities	(10,032)	8,178
A32240	Net defined benefit liability	(22,027)	(6,488)
A33000	Cash generated from operating activities	1,344,745	1,012,966

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Code		2024	2023
A33100	Interest received	$ 69,061	$ 49,380
A33200	Dividend received	3,786	9,338
A33300	Interest paid	(73,946)	(74,067)
A33500	Income tax paid	(104,137)	(124,920)
AAAA	Net cash inflow from operating activities	1,239,509	872,697
	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	(324,092)	(357,338)
B02700	Acquisition of property, plant and equipment	(123,853)	(140,062)
B04300	Other receivables - increase of related parties	(100,000)	(100,000)
B04400	Other receivables - decrease of related parties	100,000	100,000
B02800	Proceeds from disposal of property, plant and equipment	452	1,340
B03700	Increase in refundable deposits	(324)	-
B03800	Decrease in refundable deposits	-	150
B04500	Acquisition of intangible assets	(1,470)	(580)
BBBB	Net cash outflow from investing activities	(447,612)	(496,490)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	50,000	-
C00200	Decrease in short-term borrowings	-	(70,000)
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	440,000
C01700	Repayment of long-term borrowing	(990,000)	(915,000)
C04020	Repayments of lease liabilities	(5,297)	(4,652)
C04500	Distribution of cash dividends	(596,727)	(318,255)
C09900	Returned unclaimed dividends	3,969	-
CCCC	Net cash outflow from financing activities	(668,055)	(817,907)
EEEE	Increase (decrease) in cash and cash equivalents	123,842	(441,700)
E00100	Cash and cash equivalents at beginning of period	1,119,173	1,560,873
E00200	Cash and cash equivalents at end of period	$ 1,243,015	$ 1,119,173

The accompanying notes are an integral part of these 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.

Notes to 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 standalone financial statements are presented in the Company's functional currency NTD.

II. Date and Procedures of Approval of the Financial Statements

The standalone 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.

(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 standalone financial statements were passed, the Company 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"

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

- Items of income and expense are required to be classified into categories in the statement of profit or loss, namely, Operating, Investing, Financing, Income Tax, and Discontinued Operations.
- 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 Company 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 Company 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 company's financial performance, a company 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 these financial statements were passed, the Company 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."

(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 standalone 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.

The Company used the equity method for subsidiaries when preparing the standalone financial statements. For profit/loss, other comprehensive income, and equity in the current year in the standalone financial statements to match the profit/loss, other comprehensive income, and equity attributable to owners of the Company in the consolidated financial statements, "investments recognized under the equity method," "share of profits/losses of subsidiaries under the equity method," "share of other comprehensive income of subsidiaries under the equity method," and related equity items were adjusted for several accounting differences between the standalone and consolidated basis.

(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) Foreign currencies

When the Company was preparing the standalone 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 period.

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 standalone 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.

(V) 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.

(VI) Investment subsidiary

The Company handles investments in subsidiaries using the equity method. A subsidiary refers to an entity in which the Company exercises control.

Under the equity method, investments are originally recognized at cost, and then its book value increases along with the Company's share of profits, losses and other comprehensive income of subsidiaries and profit distribution. Furthermore, changes to other equity interests of subsidiaries are recognized according to the Company's shareholding ratio.

Changes in the Company's ownership interest in a subsidiary that do not result in the loss of control over the subsidiary are equity transactions. The difference between the book value of investments and the fair value of the consideration paid or received is directly recognized in equity.

Unrealized gains from downstream transactions between the Company and subsidiaries are eliminated from the standalone financial statements. Gains/losses arising from upstream transactions between the Company and subsidiaries and transactions among subsidiaries were not within the scope of control exercised by the Company over subsidiaries, and were thus recognized in the standalone financial statements.

(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 Company 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.

(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) Intangible assets

1. Independently acquired

   Independently acquired intangible assets (computer software) 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 Company 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.

(X) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

The Company evaluates if there are any signs of impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets 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 Company will instead estimate recoverable amounts for the entire cash-generating unit. Depreciation of corporate assets is 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, cash-generating unit, or contract cost related asset is increased to the revised recoverable amount. However, the increased book value may not exceed the asset, cash-generating unit, or contract cost related asset's book value in the previous year before impairment loss was recognized (less depreciation and amortization). Reversal of impairment losses is listed in income.

(XI) Financial instruments

When the Company is a party to the contract, financial assets and financial liabilities are recognized in the 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 Company 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 Company 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 (including related parties), other receivables (including related parties), 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 Company 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 Company 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 Company 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 Company 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 Company derecognizes financial assets when the contractual rights to the cash inflow from the financial asset are terminated or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

When derecognizing a financial asset 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 Company 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.

(XII) 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.

(XIII) Revenue recognition

After the Company 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.

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 Company recognizes accounts receivable upon delivery. Unearned revenues from sale of goods is recognized as contract liabilities.

(XIV) Lease

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

1. Where the Company 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.

When the Company is sub-leasing right-of-use assets, the sub-lease category is determined based on the right-of-use asset (and not the underlying asset). However, if the primary lease is a short-term lease that the Company is exempted from recognition, then the sub-lease is classified as an 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 standalone 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 standalone balance sheet.

(XV) 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.

(XVI) Government subsidies

Government grants shall not be recognized until there is reasonable assurance that the Company 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 Company 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 Company 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.

(XVII) 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 period) 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.

(XVIII) Income tax

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

1. Current income tax

The Company determines current income (loss) according to the regulations enacted by the R.O.C. 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 standalone 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.

Taxable temporary differences relating to subsidiaries are recognized as deferred income tax liabilities, except in cases where the Company 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 and equity 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 Company 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 Company 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 Company 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

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	$ 379	$ 436
Bank check and demand deposits	1,142,636	995,917
Cash equivalents		
Time deposits within 3 months of its original maturity date	100,000	122,820
	$ 1,243,015	$ 1,119,173

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	5.3~5.6

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

Investments in equity instruments measured at fair value through other comprehensive income	December 31, 2024	December 31, 2023
Listed stock in Taiwan	$ 84,319	$ 84,461
Unlisted stock in Taiwan	3,282	4,773
	$ 87,601	$ 89,234

IX. Financial assets at amortized cost

Current	December 31, 2024	December 31, 2023
Time deposits more than 3 months from its original maturity date	$ 622,915	$ 337,755
Pledged time deposits	8,000	10,044
	$ 630,915	$ 347,799
Annual interest rate of time deposits (%)	0.745~5.16	0.55~5.55

Noncurrent	December 31, 2024	December 31, 2023
Restricted bank deposits		
Time deposits	$ 645,865	$ 604,889
Annual interest rate of time deposits (%)	4.00~5.17	4.9~5.55

(I) Restricted bank deposits are deposited into a designated foreign currency deposits account by the Company 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 Company are banks with good credit quality. As such, there is no significant compliance concerns, and no expected credit losses were evaluated.

(III) Please refer to Note 28 for information on financial assets at amortized cost.

X. 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	$ 684,151	$ 614,225
Less: Loss provision	627	2,397
	$ 683,524	$ 611,828
Accounts receivable - related parties		
Measured at amortized cost		
Total book value	$ 440,129	$ 272,531

The Company's average credit period for sale of goods is open account 30-90 days. Designated personnel of the Company 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 Company 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 Company believes that its credit risk has significantly decreased.

The Company 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 Company relating to credit loss showed no significant difference in loss patterns between different customer groups. Hence, customers are not further divided into groups, and expected credit loss rate is only set by the number of days receivables are overdue.

The aging analysis of the Company'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 (%)	0.005	0.10~9.69	13	55	86	
Total book value	$ 1,000,510	$ 131,759	$ 2	$ 1	$ -	$ 1,132,272
Loss provision (lifetime ECL)	(54)	(571)	(1)	(1)	-	(627)
Amortized cost	$ 1,000,456	$ 131,188	$ 1	$ -	$ -	$ 1,131,645

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 (%)	-	0~0.02	0.04~0.12	0.12	72	
Total book value	$ 791,785	$ 115,678	$ 460	$ 30	$ 3,310	$ 911,263
Loss provision (lifetime ECL)	-	(1)	-	-	(2,396)	(2,397)
Amortized cost	$ 791,785	$ 115,677	$ 460	$ 30	$ 914	$ 908,866

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

	2024 Accounts receivable	2023 Accounts receivable
Opening balance	$ 2,397	$ 4,776
Reversed in the current year	(1,770)	(2,379)
Closing balance	$ 627	$ 2,397

XI. Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 507,380	$ 497,964
Supplies	9,241	26,502
Work in process	437,402	402,390
Finished goods	139,120	130,761
Inventory in transit	3,901	5,350
	$ 1,097,044	$ 1,062,967

Inventory-related operating costs amounted to NT$6,301,127 thousand in 2024 and NT$6,458,228 thousand in 2023, including:

	2024	2023
Gain on recovery on inventory devaluation	($ 384)	($ 56,995)
Loss on physical inventory	2,529	3,891
Income from sale of scraps	(4,596)	(7,047)
	($ 2,451)	($ 60,151)

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.

XII. Investments recognized under the equity method

Investment subsidiary

	December 31, 2024		December 31, 2023	
	Amount	Shareholding ratio (%)	Amount	Shareholding ratio (%)
Grand Capital Limited (GCL)	$ 6,316,871	100	$ 5,480,361	100
San Fang Development Co., Ltd.	2,218,105	100	1,802,985	100
Forich Advanced Materials Co., Ltd.	107,284	100	113,363	100
Bestac Advanced Material Co., Ltd.	59,422	100	38,257	100
San Fang Financial Holdings Co., Ltd.	10,975	100	10,266	100
	$ 8,712,657		$ 7,445,232	

See Table 7 and Table 8 for a brief description of long-term investments.

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.

Share of profits/losses and other comprehensive income of subsidiaries under the equity method were recognized based on the subsidiaries' 2024 and 2023 financial statements audited by an independent auditor.

XIII. Property, plant and equipment

	December 31, 2024	December 31, 2023
Self-use	$ 2,450,511	$ 2,706,923
Operating lease	78,691	103,416
	$ 2,529,202	$ 2,810,339

(I) Self-use

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	$ 1,467,428	$ 1,313,990	$ 3,034,568	$ 959,986	$ 63,212	$ 6,839,184
Addition	-	19,036	33,526	54,661	23,090	130,313
Assets leased under an operating lease	-	321	6,725	11,766	-	18,812
Disposal	-	(9,029)	(101,808)	(14,099)	-	(124,936)
Balance as at December 31, 2024	$ 1,467,428	$ 1,324,318	$ 2,973,011	$ 1,012,314	$ 86,302	$ 6,863,373
Accumulated depreciation and impairment						
Balance as at January 1, 2024	$ -	$ 877,907	$ 2,573,211	$ 681,143	$ -	$ 4,132,261
Disposal	-	(4,564)	(101,743)	(13,531)	-	(119,838)
Assets leased under an operating lease	-	304	6,725	1,845	-	8,874
Depreciation expense	-	45,497	129,778	57,008	-	232,283
Impairment loss provided	-	992	105,856	52,434	-	159,282
Balance as at December 31, 2024	$ -	$ 920,136	$ 2,713,827	$ 778,899	$ -	$ 4,412,862
Net amount as at December 31, 2024	$ 1,467,428	$ 404,182	$ 259,184	$ 233,415	$ 86,302	$ 2,450,511

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	$ 1,467,428	$ 1,229,508	$ 3,027,472	$ 954,548	$ 67,438	$ 6,746,394
Addition	-	87,931	9,081	30,035	(4,226)	122,821
Disposal	-	(3,449)	(1,985)	(24,597)	-	(30,031)
Balance as at December 31, 2023	$ 1,467,428	$ 1,313,990	$ 3,034,568	$ 959,986	$ 63,212	$ 6,839,184
Accumulated depreciation and impairment						
Balance as at January 1, 2023	$ -	$ 838,932	$ 2,339,938	$ 625,592	$ -	$ 3,804,462
Disposal	-	(3,321)	(1,985)	(24,001)	-	(29,307)
Depreciation expense	-	42,296	181,903	65,153	-	289,352
Impairment loss provided	-	-	53,355	14,399	-	67,754
Balance as at December 31, 2023	$ -	$ 877,907	$ 2,573,211	$ 681,143	$ -	$ 4,132,261
Net amount as at December 31, 2023	$ 1,467,428	$ 436,083	$ 461,357	$ 278,843	$ 63,212	$ 2,706,923

Depreciation of the Company'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	7 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	3 to 9 years
Other facilities	
Pond and gardening	30 to 34 years
Pipelines	20 to 28 years
Other	1 to 15 years

The Company 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 statement of comprehensive income.

Please refer to Note 28 for property, plant and equipment pledged by the Company as collateral for loans.

(II) Operating lease

2024

	Buildings and structures	Machinery and equipment	Other facilities	Total
Cost				
Balance as at January 1, 2024	$ 229,965	$ 807,455	$ 199,179	$ 1,236,599
Addition	2,212	-	5,260	7,472
Reclassified as self-use assets	(321)	(6,725)	(11,766)	(18,812)
Balance as at December 31, 2024	$ 231,856	$ 800,730	$ 192,673	$ 1,225,259
Accumulated depreciation				
Balance as at January 1, 2024	$ 182,620	$ 792,021	$ 158,542	$ 1,133,183
Reclassified as self-use assets	(304)	(6,725)	(1,845)	(8,874)
Depreciation expense	5,343	10,047	6,869	22,259
Balance as at December 31, 2024	$ 187,659	$ 795,343	$ 163,566	$ 1,146,568
Net amount as at December 31, 2024	$ 44,197	$ 5,387	$ 29,107	$ 78,691

2023

	Buildings and structures	Machinery and equipment	Other facilities	Total
Cost				
Balance as at January 1, 2023	$ 223,217	$ 804,337	$ 178,896	$ 1,206,450
Addition	6,748	3,118	25,131	34,997
Disposal	-	-	(4,848)	(4,848)
Balance as at December 31, 2023	$ 229,965	$ 807,455	$ 199,179	$ 1,236,599
Accumulated depreciation				
Balance as at January 1, 2023	$ 177,541	$ 778,747	$ 156,984	$ 1,113,272
Disposal	-	-	(4,848)	(4,848)
Depreciation expense	5,079	13,274	6,406	24,759
Balance as at December 31, 2023	$ 182,620	$ 792,021	$ 158,542	$ 1,133,183
Net amount as at December 31, 2023	$ 47,345	$ 15,434	$ 40,637	$ 103,416

The Company leased buildings, machinery and equipment, and other equipment to related parties under operating leases (Note 27) with a lease term to December 2025. The tenant does not have preemptive rights over the asset when the lease term expires. The sum of lease payments for operating leases in the coming year is NT$13,222 thousand.

Depreciation expenses is calculated on a straight-line basis over the useful years below:

Buildings and structures	
Plant	7-35 years
Machinery and equipment	6-21 years
Other facilities	1-28 years

Please refer to Note 28 for property, plant and equipment pledged by the Company as collateral for loans.

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	$ 137,785	$ 157,818
Increase (Decrease) in advance payments for equipment	4,111	(10,873)

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	2024	2023
Increase in payables on equipment	($ 16,528)	($ 5,228)
Capitalization of interest	(1,515)	(1,655)
Payments in cash for the acquisition of property, plant and equipment	$ 123,853	$ 140,062

XIV. Lease agreement

(I) Right-of-use assets

2024

	Buildings and structures	Transportation equipment	Total
Cost			
Balance as at January 1, 2024	$ 6,497	$ 11,877	$ 18,374
Addition	4,316	7,123	11,439
Disposal	-	(4,400)	(4,400)
Balance as at December 31, 2024	$ 10,813	$ 14,600	$ 25,413
Accumulated depreciation			
Balance as at January 1, 2024	$ 5,234	$ 4,898	$ 10,132
Disposal	-	(4,400)	(4,400)
Depreciation expense	1,224	4,221	5,445
Balance as at December 31, 2024	$ 6,458	$ 4,719	$ 11,177
Net amount as at December 31, 2024	$ 4,355	$ 9,881	$ 14,236

2023

	Buildings and structures	Transportation equipment	Total
Cost			
Balance as at January 1, 2023	$ 6,497	$ 8,124	$ 14,621
Addition	-	6,218	6,218
Disposal	-	(2,465)	(2,465)
Balance as at December 31, 2023	$ 6,497	$ 11,877	$ 18,374
Accumulated depreciation			
Balance as at January 1, 2023	$ 4,151	$ 3,820	$ 7,971
Disposal	-	(2,465)	(2,465)
Depreciation expense	1,083	3,543	4,626
Balance as at December 31, 2023	$ 5,234	$ 4,898	$ 10,132
Net amount as at December 31, 2023	$ 1,263	$ 6,979	$ 8,242

Except for the depreciation added and recognized above, there was no significant sub-lease and impairment of the Company's right-of-use assets in 2024 and 2023.

(II) Lease liabilities

	December 31, 2024	December 31, 2023
Book value of lease liabilities		
Current	$ 5,898	$ 4,588
Noncurrent	$ 8,477	$ 3,645

The discount rate of lease liabilities is 1.2%-2.09%.

(III) Other lease information

	2024	2023
Short term lease expenses	$ 1,587	$ 1,364
Lease expenses of low value assets	$ 506	$ 547
Total cash outflow from leases	$ 7,536	$ 6,657

The Company chooses not to recognize right-of-use assets and lease liabilities from short-term leases and low value asset leases that the Company is exempted from recognizing.

XV. Investment properties

2024

	Completed investment properties
Cost	
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

		Completed investment properties
Cost		
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 Company's investment properties consist 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 28 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 Company implements a general risk management policy to reduce the residual asset risk of buildings when the lease term expires.

The fair value of the Company'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 Company's management after referring to transactions in the nearby housing market.

XVI. Borrowings

(I) Short-term borrowing

	December 31, 2024	December 31, 2023
Secured loans (Note 28)		
Bank borrowings	$ 630,000	$ 780,000
Unsecured loans		
Line of credit borrowings	880,000	680,000
	$ 1,510,000	$ 1,460,000
Annual interest rate (%)	1.66~2.19	1.47~1.82

(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	$ 845,000	$ 1,090,000
Unsecured loans		
Bank borrowings - Reaches maturity before August 2029	1,425,000	1,250,000
	2,270,000	2,340,000
Less: Current portion	512,500	727,500
	$ 1,757,500	$ 1,612,500
Annual interest rate (%)	1.908~2.498	1.78~2.325

XVII. Accounts payable

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

XVIII. Other payables (including related parties)

	December 31, 2024	December 31, 2023
Wages and salaries payable	$ 233,758	$ 195,947
Processing expenses payable	102,312	90,177
Employee bonuses and director remuneration payable	94,881	57,493
Commissions payable	77,048	52,685
Payables on equipment	36,849	20,321
Other	132,776	82,581
	$ 677,624	$ 499,204

XIX. Post-employment benefits plan

(I) Defined contribution plan

The Company uses the defined contribution plan managed by the government according to the Labor Pension Act, and contributes 6% of employees' monthly salaries to their individual pension account at the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system implemented by the Company 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 the pension fund, which is then deposited into 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.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit liabilities	$ 94,823	$ 95,778
Fair value of assets of the plans	(47,694)	(27,826)
Net defined benefit liability	$ 47,129	$ 67,952

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	$ 95,778	($ 27,826)	$ 67,952
Service cost			
Service cost of the term	1,083	-	1,083
Interest expense (income)	1,197	(362)	835
Listed in income	2,280	(362)	1,918
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	1,195	-	1,195
Actuarial losses – experience adjustments	2,684	-	2,684
Recognized in other comprehensive income	3,879	(2,675)	1,204
Employer contributions	-	(23,945)	(23,945)
Benefits payment	(7,114)	7,114	-
Balance as at December 31, 2024	$ 94,823	($ 47,694)	$ 47,129
Balance as at January 1, 2023	$ 95,984	($ 21,596)	$ 74,388
Service cost			
Service cost of the term	1,138	-	1,138
Interest expense (income)	1,440	(340)	1,100
Listed in income	2,578	(340)	2,238
Number of remeasurement			
Return on assets of the plans (except for amounts included in net interest)	-	(203)	(203)
Actuarial loss – Changes in financial assumption	2,886	-	2,886
Actuarial gains – experience adjustments	(2,631)	-	(2,631)
Recognized in other comprehensive income	255	(203)	52
Employer contributions	-	(8,726)	(8,726)
Benefits payment	(3,039)	3,039	-
Balance as at December 31, 2023	$ 95,778	($ 27,826)	$ 67,952

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

	2024	2023
Operating costs	$ 842	$ 1,072
Selling expenses	179	201
Administrative expenses	556	606
Research and development expenses	341	359
	$ 1,918	$ 2,238

The Company 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 Company 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	1.25
Estimated salary growth ratio (%)	3.00	2.50

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%	($ 2,665)	($ 2,886)
Decreased 0.25%	$ 2,770	$ 3,006
Estimated salary growth ratio		
Increased 0.25%	$ 2,682	$ 2,914
Decreased 0.25%	($ 2,594)	($ 2,813)

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 years	12.4 years

XX. 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 22(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 are yet to be resolved at the general meeting of shareholders, which is expected to be held in June 2025.

(IV) Special reserve

When the Company adopted the IFRSs for the first time, it allocated NT$505,112 thousand from unrealized upward revaluation and cumulative translation adjustments of retained earnings to special reserve due to the transition to IFRSs. The reason for allocation was eliminated due to the subsequent sale of property, plant and equipment and reversed NT$322 thousand of special reserve 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	42	32,019
Share of subsidiaries accounted for using equity method	4,150	12,493
Accumulated gains and losses from disposal of equity instruments reclassified as retained earnings	(17,981)	-
Closing balance	$ 60,071	$ 73,860

XXI. Revenues

	2024	2023
Revenue from contracts with customers		
Revenue from merchandise sales	$ 8,238,037	$ 7,586,555

(I) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Net notes and accounts receivable (Note 10)	$ 1,131,645	$ 908,866	$ 1,033,256
Contract liabilities			
Merchandise sales	$ 13,507	$ 12,237	$ 2,558

Changes to 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	$ 11,772	$ 2,521

(II) Detailed revenues from contracts with customers

	2024	2023
Revenue from main products and services		
Eco-friendly synthetic leather	$ 3,057,798	$ 2,258,972
PU synthetic leather	2,648,167	3,017,176
Leather work in progress	1,062,666	1,020,232
Thin film	918,327	697,284
Other	551,079	592,891
	$ 8,238,037	$ 7,586,555

XXII. Pre-tax profit

Net income from continuing operations includes the following item:

(I) Interest income

	2024	2023
Cash in banks	$ 71,802	$ 56,090
Other (Note 27)	3,486	2,682
	$ 75,288	$ 58,772

(II) Other income

	2024	2023
Rental income (Note 27)	$ 32,003	$ 34,361
Sale of monitored assets	14,128	-
Government grants revenue	10,415	317
Dividend income	3,786	1,639
Other	7,061	11,339
	$ 67,393	$ 47,656

(III) Other profits and losses

	2024	2023
Net foreign exchange gains	$ 194,008	$ 1,412
Net gains (losses) on disposal of property, plant and equipment	(4,646)	616
Net gains from financial instruments at fair value through profit or loss	9,602	6,265
Impairment loss on property, plant and equipment (Note 13)	(159,282)	(67,754)
Other	(401)	(3,317)
	$ 39,281	($ 62,778)

(IV) Financial costs

	2024	2023
Interest on bank borrowings	$ 74,181	$ 73,809
Interest on lease liabilities	146	94
Less: Costs of qualifying assets listed	(1,515)	(1,655)
	$ 72,812	$ 72,248

Information on capitalization of interest is as follows:

	2024	2023
Amount of interest capitalized	$ 1,515	$ 1,655
Interest capitalization rate (%)	1.87~1.99	1.65~1.93

(V) Depreciation and amortization

	2024	2023
Property, plant and equipment	$ 254,542	$ 314,111
Right-of-use assets	5,445	4,626
Investment properties	867	867
Computer software	6,693	9,150
	$ 267,547	$ 328,754
Summary of depreciation expenses by function		
Operating costs	$ 227,208	$ 289,128
Operating expenses	33,646	30,476
	$ 260,854	$ 319,604
Summary of amortization expenses by function		
Operating costs	$ 331	$ 331
Operating expenses	6,362	8,819
	$ 6,693	$ 9,150

(VI) Employee benefit expenses

	2024	2023
Short-term employee benefits	$ 776,270	$ 744,196
Post-employment benefit		
Defined contribution plan	22,686	21,358
Defined benefit plan (Note 19)	1,918	2,238
	$ 800,874	$ 767,792
Summary by function		
Operating costs	$ 327,734	$ 338,771
Operating expenses	473,140	429,021
	$ 800,874	$ 767,792

(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.

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 standalone 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 standalone financial statements in 2023 and 2022.

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	$ 365,017	$ 311,812
Total foreign exchange losses	(171,009)	(310,400)
Net gain	$ 194,008	$ 1,412

XXIII. Income tax from continuing operations

(I) Main income tax expenses recognized in profit or loss

	2024	2023
Current income tax		
Generated in the current period	$ 207,438	$ 62,925
Additional surtax on undistributed earnings	4,369	12,792
Adjustments in the previous year	(4,877)	13,420
	206,930	89,137
Deferred income tax		
Generated in the current period	73,541	51,297
Income tax expense recognized in profit or loss	$ 280,471	$ 140,434

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

	2024	2023
Pre-tax profit from continuing operations	$ 1,759,873	$ 900,708
Income tax expense on pre-tax profit calculated at the statutory tax rate (20%)	$ 351,975	$ 180,142
Tax effect of adjustments		
Non-deductible tax expenses	30	52
Non-taxable income	(757)	(349)
Unrecognized taxable temporary difference	(68,727)	(73,470)
Earnings from investments in domestic subsidiaries not recognized as income	(2,187)	10,792
Other	645	(2,945)
Additional surtax on undistributed earnings	4,369	12,792
Adjustments in the previous year	(4,877)	13,420
Income tax expense recognized in profit or loss	$ 280,471	$ 140,434

(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 liabilities

	December 31, 2024	December 31, 2023
Current income tax liabilities		
Income tax payable	$ 173,775	$ 70,982

(IV) Deferred income tax assets and liabilities

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

2024

	Opening balance	Listed in income	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Temporary difference				
Defined benefit plan	$ 13,591	($ 4,405)	$ 241	$ 9,427
Inventory loss	9,268	(77)	-	9,191
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	15,376	3,784	-	19,160
Unrealized foreign exchange losses	11,555	(11,555)	-	-
Other	13,966	(1,370)	-	12,596
	$ 92,853	($ 2,187)	$ 241	$ 90,907
Deferred income tax liabilities				
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	-	8,578	-	8,578
	$ 1,087,074	$ 71,354	$ -	$ 1,158,428

2023

	Opening balance	Listed in income	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Temporary difference				
Defined benefit plan	$ 14,878	($ 1,297)	$ 10	$ 13,591
Inventory loss	17,873	(8,605)	-	9,268
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	28,139	(12,763)	-	15,376
Unrealized foreign exchange losses	-	11,555	-	11,555
Other	3,890	10,076	-	13,966
	$ 81,172	$ 11,671	$ 10	$ 92,853
Deferred income tax liabilities				
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	(32)	-	-
	$ 1,024,106	$ 62,968	$ -	$ 1,087,074

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

	December 31, 2024	December 31, 2023
Deductible temporary differences		
International investment impairment losses	$ 31,369	$ 31,369

(VI) 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.

(VII) Approval of income tax

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

XXIV. EPS

EPS and weighted average ordinary shares are calculated below:

(I) Net profit for the year

	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 Company 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.

XXV. Capital risk management

The Company engages in capital management to ensure that it can maximize return for shareholders by optimizing the balance of liabilities and equity, under the premise that it is able to continue as a going concern.

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

The Company's management periodically examines the group's capital structure, and takes into consideration the cost of various capital and related risks. The Company 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 Company is not required to comply with other external capital related regulations.

XXVI. Financial instruments

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

Management of the Company 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	$ 84,319	$ -	$ -	$ 84,319
Unlisted stock in Taiwan	-	-	3,282	3,282
	$ 84,319	$ -	$ 3,282	$ 87,601
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	$ 84,461	$ -	$ -	$ 84,461
Unlisted stock in Taiwan	-	-	4,773	4,773
	$ 84,461	$ -	$ 4,773	$ 89,234

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

2. Financial assets 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 Company 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)	$ 3,884,719	$ 3,180,331
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	87,601	89,234
Financial liabilities		
Measured at amortized cost (Note 2)	4,970,342	4,721,685

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, and refundable deposits.

Note 2: The balance includes short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other accounts payable (including related parties), 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 Company's main financial instruments include cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables, accounts payable, short-term notes and bills payable, other payables, long-term and short-term borrowings, and lease liabilities. The Company'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 Company'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 Company 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 engages in sales and purchase of goods denominated in foreign currencies, which expose the Company to the risk of exchange rate changes. The Company manages its exposure to foreign exchange risk using FX options and swaps within the scope permitted by policy.

Please see Note 31 for the book value of the Company's monetary assets and liabilities not denominated in the functional currency on the balance sheet date.

Sensitivity analysis

The sensitivity analysis mainly calculates foreign currency-denominated monetary items during the financial reporting period. The Company is mainly affected by exchange rate fluctuations of USD.

The sensitivity ratio used in reports on foreign exchange risk for management of the Company 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 the year is adjusted using 1% change in exchange rates.

When NTD (functional currency) depreciates (appreciates)1% against USD, the Company's 2024 and 2023 pre-tax profit will increase (decrease) by NT$30,673 thousand and NT$25,795 thousand.

(2) Interest rate risk

The Company is exposed to interest rate risk when it finances using both fixed and floating interest rates at the same time. The Company manages its interest rate risk by maintaining an appropriate portfolio of fixed and floating interest rates.

The book value of the Company'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	$1,140,970	$ 990,888
Financial liabilities	2,570,000	2,540,000

The Company 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 Company 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 Company's pre-tax profit will decrease/increase NT$14,290 thousand and NT$15,491 thousand in 2024 and 2023, respectively, and is mainly due to the Company's floating interest rate bank deposits and loans.

(3) Other price risks

The Company 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 Company 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$876 thousand and NT$892 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 Company arising from default by counterparties. As of the balance sheet date, the Company's greatest credit risk exposure to financial losses caused by transaction counterparties failing to fulfill their obligations is mainly from:

(1) Book value of financial assets recognized on the standalone balance sheet.

(2) Amount of contingent liabilities from guarantees provided by the Company.

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

	December 31, 2024	December 31, 2023
Group A	$ 80,845	$ 87,850

The abovementioned groups accounted for 7% and 10% of accounts receivable for the years ended December 31, 2024 and 2023, respectively.

3. Liquidity risk

The Company manages and maintains an adequate position of cash to support the group's operations and mitigate the effect of cash flow fluctuations. Management of the Company supervises the usage of bank credit limit and ensures compliance with terms of loan agreements. Bank borrowings are an important source of the Company's liquidity. Unused long-term and short-term credit limits of the Company was NT$3,210,000 thousand and NT$2,485,000 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 Company. Hence, bank borrowings that the Company 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	$1,186,324	$ -	$ 4,018	$1,190,342
Lease liabilities	3,135	2,903	8,690	14,728
Floating-rate tools	563,279	295,721	1,793,979	2,652,979
Fixed-rate tools	1,212,750	-	-	1,212,750
Guarantee liabilities	45,000	-	-	45,000
	$3,010,488	$ 298,624	$1,806,687	$5,115,799
December 31, 2023				
Non-derivative financial liabilities				
No interest-bearing debt	$ 867,700	$ -	$ 4,018	$ 871,718
Lease liabilities	2,664	2,031	3,702	8,397
Floating-rate tools	593,480	376,270	1,651,906	2,621,656
Fixed-rate tools	1,312,355	-	-	1,312,355
Guarantee liabilities	30,000	-	-	30,000
	$2,806,199	$ 378,301	$1,659,626	$4,844,126

XXVII. Related Party Transactions

Transactions between the Company and related parties are as follows:

(I) Name and relationship of related parties

Name of related party	Relationship with the Company
Pou Chen Corporation	Parent company of investor with significant influence
Yue Yuen Industrial (Holdings) Ltd.	Investor with significant influence
Dongguan Baoliang Material Technology Co., Ltd.	Subsidiary
Grand International Investment Co., Ltd. (GII)	Subsidiary
San Fang Vietnam Corporation Limited(SFV)	Subsidiary
PT. San Fang Indonesia(PTS)	Subsidiary
Forich Advanced Materials Co., Ltd.	Subsidiary
Bestac Advanced Material Co., Ltd.	Subsidiary

(II) Business transaction

1. Operating revenue

General ledger account	Type/Name of related party	2024	2023
Sales revenue	Subsidiary		
	PTS	$ 1,569,853	$ 1,404,057
	Dongguan Baoliang	565,360	495,552
	Other	2,255	3,874
	Investor with significant influence		
	Yue Yuen Industrial (Holdings) Ltd.	765,010	765,465
	Parent company of investor with significant influence		
	Pou Chen Corporation	51,493	59,450
		$ 2,953,971	$ 2,728,398

The Company sells goods to the related parties mentioned above. Except for the fact that prices cannot be compared because subsidiaries do not sell the same types of goods to non-related parties, there are no significant differences when compared with non-related parties. The terms of payment for related parties is open account 30~120 days, and for regular customers it is open account 30~90 days.

2. Purchase of goods

Type/Name of related party	2024	2023
Subsidiary		
Dongguan Baoliang	$ 171,702	$ 286,591
Forich Advanced Materials Co., Ltd.	55,454	90,042
PTS	5,247	20,973
	$ 232,403	$ 397,606

The Company purchases goods from subsidiaries, but does not purchase the same types of goods from non-related parties, so prices cannot be compared. There are no significant differences in terms of payment compared with regular vendors.

3. Contracted processing

The Company commissions subsidiary SFV to process artificial leather, and processing expenses were NT$1,093,968 thousand and NT$1,034,432 thousand in 2024 and 2023, respectively, and are listed under operating costs. Prices cannot be compared because the Company does not engage in similar transactions with non-related parties, and the terms of payment is open account 30 days.

4. Purchase of raw materials

The amounts of raw materials purchased by the Company on for subsidiaries in 2024 and 2023 are as follows:

Type/Name of related party	2024	2023
Subsidiary		
PTS	$ 138,852	$ 126,074
Bestac Advanced Material Co., Ltd.	91,936	29,158
Dongguan Baoliang	66,402	56,789
Forich Advanced Materials Co., Ltd.	7,981	13,717
	$ 305,171	$ 225,738

The Company's profit from purchasing raw materials for subsidiaries was NT$21,621 thousand and NT$14,769 thousand in 2024 and 2023, and the profits are listed as a contra item for cost of goods sold.

The credit period for the transactions above is 30~120 days, and is open account 60~120 days for sale of goods to regular customers.

5. Technology research expenses

The Company signed a technology transfer agreement with the subsidiary Forich Advanced Materials Co., Ltd. for the subsidiary to provide technical consulting services for resin production and paid a fee of NT$4,200 thousand and NT$7,200 thousand in 2024 and 2023, which was recognized as operating expenses.

6. Receivables from related parties (excluding loans to related parties)

General ledger account	Type/Name of related party	December 31, 2024	December 31, 2023
Accounts receivable - Related party	Subsidiary		
	PTS	$ 246,378	$ 113,296
	Dongguan Baoliang	107,949	50,327
	Other	1,132	52
	Investor with significant influence		
	Yue Yuen Industrial (Holdings) Ltd.	80,845	87,850
	Parent company of investor with significant influence		
	Pou Chen Corporation	3,825	21,006
		$ 440,129	$ 272,531
Other receivables - Related party	Subsidiary		
	Bestac Advanced Material Co., Ltd.	$ 67,943	$ 52,645
	PTS	18,969	6,085
	Other	11,333	6,757
		$ 98,245	$ 65,487

Other receivables are mainly purchases of raw materials and payments on behalf of subsidiaries.

No collateral was collected for outstanding receivables from related parties.

7. Accounts payable to related parties

General ledger account	Type/Name of related party	December 31, 2024	December 31, 2023
Accounts payable-Related party	Subsidiary		
	Dongguan Baoliang	$ 21,581	$ 17,353
	PTS	174	3,131
	Forich Advanced Materials Co., Ltd.	-	8,499
	Other	604	720
		$ 22,359	$ 29,703
Other payables - Related party	Subsidiary		
	SFV	$ 101,538	$ 90,177
	Other	-	185
		$ 101,538	$ 90,362

No collateral was provided for outstanding payables to related parties.

(III) Loans from related parties (including principal and interest)

General ledger account	Type/Name of related party	December 31, 2024	December 31, 2023
Other receivables	Subsidiary - Bestac Advanced Material Co., Ltd.	$ 100,245	$ 100,237
Interest income	Subsidiary - Bestac Advanced Material Co., Ltd.	$ 1,739	$ 912

The Company's loans are all unsecured loans. The loan period in 2024 and 2023 is from November 2024 to November 2025 and November 2023 to November 2024 respectively and the interest is 1.9% and 1.80% respectively. No expected credit losses were found in the evaluations of such loans.

(IV) Lease agreements

The Company leased buildings, machinery and equipment, and other equipment to subsidiary Bestac Advanced Material Co., Ltd. under an operating lease (Note 13) with a lease term to December 2025. Rental income of NT$22,259 thousand and NT$24,759 thousand were recognized in 2024 and 2023.

(V) Providing endorsements/guarantees to others

Type/Name of related party	December 31, 2024	December 31, 2023
Subsidiary		
Guarantee amount	$ 150,000	$ 153,071
Actual amount drawn down	$ 45,000	$ 30,000

(VI) Compensation for management

	2024	2023
Short-term employee benefits	$ 72,993	$ 50,605
Post-employment benefit	548	630
	$ 73,541	$ 51,235

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

XXVIII. Pledged Assets

The Company 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	1,353,749	1,357,017
Investment properties - net	108,322	109,189
	$ 1,470,071	$ 1,476,250

XXIX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in Note 27(5), the Company also has the following major commitments on the balance sheet date:

Property, plant and equipment purchase contracts not listed by the Company are as follows:

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	$ 60,574	$ 40,606

XXX. 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 Company will become subject to carbon fee collection. Therefore, relevant liability reserves will be recognized based on actual emissions in 2025, and the carbon fee will be paid in May 2026.

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

Information on non-functional currency-denominated financial assets and liabilities that have a significant impact on the Company is provided below:

Unit: Foreign currencies (in thousands): Exchange rate: NTD

	Foreign currencies	Exchange rate	Book value
December 31, 2024			
Monetary financial assets			
USD	$ 102,386	32.785	$ 3,356,730
Monetary financial liabilities			
USD	8,829	32.785	289,451
December 31, 2023			
Monetary financial assets			
USD	90,856	30.705	2,789,722
Monetary financial liabilities			
USD	6,847	30.705	210,232

The Company's foreign exchange net loss (including realized and unrealized) was a net gain of NT$194,008 thousand in 2024 and a net gain of NT$1,412 thousand in 2023. Due to the large number of foreign currencies used for transactions, foreign exchange gain/loss cannot be individually disclosed for foreign currencies with a material impact.

XXXII. 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: Table 4.
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. Information on the investee: See Table 7 and 8 for details.

(II) Information on Investments in China

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

	Purchase of goods		Accounts payable	
	Amount	As a percentage of the account (%)	Amount	As a percentage of the account (%)
Dongguan Baoliang	$ 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: See Table 9 for details.

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 and Note 2
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 and Note 2

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.

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				Remarks
				Number of shares or units	Book value	Shareholding ratio (%)	Market price (net value of equity)	
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	

(Continued on the next page)

(Continued from the previous page)

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

From January 1 to December 31, 2024

Table 4

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

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

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/Seller	Counterparty	Relationship	Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of total notes/accounts receivable (payable)	Remarks
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	-
	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	-
	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
	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	-
	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
	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	-
	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)	(35)	Note
	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: 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		Receivables from related parties Amount collected subsequent to the balance sheet date	Provision for doubtful debts
					Amount	Action taken		
San Fang Chemical Industry Co., Ltd.	PTS	Subsidiary	$ 265,347 (Note 1)	13.32	$ -	-	$ 159,889	$ -
	Dongguan Baoliang	Subsidiary	113,672 (Note 2)	11.32	-	-	49,516	-
	Bestac Advanced Material Co., Ltd.	Subsidiary	169,320 (Note 3)	-	-	-	15,578	-
GII	PTS	Subsidiary	328,164 (Note 4)	-	-	-	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.

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		Held at the end of period			Current profit (loss) of investee	Investment income (loss) recognized by the Company for the current period	Remarks
				End of the current year	End of last year	Number of shares	Ratio (%)	Book value			
San Fang Chemical Industry Co., Ltd.	San Fang Development	British Virgin Islands	Investment	$ 687,435	$ 687,435	20,000,000	100.00	$ 2,218,105	$ 343,599	$ 343,465	Note 1
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
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	-
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)	-
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	-
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
San Fang Development	BBH	Hong Kong	Investment	557,345	521,985	17,000,000	100.00	851,228	177,954	177,954	Note 3
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
San Fang International	GTL	British Virgin Islands	Investment	209,237	195,962	1	100.00	153,485	21,165	21,165	Note 5
GCL	GII	GCL	Investment	662,257	620,241	20,200,000	100.00	4,029,474	113,516	113,516	Note 6
GCL	JOB	GCL	Investment	1,196,571	1,120,656	36,497,500	100.00	2,348,075	351,694	351,694	Note 7
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
GII	SFV	Vietnam	Material processing	1,180,260	1,105,380	-	100.00	1,322,695	13,147	13,147	Note 9
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

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.

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	Investee company Current profit and loss	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	-	-	-	-	-	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.

Information on Major Shareholders

December 31, 2024

Table 9

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 standalone 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.

§List of Significant Accounting Items§

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San Fang Chemical Industry Co., Ltd.

Detailed list of cash

December 31, 2024

List 1 Unit: All amounts are in thousand NTD, unless otherwise specified

Item	Amount
Cash on hand and working capital	$ 379
Cash in banks	
Cheque deposits	9,666
Demand deposits	192,897
Foreign currency demand deposits	
USD 28,092,699	921,019
JPY 69,762,149	14,643
RMB 53,501	239
EUR 122,203	4,172
Cash equivalents	
Time deposits (Annual interest of 1.37%; Period: December 16, 2024 to January 17, 2025)	100,000
	$ 1,243,015

Note: USD 1 = NTD 32.785.

JPY 1 = NTD 0.2099.

RMB 1 = NTD 4.462.

EUR 1 = NTD 34.14.

San Fang Chemical Industry Co., Ltd.

Financial assets at fair value through profit or loss - current detailed list

December 31, 2024

List 2

Unit: Thousand NTD

(Unless otherwise specified)

Name	Summary	Unit (shares)	Initial investment amount	Unit price (USD)	Fair value
PineBridge Global ESG Quantitative Bond Fund N9 (Acc) (USD)	Open end funds	103,755.99	$ 30,533	$ 9.64	$ 32,784
Nomura Global Financial Bond (N) Acc USD	Open end funds	101,664.05	28,880	9.51	31,701
PineBridge Multi-Income Fund (N) Acc USD	Open end funds	67,369.59	21,661	11.88	26,241
Allianz Global Investors Income and Growth Fund (N) Monthly Distribution Class USD	Open end funds	68,323.30	21,661	8.69	19,465
			$ 102,735		$ 110,191

San Fang Chemical Industry Co., Ltd.

Detailed list of notes receivable

December 31, 2024

List 3 Unit: Thousand NTD

Name of customer	Summary	Amount
Non-related party		
Peng Dar Industrial Co., Ltd.	Sales proceeds	$ 7,361
Feng Tay Enterprise Co., Ltd.	Sales proceeds	504
Other (Note)	Sales proceeds	127
		$ 7,992

Note: None of the balances exceed 5% of the balance for this item.

San Fang Chemical Industry Co., Ltd.

Detailed list of accounts receivable

December 31, 2024

List 4 Unit: Thousand NTD

Name of customer	Summary	Amount
Related party		
PTS	Sales proceeds	$ 246,378
Dongguan Baoliang	Sales proceeds	107,949
Yue Yuen Industrial (Holdings) Ltd.	Sales proceeds	80,845
Other (Note 1)	Sales proceeds	4,957
Net accounts receivable – related parties		440,129
Non-related party		
FORWARD SPORTS (PVT) LTD.	Sales proceeds	57,736
ENDUTEX BRASIL LTDA	Sales proceeds	50,422
Other (Note 1)	Sales proceeds	575,993
		684,151
Less: Loss provision		627
Net accounts receivable – non-related party		683,524
		$ 1,123,653

Note 1: None of the balances exceed 5% of the balance for this item.

Note 2: The Company does not have any accounts receivable that are overdue for one year or longer.

San Fang Chemical Industry Co., Ltd.

Detailed list of other accounts receivable

December 31, 2024

List 5 Unit: Thousand NTD

Name/Item	Amount
Related party	
Bestac Advanced Material Co., Ltd. (Note 1)	$168,188
PTS (Note 2)	18,969
Dongguan Baoliang (Note 2)	5,723
SFV (Note 2)	5,610
	198,490
Non-related party	
Interest income receivable	16,286
Income from sale of scrap receivable	1,876
Other (Note 3)	3,700
	21,862
	$220,352

Note 1: Loans, collections, payments, and purchases of raw materials for third parties.

Note 2: Purchase of raw materials.

Note 3: None of the balances exceed 5% of the balance for this item.

San Fang Chemical Industry Co., Ltd.

Detailed list of inventories

December 31, 2024

List 6 Unit: Thousand NTD

Item	Amount	
	Book value	Net realizable value (Note)
Raw materials	$ 507,380	$ 508,208
Supplies	9,241	9,247
Work in process	437,402	765,680
Finished goods	139,120	207,326
Inventory in transit	3,901	3,901
	$ 1,097,044	$ 1,494,362

Note: Please refer to Note 4 Summarized Remarks on Significant Accounting Policies for the method for determining net realizable value.

San Fang Chemical Industry Co., Ltd.

Detailed list of changes to non-current financial assets at fair value through other comprehensive income

2024

List 7

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

Name	Opening balance		Increase in the current year (Note 1)		Decrease in the current year (Note 2)		Closing balance		Guarantee or collateral provided
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	
Stock									
Yuanta Financial Holding Co., Ltd.	559,142	$15,432	11,182	$ 3,959	-	$ -	570,324	$19,391	N/A
Yeashin International Development Co., Ltd.	1,952,737	69,029	98,708	-	-	4,101	2,051,445	64,928	N/A
Liyu Venture Capital	558,255	4,773	-	184	167,477	1,675	390,778	3,282	N/A
		$89,234		$ 4,143		$ 5,776		$87,601	

Note 1: Valuation of unrealized profit was adjusted to NT$4,143 thousand.

Note 2: Unrealized losses was adjusted to NT$4,101 thousand and NT$1,675 was returned due to capital reduction.

San Fang Chemical Industry Co., Ltd.

Detailed list of changes to investments recognized under the equity method

2024

List 8

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

	Amount at beginning of year		Increase in the current year (Note 1)		Decrease in the current year (Note 2)		Closing balance			Net value of equity (Note 3)		Guarantee or collateral provided
Name of investee	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding %	Amount	Unit price (NTD)	Total Amount	
San Fang Development	20,000,000	$ 1,802,985	-	$ 417,803	-	$ 2,683	20,000,000	100	$ 2,218,105	$ 112.17	$ 2,243,476	N/A
Grand Capital Limited	19,750,000	5,480,361	-	852,745	-	16,235	19,750,000	100	6,316,871	323.4	6,387,071	N/A
San Fang Financial Holdings Co., Ltd.	604,113	10,266	-	709	-	-	604,113	100	10,975	18.17	10,975	N/A
Forich Advanced Materials Co., Ltd.	7,698,545	113,363	-	4,150	-	10,229	7,698,545	100	107,284	13.94	107,284	N/A
Bestac Advanced Material Co., Ltd.	20,000,000	38,257	-	21,165	-	-	20,000,000	100	59,422	2.97	59,422	N/A
		$ 7,445,232		$ 1,296,572		$ 29,147			$ 8,712,657		$ 8,808,228	

Note 1: The increase this year includes investment gains in the amount of NT$831,534 thousand, unrealized gains on financial assets at fair value through other comprehensive income in the amount of NT$4,150 thousand, foreign translation adjustment in the amount of NT$458,933 thousand, and actuarial gains on defined benefit plans in the amount of NT$1,955 thousand.

Note 2: The decrease this year includes investment losses in the amount of NT$10,229 thousand and unrealized gains from subsidiaries in the amount of NT$18,918 thousand.

Note 3: The net value of equity is calculated based on the investee's financial statements audited by an independent auditor and the Company's shareholding ratio.

San Fang Chemical Industry Co., Ltd.

Detailed list of financial assets at amortized cost

December 31, 2024

List 9 — Unit: Thousand NTD (Unless otherwise specified)

Name	Annual interest rate (%)	Period	Amount	Remarks
Current				
Time deposits				
E.SUN Bank	4.47~5.16	2024.07.19~2025.08.22	$ 262,280	
Mizuho Bank, Ltd. (Japan)	5.05	2024.07.22~2025.01.22	32,785	
First Commercial Bank	4.50~5.15	2024.07.19~2025.08.26	196,710	
Bank SinoPac	5.0	2024.08.26~2025.02.26	65,570	
Far Eastern International Bank	5.1	2024.07.29~2025.01.26	65,570	
Pledged time deposits				
Mega International Commercial Bank	1.225	2024.12.07~2025.01.07	1,000	Note 1
First Commercial Bank	0.745	2024.12.22~2025.03.22	7,000	Note 1
			$ 630,915	
Noncurrent				
Restricted time deposits				
Mega International Commercial Bank	4.0~4.3	2024.08.23~2025.04.07	$ 88,520	Note 2
Bank SinoPac	5.17	2024.08.05~2025.02.05	98,355	Note 2
CTBC Bank	4.19~4.43	2024.11.08~2025.06.26	262,280	Note 2
Mizuho Bank, Ltd. (Japan)	4.2~4.41	2024.09.23~2025.08.08	196,710	Note 2
			$ 645,865	

Note 1: NTD credit limit of NTD time deposits pledged.

Note 2: Dedicated account for the remittance of offshore funds back to Taiwan.

San Fang Chemical Industry Co., Ltd.

Detailed list of short-term borrowings

December 31, 2024

List 10 Unit: All amounts are in thousand NTD, unless otherwise specified

Type of borrowings and creditors	Loan period	Annual interest rate (%)	Balance	Credit limit	Collateral or guarantee
Secured loans					
Mega International Commercial Bank	2025.01~2025.03	1.93	$ 200,000	$310,000	Land and buildings
CTBC Bank	2025.01~2025.03	1.78	200,000	350,000	Land and buildings
Bank of Taiwan	2025.01~2025.03	1.88~1.90	230,000	500,000	Land and buildings
			630,000		
Unsecured loans					
Bank SinoPac	2025.02	1.88	150,000	260,000	N/A
Mizuho Bank, Ltd.	2025.03~2025.04	1.97	80,000	540,000	N/A
Export-Import Bank of the Republic of China	2025.03~2025.06	1.66~2.19	300,000	200,000	N/A
First Commercial Bank	2025.02~2025.03	1.8	200,000	300,000	N/A
E.SUN Bank	2025.01~2025.02	1.87	150,000	200,000	N/A
			880,000		
			$ 1,510,000		

San Fang Chemical Industry Co., Ltd.

Detailed list of accounts payable

December 31, 2024

List 11 | Unit: Thousand NTD

Name of Supplier	Amount
Related party	
Dongguan Baoliang	$ 21,581
PTS	174
Other (Note)	604
	22,359
Non-related party	
Eefa Steel & Pipe Supply Co., Ltd.	51,706
Liang Hongsheng	35,617
BASF	31,211
Tah Kong Chemical Industrial Corporation	26,253
WANHUA CHEMICAL	25,410
Other (Note)	316,144
	486,341
	$508,700

Note: None of the balances exceed 5% of the balance for this account.

San Fang Chemical Industry Co., Ltd.

Detailed list of long-term borrowings

December 31, 2024

List 12

Unit: Thousand NTD

Creditor bank	Deadline and repayment rules	Annual interest rate (%)	Amount: Expiring within one year	Amount: Expiring beyond one year	Amount: Total	Collateral or guarantee
Secured loans						
CTBC Bank	Repaid upon maturity in April 2026	1.97	$ -	$ 350,000	$ 350,000	Land and buildings
Taiwan Cooperative Bank	Repayment every six months from March 2027 to September 2029	1.908	-	50,000	50,000	Land and buildings
Bank of Taiwan	Repayment every six months from November 2024 to May 2027	2.009	100,000	150,000	250,000	Land and buildings
Mega International Commercial Bank	Repayment every six months from June 2026 to December 2029	2.01	-	70,000	70,000	Land and buildings
Hua Nan Commercial Bank	Repayment every six months from March 2022 to November 2025	2.02	125,000	-	125,000	Land and buildings
			225,000	620,000	845,000	
Unsecured loans						
Far Eastern International Bank	Repaid upon maturity in June 2026	2.498	-	300,000	300,000	N/A
Chang Hwa Commercial Bank	Repayment every six months from March 2025 to September 2028	2.075	75,000	225,000	300,000	N/A
First Commercial Bank	Repayment every six months from February 2026 to August 2029	2.075	-	100,000	100,000	N/A
Bank SinoPac	Repayment every six months from November 2025 to May 2027	2.31	37,500	112,500	150,000	N/A
Bank SinoPac	Repayment every six months from February 2024 to August 2025	2.309	75,000	-	75,000	N/A
E.SUN Bank	Repaid upon maturity in January 2027	2.00	-	300,000	300,000	N/A
Taiwan Cooperative Bank	Repayment every six months from January 2024 to July 2026	1.978	100,000	100,000	200,000	N/A
			287,500	1,137,500	1,425,000	
			$ 512,500	$ 1,757,500	$ 2,270,000	

San Fang Chemical Industry Co., Ltd.

Detailed list of operating revenue

2024

List 13 | Unit: Thousand NTD

Item	Quantity	Amount
Total sales revenue		
Eco-friendly synthetic leather	12,313 thousand yards	$3,106,727
PU synthetic leather	9,795 thousand yards	2,725,148
Leather work in progress	8,965 thousand yards	1,062,666
Thin film	10,221 thousand yards	918,727
Other (Note)		552,680
		8,365,948
Less: Sales return	198 thousand yards	58,568
Sales discounts		69,343
Net sales revenue		$8,238,037

Note: None of the balances exceed 10% of the balance for this item.

San Fang Chemical Industry Co., Ltd.

Detailed list of operating costs

2024

List 14 Unit: Thousand NTD

Item	Amount
Direct raw materials	
Raw materials at the beginning of the year	$ 497,964
Plus: Purchased in the current year	4,521,567
Other	1,791
Less: Transferred to expenses	74,853
Raw materials at the end of the year	507,380
	4,439,089
Direct labor	181,467
Manufacturing overhead	1,047,623
Manufacturing costs	5,668,179
Plus: Work in process at the beginning of the year	402,390
Purchased in the current year	530,395
Other	17,590
Less: Transferred to expenses	29,944
Work in process at the end of the year	437,402
Costs of finished goods	6,151,208
Plus: Finished goods at the beginning of the year	130,761
Purchased in the current year	233,114
Less: Other	51,148
Finished goods at the end of the year	139,120
Cost of production and sales	6,324,815
Loss on physical inventory	2,529
Income from sale of scraps	(4,596)
Raw materials plus profit (Note 27)	(21,621)
Operating costs	$6,301,127

San Fang Chemical Industry Co., Ltd.

Detailed list of operating expenses

2024

List 15 Unit: Thousand NTD

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Payroll expenses (including director's remuneration)	$ 66,524	$ 231,037	$ 119,537	$ 417,098
Advertising	95,273	556	-	95,829
Commission expenses	103,205	-	-	103,205
Laboratory materials	-	-	84,286	84,286
Travel expenses	30,821	16,968	8,921	56,710
Taxes	24,306	(618)	69	23,757
Miscellaneous expenses	9,053	19,125	677	28,855
Information related fees	853	19,504	1,220	21,577
Other	58,702	127,323	73,002	259,027
Subtotal	$ 388,737	$ 413,895	$ 287,712	1,090,344
Expected credit impairment gain				(1,770)
				$ 1,088,574

San Fang Chemical Industry Co., Ltd.

Summary of employee benefits, depreciation and amortization expenses by function

2024 and 2023

List 16 Unit: Thousand NTD

	2024			2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	$ 282,676	$ 389,998	$ 672,674	$ 293,367	$ 355,681	$ 649,048
Labor and health insurance premiums	21,945	26,518	48,463	23,217	23,349	46,566
Pension expenses	10,289	14,315	24,604	10,843	12,753	23,596
Director's remuneration	-	27,100	27,100	-	23,791	23,791
Other employee benefit expenses	12,824	15,209	28,033	11,344	13,447	24,791
	$ 327,734	$ 473,140	$ 800,874	$ 338,771	$ 429,021	$ 767,792
Depreciation expense	$ 227,208	$ 33,646	$ 260,854	$ 289,128	$ 30,476	$ 319,604
Amortization expense	331	6,362	6,693	331	8,819	9,150

Note 1: The Company had an average of 596 and 617 employees in 2024 and 2023, respectively, as well as 7 directors who were not concurrently employees in both periods.

Note 2:

1. Average employee benefit expenses [(Total employee benefit expenses – Total director's remuneration)/(Number of employees - Number of directors who not concurrently employees)] were NT$1,314 thousand and NT$1,220 thousand in 2024 and 2023, respectively.
2. Average employee salary expenses [(Total employee salary expenses/Number of employees – Number of directors who not concurrently employees)] were NT$1,142 thousand and NT$1,064 thousand in 2024 and 2023, respectively.
3. Adjustments and changes to average employee salary expenses [(Average employee salary expenses in the current year – Average employee salary expenses in the previous year)/Average employee salary expenses in the previous year]: 7.33%.
4. The Company does not have any supervisors.

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5. The Company's remuneration policy (including directors, managers, and employees) is as follows:
   (1) Ensure that the Company's overall remuneration policy is in compliance with the law and sufficient to attract outstanding talent needed for the Company's development.
   (2) Set the percentage allocated as directors' remuneration each year after referencing shareholders' equity, the Company's dividends over the years, and industry standards.
   (3) The remuneration policy for the president, vice presidents, and managers in equivalent positions is recommended by the Remuneration Committee after taking into consideration the Company's business strategy, profitability, performance, and the individual's contribution, as well as salary levels in the market and offered by competitors. The remuneration policy is implemented after being approved by the Board of Directors.
   (4) The remuneration policy for employees is designed to encourage employees to achieve better work performance. In addition to salaries, the individual performance of employees is evaluated based on the production, business, and other performance goals set by the Company, and various performance bonuses are distributed to personnel who serve specific functions, such as production, business, and R&D. Depending on the profits each year, year-end bonuses and other bonuses are distributed to reward employees.
   (5) The remuneration of directors, managers, and employees must be strongly correlated with business performance or results.