(For the convenience of readers, the meeting handbook has 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 shall prevail.)

San Fang Chemical
2025Annual Shareholders' Meeting Minutes
(Summary Translation)

Date and Time：June 11, 2025 at 9:00 a.m.

Location： Han-Hsien International Hotel

(No. 33, Sihwei 3rd Road Kaohsiung City, Taiwan)

Method： Physical Shareholders' meeting

Total outstanding shares of the Company：397,818,126shares.

Total shares represented by Shareholders' presented in person or by proxy： 342,763,220 shares.

Percentage of shares held by Shareholders' present in person or by proxy： 86.16%

Chairperson：Mun-Jin Lin , the chairman of the Board of Directors

Recorder： Wei-Ju Chen

Directors present：Mun-Jin Lin (Chairperson), Chin-Chu Lu (Director), Chia-Hui Teng (Director), Li-Syuan Lin (Independent Director and Audit Committee Convener), Chih-Lung Chou (Independent Director and Remuneration Committee Convener) , Yi-Ching, Lin (Independent Director)

Attendees：Teng-Wei Wang (CPA), Yi-Chen Wang (Lawyer)

As the aggregate shareholding of the shareholders present in person or by proxy constituted a quorum, the chairperson called the meeting to order.

A.Chairperson Remarks： (Omitted)

B.Reported Matters

I.To report the business of 2024.

II.Audit Committee's review of 2024 audited Financial Statements.

III.To report on the 2024 Distribution of Employees' Compensation and Directors' Remuneration.

IV.To report 2024 earnings distribution in cash dividends.

C.Ratification Items：

Ratifications Proposal I

Submitted by the board of directors

Proposal：2024 Business Report and Financial Statements for ratification.

Explanations：

The Company's 2024 business report and the 2024 financial statements (including consolidated and parent company only balance sheet, comprehensive income statement, statement of changes in equity, and statement of cash lows) audited and verified by CPA Wang, Teng-Wei and CPA Liu, Yu-Hsiang, please refer to the operating and financial reports (please refer to Attachment 1 of this 2025 Annual Shareholders' Meeting Minutes), all of which have been reviewed and approved by the Company's Audit Committee and a review report has been issued.

Voting Results： Shares represented at the time of voting: 342,763,220 votes

Voting results	% of the total represented share present
Votes in favor：314,781,555 votes	91.83%
Votes against：36,128 votes	0.01%
Votes invalid：0 votes	0%
Votes abstained /no votes：27,945,537 votes	8.15%

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Ratifications Proposal II

Submitted by the board of directors

Proposal： Please ratify the 2024 earnings distribution proposal.

Explanations：

(1) The Company's 2024 earnings distribution has been reviewed and approved by the 4th meeting of the 3nd Audit Committee, for ratification by the shareholders' meeting.

(2) The Company's 2024 earnings distribution table (please refer to Attachment 2 of this 2025 Annual Shareholders' Meeting Minutes).

Voting Results： Shares represented at the time of voting: 342,763,220 votes

Voting results	% of the total represented share present %
Votes in favor：314,816,554 votes	91.84%
Votes against：36,129 votes	0.01%
Votes invalid：0 votes	0%
Votes abstained /no votes：27,910,537 votes	8.14%

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

D. Discussion Items：

Discussion Proposal 1

Submitted by the board of directors

Proposal：Amendment to the Articles of Incorporation of the Company respectfully submitted for deliberation

Explanation：

(1) In accordance with the Presidential Decree Hua-Zong-Yi-Yi-Zi No. 11300069631 issued on August 7, 2024, which amended Paragraph 6, Article 14 of the Securities and Exchange Act, the Company's Articles of Incorporation shall specify that a certain percentage of the annual earnings shall be allocated for salary adjustments or remuneration distribution to grassroots employees. Additionally, in compliance with Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, relevant provisions of the Company's Articles of Incorporation shall be amended accordingly.

(2) This proposal has been reviewed and approved in the 4th meeting of the 3rd term audit committee.

(3) Comparison Table of Amended Articles in the “Articles of Incorporation”. (please refer to Attachment 4 of this 2025 Annual Shareholders’ Meeting Minutes).

Voting Results： Shares represented at the time of voting: 342,763,220 votes

Voting results	% of the total represented share present %
Votes in favor：314,814,276 votes	91.84%
Votes against：32,131 votes	0.01%
Votes invalid：0 votes	0.00%
Votes abstained /no votes：27,916,813 votes	8.14%

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

E. Extemporary Motions: None

There were no inquiries from the shareholders.

F. Adjournment Time: The meeting was adjourned at 9:40 a.m.

Attachment 1

I. Foreword

After inflation and interest rate fluctuations have affected the international financial situation, consumer desire has become more conservative, and the supply chain of the footwear industry has made inventory adjustments, resulting in a lack of operational momentum. With the interest rate cut in the U.S. in 2024, coupled with the positive impact of the Paris Olympics and the gradual recovery of international brands, the industry's supply and demand has returned to a relatively stable state, and the consumer environment in major operating regions has warmed up, resulting in growing order demand and a gradual growth in revenues since March. Benefiting from the growth in demand for some brands, the rebound in demand for artificial leather, the continued rise in the performance of film products, as well as the stabilization of raw material prices and the benefits of foreign exchange, the Company's operating efficiency improved significantly.

In 2024, the Company implemented an agile management mechanism for dynamic adjustments, achieving a net profit margin of 13.7% after tax and earnings per share of NT$3.72, demonstrating a more resilient operational performance.

II. Financial performance

I. Business

The sales revenue of PU synthetic leather reached NT$4.514 billion, reflecting a 43.4% increase compared to 2023. The sales revenue of eco-friendly synthetic leather amounted to NT$5.239 billion, reflecting a 25.5% increase compared to 2023. The combined sales revenue of films totaled NT$441 million, reflecting a 33.1% increase compared to 2023. The combined sales revenue of other materials reached NT$586 million. The total consolidated operating revenue for 2024 was NT$10.78 billion. Despite some brands experiencing slowed growth momentum due to operational adjustments, others have narrowed the competitive gap and continued to grow. The Company has long been dedicated to manufacturing footwear materials for major brands, maintaining relatively stable orders. In terms of synthetic leather applications, footwear materials grew by approximately 5% compared to the same period last year, while sports ball materials increased by about 11%.

II. Profits

The Company's standalone operating revenue of 2024 was NTD 8.238 billion, an increase of 8.6% from 2023; the consolidated operating revenue was NTD 10.78 billion, an increase of 6.9% from 2023; the consolidated net income was NTD 1.56 billion, an increase of 58.1% from 2023; consolidated net income after tax was NTD 1.479 billion, an increase of 94.6% compared to 2023. As a result of the oversupply of plasticized raw materials in China and stable raw material prices, coupled with effective operational management, production efficiency was significantly improved. The operating cost ratio decreased by 5.6% year-on-year despite the increase in consolidated revenue.

III. Outlook and business objectives

With the entry of emerging brands and small enterprises into the sports and leisure market, the leather industry ecosystem has undergone significant changes, reflecting the diversity of consumer demand and intensified market competition. The Company must respond swiftly to market dynamics and effectively adjust its branding and market strategies to maintain its competitive edge.

The Company conducts feasibility analysis and planning for various potential future scenarios, allowing for flexible adjustments in response strategies. The operational plan for 2025 is outlined as follows:

(1) Expanding international brands with growth potential.

With the entry of emerging brands into the market, we strengthen our collaboration with existing key customers while actively expanding international brands with growth potential. From material development and technical support to flexible production, we are committed to enhancing the Company’s position in the synthetic leather sector and increasing order volume. "We integrate digital swatch cards and electronic database channels for remote e-commerce fusion, enhancing supply chain resilience and providing customers with the most valuable solutions, striving to become their preferred strategic partner."

(2) Promoting green and sustainable business opportunities.

The Company uses all-nylon and all-polyester materials to produce waterproof and breathable films with excellent moisture permeability values, which can enhance the moisture permeability of fabrics after lamination, keep them dry in humid climates, and expel hot and humid air during exercise. The film is produced using a solvent-free process and offers 100% recyclability. It contributes to achieving low-carbon and plastic reduction environmental goals, making it one of the Company's highly competitive core technologies.

(3) Establishing Strategic Partnerships.

In response to market changes, we engage in strategic partnerships with highly competitive manufacturers, leveraging their resources and strengths, and combining them with our sales channel resources to quickly enter the market and expand business channels.

(4) Accelerating Digital Upgrading.

1. We have introduced a number of intelligent equipment and processes into our thin film material manufacturing process, which, combined with the standardization of Incoming Quality Control (IQC), have significantly improved product stability. At the same time, through data collection, analysis and application, we improve quick response capability and maximize manufacturing efficiency.
2. We actively introduce the e-marketing model. Through familiarizing with the application of digital tools and the use of big data analysis, we can realize digital optimization and provide customers with zero distance and zero time difference services.
3. With the rapid development of AI technology, the Company is gradually promoting digital transformation. First, the Company implements digital systems to improve efficiency and reduce labor and resource costs; then, it increases system utilization to accumulate data and find solutions to problems.

Looking ahead, San Fang will continue to strengthen its supply chain capabilities in Vietnam and Indonesia with a differentiated business model, and strive to become a production base that emphasizes both quality and quantity. The management team will make unremitting efforts to lead all employees to open up new opportunities with a new mindset, provide high-quality cleaning material technologies, and jointly create a better environment.

We are firmly convinced that all staff members will do their utmost to ensure achievement of the consolidated revenue goals set for 2025, spurred by the encouragement and close supervision by all our shareholders.

Chairman：

Manager：

Chief Accountant：

Independent Auditor's Report

To San Fang Chemical Industry Co., Ltd.:

Audit Opinion

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

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

Basis of Audit Opinion

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

Key Audit Matters

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

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

Authenticity of sales revenue

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

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

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

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

Other Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Taiwan

CPA Teng-Wei Wang	CPA Yu-Hsiang Liu
Financial Supervisory Commission Approval No. Jin-Guan-Zheng-Shen-Zi No. 1100356048	Financial Supervisory Commission Approval No. Jin-Guan-Zheng-Shen-Zi No. 1050024633

March 7, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

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

Unit: Thousand NTD

Code	Assets	December 31, 2024 Amount	December 31, 2024 %	December 31, 2023 Amount	December 31, 2023 %
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 3,697,059	21	$ 4,765,044	31
1120	Current financial assets at fair value through other comprehensive income (Note 4 and 8)	13,116	-	-	-
1110	Current financial assets at fair value through profit or loss (Note 4 and 7)	110,191	1	100,589	1
1136	Financial assets at amortized cost - current (Note 9 and 29)	2,177,920	13	1,123,678	7
1150	Notes receivable (Note 4 and 11)	7,992	-	24,507	-
1170	Net accounts receivable (Note 4 and 11)	1,236,137	7	1,000,724	6
1180	Accounts receivable - related parties (Note 4, 11 and 28)	241,444	1	295,079	2
1200	Other receivables (Note 4)	197,273	1	138,124	1
1220	Current income tax assets (Note 24)	2,857	-	15,201	-
130X	Inventories (Note 4, 5 and 12)	1,705,639	10	1,614,941	10
1410	Advance payments	132,335	1	154,562	1
1479	Other current assets	38,940	-	34,650	-
11XX	Total current assets	9,560,903	55	9,267,099	59
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Note 4 and 8)	87,601	-	119,687	1
1535	Financial assets at amortized cost - non-current (Note 9)	1,659,063	10	604,889	4
1600	Property, plant and equipment (Note 4, 14 and 29)	5,555,914	32	5,150,904	33
1755	Right-of-use assets (Note 4 and 15)	163,475	1	159,703	1
1760	Investment properties (Note 4, 16 and 29)	108,322	1	109,189	1
1801	Other intangible assets (Note 4)	19,994	-	29,153	-
1805	Goodwill (Note 4)	35,759	-	35,759	-
1840	Deferred income tax assets (Note 4, 5 and 24)	95,762	1	94,242	1
1915	Advance payments for land and equipment	45,802	-	28,284	-
1920	Refundable deposits	26,962	-	26,238	-
1990	Other non-current assets	7,665	-	5,824	-
15XX	Total non-current assets	7,806,319	45	6,363,872	41
1XXX	Total assets	$ 17,367,222	100	$ 15,630,971	100
Code	**Liabilities and equity interests**				
	Current liabilities				
2100	Short-term borrowing (Note 17 and 29)	$ 1,555,000	9	$ 1,490,000	10
2110	Short-term notes and bills payable (Note 17)	-	-	49,967	-
2130	Current contract liabilities (Note 4 and 22)	19,439	-	13,776	-
2170	Accounts payable (Note 18)	520,182	3	377,049	2
2219	Other payables (Note 19)	1,057,297	6	830,216	5
2230	Current income tax liabilities (Note 24)	204,492	1	206,812	1
2280	Current lease liabilities (Note 4 and 15)	6,306	-	7,099	-
2320	Current portion of long-term liabilities (Note 17 and 29)	532,500	3	747,500	5
2399	Other current liabilities (Note 4)	73,927	1	73,173	1
21XX	Total current liabilities	3,969,143	23	3,795,592	24
	Non-current liabilities				
2540	Long-term borrowings (Note 17 and 29)	1,812,500	11	1,687,500	11
2570	Deferred income tax liabilities (Note 4, 5 and 24)	1,196,237	7	1,097,675	7
2580	Non-current lease liabilities (Note 4 and 15)	8,819	-	7,238	-
2640	Net defined benefit liability - non-current (Note 4 and 20)	70,387	-	87,221	1
2645	Guarantee deposits received	16,376	-	12,746	-
25XX	Total non-current liabilities	3,104,319	18	2,892,380	19
2XXX	Total liabilities	7,073,462	41	6,687,972	43
	Equity attributable to owners of the Company (Note 21)				
3110	Capital stock - common	3,978,181	23	3,978,181	25
3200	Capital surplus	149,299	1	145,330	1
	Retained earnings				
3310	Legal reserve	1,612,553	9	1,536,540	10
3320	Special reserve	504,790	3	504,790	3
3350	Undistributed earnings	3,684,405	21	2,858,770	18
3300	Total retained earnings	5,801,748	33	4,900,100	31
3400	Other equity interest	364,532	2	(80,612)	-
3XXX	Total equity	10,293,760	59	8,942,999	57
	Total liabilities and equity interests	$ 17,367,222	100	$ 15,630,971	100

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

Chairman: Mun-Jin Lin   Managers: Chih-I Lin   Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

Years ended December 31, 2024 and 2023

Unit: Thousand NTD, EPS in NTD

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

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Code		2024 Amount	2024 %	2023 Amount	2023 %
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of the net defined benefit (Note 20)	$ 751	-	($ 156)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 21)	4,192	-	44,512	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 24)	241	-	10	-
		5,184	-	44,366	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations (Note 21)	458,933	4	(25,684)	-
8300	Other consolidated income (net income after tax)	464,117	4	18,682	-
8500	Total comprehensive income	$ 1,943,519	18	$ 778,956	8
8600	Profit attributable to:				
8610	Owners of the company	$ 1,479,402	14	$ 760,274	8
8700	Comprehensive income attributable to:				
8710	Owners of the company	$ 1,943,519	18	$ 778,956	8
	EPS (Note 25)				
9750	Basic	$ 3.72		$ 1.91	
9850	Diluted	$ 3.70		$ 1.90	

Chairman: Mun-Jin Lin　　Managers: Chih-I Lin　　Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

Years ended December 31, 2024 and 2023

Unit: Thousand NTD

Code		Equity attributable to shareholders of the Company								
				Retained earnings			Other equity interests			
		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Subtotal	Total equity
A1	Balance as at January 1, 2023	$ 3,978,181	$ 145,330	$ 1,488,728	$ 648,571	$ 2,320,928	($ 128,788)	$ 29,348	($ 99,440)	$ 8,482,298
	Appropriation and distribution of 2022 earnings (Note 21)									
B1	Legal reserve	-	-	47,812	-	(47,812)	-	-	-	-
B5	Cash dividends	-	-	-	-	(318,255)	-	-	-	(318,255)
B17	Reversal of special reserve	-	-	-	(143,781)	143,781	-	-	-	-
		-	-	47,812	(143,781)	(222,286)	-	-	-	(318,255)
D1	Net profit - 2023	-	-	-	-	760,274	-	-	-	760,274
D3	Other comprehensive income after tax - 2023	-	-	-	-	(146)	(25,684)	44,512	18,828	18,682
D5	Total comprehensive income - 2023	-	-	-	-	760,128	(25,684)	44,512	18,828	778,956
Z1	Balance as at December 31, 2023	3,978,181	145,330	1,536,540	504,790	2,858,770	(154,472)	73,860	(80,612)	8,942,999
	Appropriation and distribution of 2023 earnings (Note 21)									
B1	Legal reserve	-	-	76,013	-	(76,013)	-	-	-	-
B5	Cash dividends	-	-	-	-	(596,727)	-	-	-	(596,727)
		-	-	76,013	-	(672,740)	-	-	-	(596,727)
C17	Dividends not collected by shareholders before the deadline	-	3,969	-	-	-	-	-	-	3,969
D1	Net profit - 2024	-	-	-	-	1,479,402	-	-	-	1,479,402
D3	Other comprehensive income after tax - 2024	-	-	-	-	992	458,933	4,192	463,125	464,117
D5	Total comprehensive income - 2024	-	-	-	-	1,480,394	458,933	4,192	463,125	1,943,519
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 21)	-	-	-	-	17,981	-	(17,981)	(17,981)	-
Z1	Balance as at December 31, 2024	$ 3,978,181	$ 149,299	$ 1,612,553	$ 504,790	$ 3,684,405	$ 304,461	$ 60,071	$ 364,532	$ 10,293,760

Chairman: Mun-Jin Lin　　Managers: Chih-I Lin　　Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Cash Flow Statement

Years ended December 31, 2024 and 2023

Unit: Thousand NTD

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

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Code		2024	2023
A33500	Income tax paid	($ 289,784)	($ 86,976)
AAAA	Net cash inflow from operating activities	2,344,283	2,148,363
	Cash flow from investing activities		
B00030	Refund of capital due to capital reduction of financial assets at fair value through other comprehensive income	1,675	-
B00040	Acquisition of financial assets at amortized cost	(2,083,330)	(795,407)
B00020	Sale of financial assets measured at fair value through other comprehensive income	21,487	-
B02700	Acquisition of property, plant and equipment	(952,647)	(650,565)
B02800	Proceeds from disposal of property, plant and equipment	1,125	3,580
B03700	Increase in refundable deposits	(724)	-
B03800	Decrease in refundable deposits	-	170
B04500	Acquisition of intangible assets	(1,470)	(22,328)
BBBB	Net cash outflow from investing activities	(3,013,884)	(1,464,550)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	65,000	-
C00200	Decrease in short-term borrowings	-	(50,000)
C00500	Increase in short-term notes and bills payable	-	50,000
C00600	Decrease in short-term notes and bills payable	(50,000)	-
C01600	Increase in long-term borrowing	920,000	540,000
C01700	Repayment of long-term borrowing	(1,010,000)	(953,000)
C03000	Increase in guarantee deposits	3,630	-
C03100	Decrease in guarantee deposits received	-	(49)
C04020	Repayments of lease liabilities	(7,859)	(7,135)
C04500	Distribution of cash dividends	(596,727)	(318,255)
C09900	Returned unclaimed dividends	3,969	-
CCCC	Net cash outflow from financing activities	(671,987)	(738,439)
DDDD	Effect of exchange rate changes on cash and cash equivalents	273,603	(10,695)
EEEE	Decrease in cash and cash equivalents	(1,067,985)	(65,321)
E00100	Cash and cash equivalents at beginning of period	4,765,044	4,830,365
E00200	Cash and cash equivalents at end of period	$ 3,697,059	$ 4,765,044

hairman: Mun-Jin Lin　　Managers: Chih-I Lin　Head of accounting: Hua-Hsing Wang

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:

<u>Authenticity of sales revenue</u>

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.	Financial Supervisory Commission Approval No.
Jin-Guan-Zheng-Shen-Zi No. 1100356048	Jin-Guan-Zheng-Shen-Zi No. 1050024633

March 7, 2025

San Fang Chemical Industry Co., Ltd.

Balance Sheet

December 31, 2024 and 2023

Unit: Thousand NTD

		December 31, 2024		December 31, 2023	
Code	Assets	Amount	%	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

Code		2024 Amount	2024 %	2023 Amount	2023 %
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

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

Chairman: Mun-Jin Lin Managers: Chih-I Lin Head of accounting: Hua-Hsing Wang

Attachment 2

SAN FANG CHEMICAL INDUSTRY CO.,LTD.

2024 Earnings Distribution Table

Unit:NTD

Item	Amount	
Beginning unappropriated retained earnings		$2,186,030,780
Add: Post-tax net income for the Current Year	$1,479,401,611	
Add: Disposal of equity instruments measured at fair value through other comprehensive income included in undistributed earnings in the current year.	17,980,130	
Add: Remeasurement of defined benefit plans recognized in retained earnings	992,318	
Net income after tax for the current period and other profit items included in undistributed earnings in the current year		1,498,374,059
Subtract: legal reserve (net income after tax 10%)		(149,837,406)
Retained earnings available for distribution in this period		3,534,567,433
Distribution items：		
Shareholders' dividend - cash dividend (NT$ 2.7 per share)		(1,074,108,941)
Unappropriated retained earnings		$2,460,458,492

Remark: The Shareholders' cash dividend was distributed at 2024 surplus of $1,074,109,941

Chairman： Manager： Chief Accountant：

Attachment 3

SAN FANG CHEMICAL INDUSTRY CO., LTD.

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company' s 2024business report and financial statements. Commissioned by the Board of Directors, the CPA firm Deloitte& Touch, Teng-Wei, Wang and Yu-Hsiang , Liu have audited the financial statements and issued an audit report relating to the Financial Statements.

These have been reviewed by the Audit Committee as conforming to relevant laws and regulations. In accordance with Article 14-4 of the Securities and Exchange Act and Article219 of the Company Act, we hereby submit this Report.

To:
2025 Annual General Shareholders' Meeting of SAN FANG CHEMICAL CO., LTD.

Audit Committee convener： Li-Syuan ,Lin

Date : March 10, 2025

Attachment 4

San Fang Chemical Industry Co., Ltd.

Comparison Table of Amendments to the Articles of Incorporation

Amended articles	Current articles	Description
Article 14: The Company has five to nine directors. The election of directors is based on a nomination system whereby directors are elected from a list of candidates by the shareholders for a term of three years and are eligible for re-election. The total shareholding ratio of all directors shall be handled in accordance with the regulations of the securities competent authority. Among the directors mentioned in the preceding paragraph, the number of independent directors shall not be less than three and shall not be less than one-third of the total number of directors. Matters concerning the professional qualifications, shareholding and concurrent position restrictions, determination of independence, nomination process, and other compliance requirements for independent directors shall be handled in accordance with the regulations of the competent authority.	Article 14: The Company has five to nine directors. The election of directors is based on a nomination system whereby directors are elected from a list of candidates by the shareholders for a term of three years and are eligible for re-election. The total shareholding ratio of all directors shall be handled in accordance with the regulations of the securities competent authority. Among the directors mentioned in the preceding paragraph, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. Matters concerning the professional qualifications, shareholding and concurrent position restrictions, determination of independence, nomination process, and other compliance requirements for independent directors shall be handled in accordance with the regulations of the competent authority.	In accordance with Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, which stipulates that starting from 2027, the number of independent directors of a listed company shall not be less than one-third of the total number of director seats, the Company amends Article 14 of its Articles of Incorporation.

Amended articles	Current articles	Description
Article 24: The Company allocates 3% to 5% of the pre-tax profit for employee remuneration (of which at least 30% should be allocated to grassroots employees), and no more than 3% for director remuneration, after deducting employee and director remuneration from the pre-tax profit of the current year. Decisions on employees' remuneration, the rate of distribution of directors' remuneration, and employees' remuneration in the form of stock or cash shall be made by the Board of Directors with the attendance of at least two-thirds of the directors and the concurrence of a majority of the directors present, and reported to the shareholders at the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first reserve the amount to cover such losses, and then provide employees' and directors' remuneration in accordance with the aforementioned ratio.	Article 24: The Company allocates 3% to 5% of the pre-tax profit for employee remuneration, and no more than 3% for director remuneration, after deducting employee and director remuneration from the pre-tax profit of the current year. Decisions on employees' remuneration, the rate of distribution of directors' remuneration, and employees' remuneration in the form of stock or cash shall be made by the Board of Directors with the attendance of at least two-thirds of the directors and the concurrence of a majority of the directors present, and reported to the shareholders at the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first reserve the amount to cover such losses, and then provide employees' and directors' remuneration in accordance with the aforementioned ratio.	In accordance with the Presidential Decree Hua-Zong-Yi-Yi-Zi No. 11300069631 issued on August 7, 2024, which amended Paragraph 6, Article 14 of the Securities and Exchange Act, the Company's Articles of Incorporation shall specify that a certain percentage of the annual earnings shall be allocated for salary adjustments or remuneration distribution to grassroots employees. The provisions of Article 24 of the Company's Articles of Incorporation are therefore amended.
Article 27 These Articles of Incorporation were established on May 12, 1973. They were first amended on January 8, 1975; ...... the thirty-ninth amendment was made on June 12, 2019, the fortieth amendment was made on June 21, 2022, and the forty-first amendment was made on June 11, 2025.	Article 27 These Articles of Incorporation were established on May 12, 1973. They were first amended on January 8, 1975; ...... the thirty-ninth amendment was made on June 12, 2019, and the fortieth amendment was made on June 21, 2022.	The date of the 41st amendment has been added/revised.