

San Fang Chemical Industry Co.,
Ltd. and Subsidiaries

CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW
REPORT OF INDEPENDENT
AUDITORS
FOR THE THREE-MONTH PERIODS
ENDED MARCH 31 OF 2025 AND 2024

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Review Report of Independent Auditors

To San Fang Chemical Industry Co., Ltd.:

Preface

We have audited the consolidated financial statements of San Fang Chemical Industry Co., Ltd. and its subsidiaries (hereinafter collectively referred to as the "San Fang Group") for the three-month periods ended March 31, 2025 and 2024, including the consolidated balance sheet as at March 31, 2025 and 2024, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the three-month periods then ended, and the notes to the consolidated financial statements (including a summary of major accounting policies). It is the management's responsibility to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 "interim Financial Reporting" as endorsed and promulgated by the Financial Supervisory Commission (FSC). Our responsibility is to draw conclusions on the consolidated financial statements based on the review results.

Scope of Review

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

Basis for Qualified Conclusion

As mentioned in Note 13 of the consolidated financial statements, some consolidated subsidiaries that are not significant subsidiaries didn't have their financial statements for the same periods reviewed by CPAs; their assets totaled NT\$511,699 thousand and NT\$453,818 thousand, respectively, as of March 31, 2025 and 2024, both accounting for 3% of the consolidated assets. Their liabilities totaled NT\$174,798 thousand and NT\$202,496 thousand, accounting for 2% and 3% of the consolidated liabilities. Their comprehensive income totaled NT\$24,553 thousand and NT\$27,728 thousand, respectively, as of the three-month period ended March 31, 2025 and 2024, accounting for 4% of the consolidated comprehensive income.

Qualified Conclusion

Based on our review, except the financial statements of some non-significant subsidiaries mentioned in the Basis for Qualified Conclusion section that would have impacted the consolidated financial statements had they been reviewed by CPAs, nothing came to our attention that caused us to believe that the aforementioned consolidated financial statements, in all material aspects, were not prepared by IAS 34 Interim Financial Reporting endorsed and promulgated by the FSC and the Regulations Governing the Preparation of Financial Reports by Securities Issuers to an extent unable to fairly present the financial position of San Fang Chemical Group as of March 31, 2025 and 2024 and its consolidated cash flows and financial performance for the three-month periods then ended.

Deloitte Taiwan

CPA

Teng-Wei Wang

CPA

Yu-Hsiang Liu

Financial Supervisory Commission Approval
No.

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

Financial Supervisory Commission Approval
No.

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

May 8, 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

March 31, 2025 and December 31 and March 31, 2024

Unit: NT\$ thousand

Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 3,508,815	20	\$ 3,697,059	21	\$ 4,939,319	30
1110	Current financial assets at fair value through profit or loss (Note 7)	111,803	1	110,191	1	105,790	1
1120	Current financial assets at fair value through other comprehensive income (Note 8)	5,663	-	13,116	-	-	-
1136	Financial assets at amortized cost - current (Note 9 and 29)	2,250,509	12	2,177,920	13	1,236,897	8
1150	Notes receivable (Note 11)	6,484	-	7,992	-	18,212	-
1170	Net accounts receivable (Note 11)	1,458,608	8	1,236,137	7	1,144,330	7
1180	Accounts receivable - related parties (Note 11 and 28)	382,177	2	241,444	1	365,911	2
1200	Other receivables	152,947	1	197,273	1	173,752	1
1220	Current income tax assets (Note 4)	6,595	-	2,857	-	15,854	-
130X	Inventories (Note 12)	1,802,538	10	1,705,639	10	1,685,568	10
1410	Advance payments	180,097	1	132,335	1	182,127	1
1479	Other current assets	32,274	-	38,940	-	36,550	-
11XX	Total current assets	<u>9,898,510</u>	<u>55</u>	<u>9,560,903</u>	<u>55</u>	<u>9,904,310</u>	<u>60</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 8)	92,986	1	87,601	-	132,238	1
1535	Financial assets at amortized cost - non-current (Note 9)	1,679,557	9	1,659,063	10	630,400	4
1600	Property, plant and equipment (Note 14 and 29)	5,696,036	32	5,555,914	32	5,317,780	32
1755	Right-of-use assets (Note 15)	162,854	1	163,475	1	161,386	1
1760	Investment properties (Note 16 and 29)	108,105	1	108,322	1	108,972	1
1801	Other intangible assets	18,419	-	19,994	-	26,260	-
1805	Goodwill	35,759	-	35,759	-	35,759	-
1840	Deferred income tax assets (Note 4)	89,923	1	95,762	1	65,059	1
1915	Advance payments for land and equipment	36,462	-	45,802	-	43,183	-
1920	Refundable deposits	23,934	-	26,962	-	26,782	-
1990	Other non-current assets	7,348	-	7,665	-	5,685	-
15XX	Total non-current assets	<u>7,951,383</u>	<u>45</u>	<u>7,806,319</u>	<u>45</u>	<u>6,553,504</u>	<u>40</u>
1XXX	Total assets	<u>\$ 17,849,893</u>	<u>100</u>	<u>\$ 17,367,222</u>	<u>100</u>	<u>\$ 16,457,814</u>	<u>100</u>
Code	Liabilities and equity interests						
	Current liabilities						
2100	Short-term borrowing (Note 17 and 29)	\$ 1,555,000	9	\$ 1,555,000	9	\$ 1,605,000	10
2130	Current contract liabilities (Note 22)	16,370	-	19,439	-	14,641	-
2170	Accounts payable (Note 18)	577,403	3	520,182	3	524,890	3
2216	Dividends payable (Note 21)	1,074,109	6	-	-	596,727	4
2219	Other payables (Note 19)	905,241	5	1,057,297	6	830,346	5
2230	Current income tax liabilities (Note 4)	270,909	1	204,492	1	268,313	2
2280	Current lease liabilities (Note 15)	6,065	-	6,306	-	6,461	-
2320	Current portion of long-term liabilities (Note 17 and 29)	457,500	3	532,500	3	635,000	4
2399	Other current liabilities	58,990	-	73,927	1	73,274	-
21XX	Total current liabilities	<u>4,921,587</u>	<u>27</u>	<u>3,969,143</u>	<u>23</u>	<u>4,554,652</u>	<u>28</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 17 and 29)	1,845,000	10	1,812,500	11	1,645,000	10
2570	Deferred income tax liabilities (Note 4)	1,213,070	7	1,196,237	7	1,122,219	7
2580	Non-current lease liabilities (Note 15)	7,319	-	8,819	-	5,939	-
2640	Net defined benefit liability - non-current	68,347	1	70,387	-	66,268	-
2645	Guarantee deposits received	16,583	-	16,376	-	13,054	-
25XX	Total non-current liabilities	<u>3,150,319</u>	<u>18</u>	<u>3,104,319</u>	<u>18</u>	<u>2,852,480</u>	<u>17</u>
2XXX	Total liabilities	<u>8,071,906</u>	<u>45</u>	<u>7,073,462</u>	<u>41</u>	<u>7,407,132</u>	<u>45</u>
	Equity attributable to owners of the Company (Note 21)						
3110	Capital stock - common	3,978,181	22	3,978,181	23	3,978,181	24
3200	Capital surplus	151,079	1	149,299	1	145,330	1
	Retained earnings						
3310	Legal reserve	1,762,390	10	1,612,553	9	1,612,553	10
3320	Special reserve	504,790	3	504,790	3	504,790	3
3350	Undistributed earnings	2,896,697	16	3,684,405	21	2,599,995	16
3300	Total retained earnings	<u>5,163,877</u>	<u>29</u>	<u>5,801,748</u>	<u>33</u>	<u>4,717,338</u>	<u>29</u>
3400	Other equity interest	484,850	2	364,532	2	209,833	1
3XXX	Total equity	<u>9,777,987</u>	<u>54</u>	<u>10,293,760</u>	<u>59</u>	<u>9,050,682</u>	<u>55</u>
	Total liabilities and equity interests	<u>\$ 17,849,893</u>	<u>99</u>	<u>\$ 17,367,222</u>	<u>100</u>	<u>\$ 16,457,814</u>	<u>100</u>

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

(Please refer to the review report issued by Deloitte Taiwan on May 8, 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
For the three-month period ended March 31, 2025 and 2024

Unit: Thousand NTD, EPS in NTD

Code		For the three-month period ended March 31, 2025		For the three-month period ended March 31, 2024	
		Amount	%	Amount	%
4000	Net operating revenues (Note 22 and 28)	\$ 2,931,014	100	\$ 2,604,110	100
5000	Operating costs (Notes 12 and 23)	<u>1,965,652</u>	<u>67</u>	<u>1,833,965</u>	<u>70</u>
5900	Operating margin	<u>965,362</u>	<u>33</u>	<u>770,145</u>	<u>30</u>
	Operating expenses (Note 11 and 23)				
6100	Selling expenses	189,451	7	148,063	6
6200	Administrative and general affairs expenses	208,941	7	190,772	7
6300	Research and development expenses	99,357	3	95,520	4
6450	Expected credit impairment loss (reversals of impairment losses)	(<u>754</u>)	<u>-</u>	<u>798</u>	<u>-</u>
6000	Total operating expenses	<u>496,995</u>	<u>17</u>	<u>435,153</u>	<u>17</u>
6900	Operating net profit	<u>468,367</u>	<u>16</u>	<u>334,992</u>	<u>13</u>
	Non-operating income and expenses (Note 23)				
7100	Interest income	57,903	2	53,799	2
7010	Other income	4,609	-	19,876	1
7020	Other profits and losses	38,050	1	146,391	6
7050	Financial costs	(<u>19,051</u>)	<u>-</u>	(<u>18,063</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>81,511</u>	<u>3</u>	<u>202,003</u>	<u>8</u>
7900	Pre-tax profit	549,878	19	536,995	21
7950	Income tax expense (Note 4 and 24)	<u>120,277</u>	<u>4</u>	<u>123,030</u>	<u>5</u>
8200	Net income	<u>429,601</u>	<u>15</u>	<u>413,965</u>	<u>16</u>

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Code		For the three-month period ended March 31, 2025		For the three-month period ended March 31, 2024	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 21)	\$ 6,447	-	\$ 12,551	-
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)	<u>120,508</u>	<u>4</u>	<u>277,894</u>	<u>11</u>
8300	Other comprehensive income for the period	<u>126,955</u>	<u>4</u>	<u>290,445</u>	<u>11</u>
8500	Total comprehensive income	<u>\$ 556,556</u>	<u>19</u>	<u>\$ 704,410</u>	<u>27</u>
8600	Profit attributable to:				
8610	Owners of the company	<u>\$ 429,601</u>	<u>15</u>	<u>\$ 413,965</u>	<u>16</u>
8700	Comprehensive income attributable to:				
8710	Owners of the company	<u>\$ 556,556</u>	<u>19</u>	<u>\$ 704,410</u>	<u>27</u>
	EPS (Note 25)				
9750	Basic	<u>\$ 1.08</u>		<u>\$ 1.04</u>	
9850	Diluted	<u>\$ 1.08</u>		<u>\$ 1.04</u>	

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

(Please refer to the review report issued by Deloitte Taiwan on May 8, 2025)

Chairman: Mun-Jin Lin

Managers: Chih-I Lin

Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
For the three-month period ended March 31, 2025 and 2024

Unit: NT\$ thousand

		Equity attributable to shareholders of the Company								
		Retained earnings					Other equity interests			
Code		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Subtotal	Total equity
A1	Balance as at January 1, 2025	\$ 3,978,181	\$ 149,299	\$ 1,612,553	\$ 504,790	\$ 3,684,405	\$ 304,461	\$ 60,071	\$ 364,532	\$10,293,760
	Appropriation and distribution of 2024 earnings (Note 21)									
B1	Legal reserve	-	-	149,837	-	(149,837)	-	-	-	-
B5	Cash dividends	-	-	-	-	(1,074,109)	-	-	-	(1,074,109)
		-	-	149,837	-	(1,223,946)	-	-	-	(1,074,109)
C17	Dividends not collected by shareholders before the deadline	-	1,780	-	-	-	-	-	-	1,780
D1	Net profit for the three-month period ended March 31, 2025	-	-	-	-	429,601	-	-	-	429,601
D3	Other comprehensive income after tax for the three-month period ended March 31, 2025	-	-	-	-	-	120,508	6,447	126,955	126,955
D5	Total comprehensive income for the three-month period ended March 31, 2025	-	-	-	-	429,601	120,508	6,447	126,955	556,556
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 21)	-	-	-	-	6,637	-	(6,637)	(6,637)	-
Z1	Balance as at March 31, 2025	\$ 3,978,181	\$ 151,079	\$ 1,762,390	\$ 504,790	\$ 2,896,697	\$ 424,969	\$ 59,881	\$ 484,850	\$ 9,777,987
A1	Balance as at January 1, 2024	\$ 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)
D1	Net profit for the three-month period ended March 31, 2024	-	-	-	-	413,965	-	-	-	413,965
D3	Other comprehensive income after tax for the three-month period ended March 31, 2024	-	-	-	-	-	277,894	12,551	290,445	290,445
D5	Total comprehensive income for the three-month period ended March 31, 2024	-	-	-	-	413,965	277,894	12,551	290,445	704,410
Z1	Balance as at March 31, 2024	\$ 3,978,181	\$ 145,330	\$ 1,612,553	\$ 504,790	\$ 2,599,995	\$ 123,422	\$ 86,411	\$ 209,833	\$ 9,050,682

The accompanying notes are an integral part of these consolidated financial statements.
(Please refer to the review report issued by Deloitte Taiwan on May 8, 2025)

Chairman: Mun-Jin Lin

Managers: Chih-I Lin

Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
For the three-month period ended March 31, 2025 and 2024

Unit: NT\$ thousand

Code		For the three- month period ended March 31, 2025	For the three- month period ended March 31, 2024
	Cash flow from operating activities		
A10000	Profit before tax	\$ 549,878	\$ 536,995
A20010	Revenues and expenses		
A20100	Depreciation expense	126,778	142,113
A20200	Amortization expense	1,900	3,253
A20300	Expected credit impairment loss (reversals of impairment losses)	(754)	798
A20400	Net gains from financial instruments at fair value through profit or loss	(1,612)	(5,201)
A20900	Financial costs	19,051	18,063
A21200	Interest income	(57,903)	(53,799)
A22500	Net gains on disposal of property, plant, and equipment	(82)	(20)
A23800	Gain on recovery on inventory devaluation	(1,597)	(3,790)
A29900	Gains on lease modification	(9)	-
A29900	Other	317	139
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	1,508	6,295
A31150	Accounts receivable	(221,725)	(144,404)
A31160	Accounts receivable - related parties	(140,733)	(70,832)
A31180	Other receivables	38,511	(685)
A31200	Inventories	(95,583)	(67,154)
A31230	Advance payments	(47,762)	(27,565)
A31240	Other current assets	6,666	(1,900)
A32125	Contract liabilities	(3,069)	865
A32150	Accounts payable	57,221	147,841
A32180	Other payables	(146,417)	7,647
A32230	Other current liabilities	(14,937)	101
A32240	Net defined benefit liability	(2,040)	(20,953)
A33000	Cash generated from operating activities	67,607	467,807
A33100	Interest received	64,577	18,856
A33300	Interest paid	(19,589)	(18,479)
A33500	Income tax paid	(35,725)	(8,655)
AAAA	Net cash inflow from operating activities	<u>76,870</u>	<u>459,529</u>

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Code		For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
	Cash flow from investing activities		
B00020	Sale of financial assets measured at fair value through other comprehensive income	\$ 8,515	\$ -
B00040	Acquisition of financial assets at amortized cost	(80,863)	(138,730)
B02700	Acquisition of property, plant and equipment	(221,664)	(238,448)
B02800	Proceeds from disposal of property, plant and equipment	82	23
B03700	Increase in refundable deposits	-	(544)
B03800	Decrease in refundable deposits	<u>3,028</u>	<u>-</u>
BBBB	Net cash outflow from investing activities	(<u>290,902</u>)	(<u>377,699</u>)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	-	115,000
C00600	Decrease in short-term notes and bills payable	-	(50,000)
C01600	Increase in long-term borrowing	150,000	450,000
C01700	Repayment of long-term borrowing	(192,500)	(605,000)
C03000	Increase in guarantee deposits	207	308
C04020	Repayments of lease liabilities	(1,552)	(1,937)
C09900	Returned unclaimed dividends	<u>1,780</u>	<u>-</u>
CCCC	Net cash outflow from financing activities	(<u>42,065</u>)	(<u>91,629</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>67,853</u>	<u>184,074</u>
EEEE	Increase (decrease) in cash and cash equivalents	(188,244)	174,275
E00100	Cash and cash equivalents at beginning of period	<u>3,697,059</u>	<u>4,765,044</u>
E00200	Cash and cash equivalents at end of period	<u>\$3,508,815</u>	<u>\$4,939,319</u>

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

(Please refer to the review report issued by Deloitte Taiwan on May 8, 2025)

Chairman: Mun-Jin Lin

Managers: Chih-I Lin

Head of accounting: Hua-Hsing Wang

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the three-month period ended March 31, 2025 and 2024
(All amounts are in thousand NTD, unless otherwise specified)

I. Company History

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

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

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

II. Date and Procedures of Approval of the Financial Statements

The consolidated financial statements were approved by the Board of Directors on May 8, 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)

Amendments to IAS 21

The application of the amended IAS 21 "Lack of Exchangeability" will not result in any major changes to the accounting policy of the Company and entities controlled by the Company (hereinafter referred to as the "Consolidated Entity").

- (II) Application of the IFRS Accounting Standards as endorsed by the FSC in 2026

New, Revised or Amended Standards and Interpretations	Effective date of the International Accounting Standards Board (IASB)
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)

Note: 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.

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

The amendment mainly changes the classification rules of financial assets, including:

1. If a financial asset contains a contingency that could change the timing or amount of its contractual cash flows, and the nature of the contingency is not directly related to changes in the underlying lending risk and costs (such as whether the debtor achieves a specific carbon reduction target), the contractual cash flows of such financial assets will still be entirely payments of the principal and interest on the outstanding amount of principal when both of the following conditions are met:
 - The contractual cash flows generated in all possible scenarios (before or after the occurrence of the contingency) are entirely payments of principal and interest on the outstanding amount of the principal. and
 - The contractual cash flows generated in all possible scenarios do not differ significantly from the cash flows of financial instruments with the same contractual terms but without contingencies.
2. Non-recourse financial asset refers to the ultimate right of the company to receive cash flows is limited to cash flows generated by specific assets in accordance with the contract.
3. It clarified that contract-linked instruments uses multiple classes of securities through a waterfall payment structure to establish payment priorities for financial asset holders, thereby creating a concentration of credit risk and causing cash shortfalls from the underlying pool to be distributed disproportionately among different classes of securities.

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.

Aside from the impacts stated above, as of the date these consolidated financial statements were passed and announced, the Consolidated Entity continues to evaluate the impact of the amendment 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 of Financial Statements"

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

- Items of income and expense are required to be classified into categories in the statement of profit or loss, namely, Operating, Investing, Financing, Income Tax, and Discontinued Operations.

- . Entities are required to present in their financial statements the totals and subtotals of operating profit or loss, profit or loss before financing and income tax, and profit or loss.
- . The standard provides guidelines for improving the aggregation and disaggregation requirements: The Consolidated Entity is required to identify assets, liabilities, equity, income and expenses, and cash flows that arise from individual transactions or other events, and to classify them into groups based on shared characteristics, resulting in line items in the primary financial statements that share at least one characteristic. Items with different characteristics must be further disaggregated in the primary financial statements and the notes thereto. The Consolidated Entity may not categorize an item as “Others” unless a more informative name is unavailable.
- . Introduction of disclosures on Management-defined Performance Measures (MPMs): During public communications outside the financial statements or communication with financial statements users on the management’s view of an aspect of the Consolidated Entity’s financial performance, a Consolidated Entity must disclose its MPMs in a single note of the financial statements; such disclosures must include a description of the MPM and how the MPM has been calculated, a reconciliation of the MPM to the most directly comparable subtotal or total specified by IFRSs, and effect of tax and non-controlling interests separately for each reconciled item.

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

IV. Summarized Remarks on Significant Accounting Policies

(I) Statement of compliance

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

required by IFRS Accounting Standard for consolidated financial statements for the entire year.

(II) Basis of preparation

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

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

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

(III) Basis of consolidation

Please refer to Note 13, Table 6, and Table 7 for the detailed list, shareholding ratio, and business items of subsidiaries included in the consolidated financial statements.

(IV) Other Significant Accounting Policies

For information beyond those listed below, please refer to the Summarized Remarks on Significant Accounting Policies in the consolidated financial statements of 2024.

1. Provisions for carbon fee liabilities

The carbon fee liability provision recognized in accordance with Taiwan's Regulations for Charging of Carbon Fees is based on the best estimate of the expense required to settle the obligation in the current year, and is recognized and measured according to the proportion of actual emissions to annual emissions.

2. Defined post-employment benefit

The pension cost during the interim period is calculated at the pension cost rate determined by actuarial calculation on the closing date of the preceding financial year for the entire preceding fiscal year, adjusted

for any major market changes, major plan changes, liquidations, or other major one-off events during the current period.

3. Income tax

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

V. Significant Accounting Judgments, Estimates and Main Uncertainty Assumptions

For Significant Accounting Judgments, Estimates and Main Uncertainty Assumptions adopted in these consolidated financial statements, please refer to the consolidated financial statements of 2024.

VI. Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and working capital	\$ 2,483	\$ 2,286	\$ 2,475
Bank check and demand deposits	2,194,350	2,480,083	2,442,844
Cash equivalents			
Time deposits within 3 months of its original maturity date	1,262,174	1,214,690	2,494,000
Bonds issued under repurchase agreement	49,808	-	-
	<u>\$ 3,508,815</u>	<u>\$ 3,697,059</u>	<u>\$ 4,939,319</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Cash equivalents			
Time deposits within 3 months of its original maturity date (%)	1.46~4.28	1.37~4.4	0.59~5.3
Bonds issued under repurchase agreement	4.45	-	-

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets for which the fair value is required to be measured through profit or loss			
Fund beneficiary certification	<u>\$ 111,803</u>	<u>\$ 110,191</u>	<u>\$ 105,790</u>

VIII. Financial assets at fair value through other comprehensive income

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Domestic equity instruments			
Listed stocks	<u>\$ 5,663</u>	<u>\$ 13,116</u>	<u>\$ -</u>
<u>Noncurrent</u>			
Domestic equity instruments			
Listed stocks	\$ 89,749	\$ 84,319	\$ 127,314
Unlisted stocks	3,237	3,282	4,924
	<u>\$ 92,986</u>	<u>\$ 87,601</u>	<u>\$ 132,238</u>

IX. Financial assets at amortized cost

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits more than 3 months from its original maturity date	\$ 2,242,509	\$ 2,169,920	\$ 1,226,853
Pledged time deposits	8,000	8,000	10,044
	<u>\$ 2,250,509</u>	<u>\$ 2,177,920</u>	<u>\$ 1,236,897</u>
Annual interest rate of time deposits (%)	0.745~5.16	0.745~5.16	0.55~5.55
<u>Noncurrent</u>			
Restricted time deposits	\$ 654,139	\$ 645,865	\$ 630,400
Foreign corporate bonds	686,430	678,210	-
Foreign government bonds	338,988	334,988	-
	<u>\$ 1,679,557</u>	<u>\$ 1,659,063</u>	<u>\$ 630,400</u>
Annual interest rate (%)	4.00~4.34	4.00~5.17	4.3~5.55

- (I) Restricted bank deposits are deposited into a designated foreign currency deposits account by the Consolidated Entity in accordance with the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act". The use of funds is restricted by such Act.
- (II) The counterparties of time deposits of the Consolidated Entity are banks with good credit quality. As such, there is no significant compliance concerns, and no expected credit losses were evaluated.
- (III) Information on foreign corporate bonds and foreign government bonds is as follows:

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

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

X. Credit risk management of debt instrument investment

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

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

XI. Notes and accounts receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Arising from operation</u>			
Notes receivable - unrelated parties			
Measured at amortized cost			
Total book value	<u>\$ 6,484</u>	<u>\$ 7,992</u>	<u>\$ 18,212</u>

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	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable - unrelated parties			
Measured at amortized cost			
Total book value	\$ 1,459,983	\$ 1,238,258	\$ 1,147,738
Less: Loss provision	1,375	2,121	3,408
	<u>\$ 1,458,608</u>	<u>\$ 1,236,137</u>	<u>\$ 1,144,330</u>
Accounts receivable - related parties			
Measured at amortized cost			
Total book value	<u>\$ 382,177</u>	<u>\$ 241,444</u>	<u>\$ 365,911</u>

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

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

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

March 31, 2025

	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 (%)	0~0.2	0.01~5.87	2~22	60~92	99	
Total book value	\$1,510,799	\$ 333,997	\$ 3,534	\$ -	\$ 314	\$1,848,644
Loss provision (lifetime ECL)	(<u>124</u>)	(<u>425</u>)	(<u>514</u>)	-	(<u>312</u>)	(<u>1,375</u>)
Amortized cost	<u>\$1,510,675</u>	<u>\$ 333,572</u>	<u>\$ 3,020</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$1,847,269</u>

December 31, 2024

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

March 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 (%)	0~2	0.05~14	5~49	30~98	90~99	
Total book value	\$1,283,319	\$ 242,204	\$ 5,757	\$ -	\$ 581	\$1,531,861
Loss provision (lifetime ECL)	(286)	(1,603)	(967)	-	(552)	(3,408)
Amortized cost	<u>\$1,283,033</u>	<u>\$ 240,601</u>	<u>\$ 4,790</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$1,528,453</u>

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

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Balance at beginning of period	\$ 2,121	\$ 2,608
Allocated (reversed) in the current period	(754)	798
Net currency translation difference	8	2
Closing balance	<u>\$ 1,375</u>	<u>\$ 3,408</u>

XII. Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 997,416	\$ 818,783	\$ 820,735
Supplies	13,375	13,399	36,226
Work in process	537,590	573,656	590,907
Finished goods	236,309	290,551	233,655
Inventory in transit	17,848	9,250	4,045
	<u>\$1,802,538</u>	<u>\$1,705,639</u>	<u>\$1,685,568</u>

Inventory-related operating costs amounted to NT\$1,965,652 thousand and NT\$1,833,965 thousand for the three-month periods ended March 31, 2025 and 2024, respectively, including:

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Gain on recovery on inventory devaluation	(\$ 1,597)	(\$ 3,790)
Income from sale of scraps	(1,267)	(2,731)
	<u>(\$ 2,864)</u>	<u>(\$ 6,521)</u>

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

XIII. Subsidiary

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

Name of investment company	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	San Fang Development Co., Ltd.	Investment	100	100	100	-
	San Fang Financial Holdings Co., Ltd.	Investment	100	100	100	-
	Grand Capital Limited (GCL)	Investment	100	100	100	-
	Forich Advanced Materials Co., Ltd.	Manufacturing and sales of chemical products	100	100	100	Note 1 and Note 2
	Bestac Advanced Material Co., Ltd.	Manufacturing and sales of chemical products	100	100	100	Note 1
San Fang Development	San Fang International Co., Ltd.	Investment	100	100	100	-
	Brave Business Holding Limited (BBH)	Investment	100	100	100	-
GCL	Grand International Investment Corporation Limited (GII)	Investment	100	100	100	-
	Java Ocean Business Limited (JOB)	Investment	100	100	100	-
San Fang International	Megatrade Profits Limited (MPL)	Investment	100	100	100	-
	Giant Tramp Limited (GTL)	Investment	100	100	100	-
MPL	Dongguan Baoliang Material Technology Co., Ltd.	Manufacturing and sales of artificial leather, synthetic resin, and other materials	33.33	33.33	33.33	-
GTL	Dongguan Baoliang	Manufacturing and sales of artificial leather, synthetic resin, and other materials	7.41	7.41	7.41	-
BBH	Dongguan Baoliang	Manufacturing and sales of artificial leather, synthetic resin, and other materials	59.26	59.26	59.26	-

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Name of investment company	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
GII	San Fang Vietnam Corporation Limited (SFV)	Material processing	100	100	100	-
JOB	PT. San Fang Indonesia (PTS)	Manufacturing and sales of artificial leather, synthetic resin, and other materials	99.99	99.99	99.99	-
GII	PTS	Manufacturing and sales of artificial leather, synthetic resin, and other materials	0.01	0.01	0.01	-

Note 1: This is the information on non-significant subsidiaries derived from their financial statements for the same periods not reviewed by CPAs, including total assets of NT\$511,699 thousand and NT\$453,818 thousand, respectively, total liabilities of NT\$174,798 thousand and NT\$202,496 thousand, respectively, as of March 31, 2025 and 2024, and total comprehensive income of NT\$24,553 thousand and NT\$27,728 thousand, respectively, for the three-month periods ended March 31, 2025 and 2024.

Note 2: The board of directors in August 2024 adopted the resolution to dissolve Forich Advanced and set December 31, 2024 as the dissolution record date. Liquidation procedures are still ongoing.

XIV. Property, plant and equipment

For the three-month period ended March 31, 2025

Cost	Self-owned land	Buildings and structures	Machinery and equipment	Other facilities	Construction in progress and equipment under acceptance	Total
Balance as at January 1, 2025	\$ 1,850,978	\$ 3,559,941	\$ 7,005,787	\$ 2,813,013	\$ 1,092,212	\$ 16,321,931
Addition	-	29,422	22,387	21,657	152,437	225,903
Disposal	-	-	(38,404)	(3,819)	-	(42,223)
Net currency translation difference	4,417	25,381	42,535	21,903	13,983	108,219
Balance as at March 31, 2025	<u>\$ 1,855,395</u>	<u>\$ 3,614,744</u>	<u>\$ 7,032,305</u>	<u>\$ 2,852,754</u>	<u>\$ 1,258,632</u>	<u>\$ 16,613,830</u>
Accumulated depreciation and impairment						
Balance as at January 1, 2025	\$ -	\$ 2,281,698	\$ 6,272,042	\$ 2,212,277	\$ -	\$ 10,766,017
Disposal	-	-	(38,404)	(3,819)	-	(42,223)
Depreciation expense	-	26,292	63,908	33,555	-	123,755
Net currency translation difference	-	16,124	36,655	17,466	-	70,245
Balance as at March 31, 2025	<u>\$ -</u>	<u>\$ 2,324,114</u>	<u>\$ 6,334,201</u>	<u>\$ 2,259,479</u>	<u>\$ -</u>	<u>\$ 10,917,794</u>
Net amount as of December 31, 2024 and January 1, 2025	<u>\$ 1,850,978</u>	<u>\$ 1,278,243</u>	<u>\$ 733,745</u>	<u>\$ 600,736</u>	<u>\$ 1,092,212</u>	<u>\$ 5,555,914</u>
Net amount as at March 31, 2025	<u>\$ 1,855,395</u>	<u>\$ 1,290,630</u>	<u>\$ 698,104</u>	<u>\$ 593,275</u>	<u>\$ 1,258,632</u>	<u>\$ 5,696,036</u>

For the three-month period ended March 31, 2024

Cost	Self-owned land	Buildings and structures	Machinery and equipment	Other facilities	Construction in progress and equipment under acceptance	Total
Balance as at January 1, 2024	\$ 1,829,099	\$ 3,425,142	\$ 6,770,148	\$ 2,563,040	\$ 539,214	\$ 15,126,643
Addition	-	5,267	12,325	24,474	174,415	216,481
Disposal	-	-	(7,487)	(18,899)	-	(26,386)
Net currency translation difference	13,622	67,538	113,146	55,397	22,925	272,628
Balance as at March 31, 2024	<u>\$ 1,842,721</u>	<u>\$ 3,497,947</u>	<u>\$ 6,888,132</u>	<u>\$ 2,624,012</u>	<u>\$ 736,554</u>	<u>\$ 15,589,366</u>
Accumulated depreciation and impairment						
Balance as at January 1, 2024	\$ -	\$ 2,118,431	\$ 5,847,630	\$ 2,009,678	\$ -	\$ 9,975,739
Disposal	-	-	(7,487)	(18,896)	-	(26,383)
Depreciation expense	-	26,007	77,021	35,740	-	138,768
Net currency translation difference	-	38,286	98,058	47,118	-	183,462
Balance as at March 31, 2024	<u>\$ -</u>	<u>\$ 2,182,724</u>	<u>\$ 6,015,222</u>	<u>\$ 2,073,640</u>	<u>\$ -</u>	<u>\$ 10,271,586</u>
Net amount as at March 31, 2024	<u>\$ 1,842,721</u>	<u>\$ 1,315,223</u>	<u>\$ 872,910</u>	<u>\$ 550,372</u>	<u>\$ 736,554</u>	<u>\$ 5,317,780</u>

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

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Investing activities that affect both cash and non-cash items		
Increase in property, plant and equipment	\$ 225,903	\$ 216,481
Increase (Decrease) in advance payments for land and equipment	(9,340)	14,899
Decrease in payables on equipment	5,655	7,398
Capitalization of interest	(554)	(330)
Payments in cash for the acquisition of property, plant and equipment	<u>\$ 221,664</u>	<u>\$ 238,448</u>

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

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

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

XV. Lease agreement

(I) Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Book value of right-of-use assets			
Land	\$ 149,626	\$ 148,494	\$ 149,006
Buildings	3,962	4,355	5,667
Transportation equipment	9,266	10,626	6,713
	<u>\$ 162,854</u>	<u>\$ 163,475</u>	<u>\$ 161,386</u>
	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024	
Depreciation expense of right-of-use assets			
Land	\$ 1,233		\$ 1,184
Buildings	213		810
Transportation equipment	1,360		1,134
	<u>\$ 2,806</u>		<u>\$ 3,128</u>

Except for the depreciation recognized, the Consolidated Entity's right-of-use assets were not significantly increased, impaired, or subleased for the three-month periods ended March 31, 2025 and 2024.

(II) Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Book value of lease liabilities			
Current	\$ 6,065	\$ 6,306	\$ 6,461
Noncurrent	<u>\$ 7,319</u>	<u>\$ 8,819</u>	<u>\$ 5,939</u>

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

(III) Important lease activities and clauses

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

	Cost of land use rights	Years	Maturity date
SFV	USD \$4,023 thousand	36-48 years	March to June 2051
Dongguan Baoliang	RMB 19,373 thousand	50 years	January, 2060

(IV) Other lease information

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Short term lease expenses	<u>\$ 1,747</u>	<u>\$ 924</u>
Lease expenses of low value assets	<u>\$ 269</u>	<u>\$ 243</u>
Total cash outflow from leases	<u>\$ 3,641</u>	<u>\$ 3,167</u>

XVI. Investment properties

	March 31, 2025	December 31, 2024	March 31, 2024
Cost	\$ 140,473	\$ 140,473	\$ 140,473
Less: Accumulated depreciation	<u>32,368</u>	<u>32,151</u>	<u>31,501</u>
	<u>\$ 108,105</u>	<u>\$ 108,322</u>	<u>\$ 108,972</u>

Except for the depreciation recognized, the Consolidated Entity's investment properties were not significantly increased, disposed of, or impaired for the three-month periods ended March 31, 2025 and 2024.

The Consolidated Entity'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.

The fair value of the Consolidated Entity's investment properties was approximately NT\$380 million and NT\$370 million for the years ended December 31, 2024 and 2023, in which the fair value was estimated by the Consolidated Entity's management after referring to transactions in the nearby housing market. As assessed by the Consolidated Entity's management, there was no significant change in the fair value as of March 31, 2025 and 2024.

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

XVII. Borrowings

(I) Short-term borrowing

	March 31, 2025	December 31, 2024	March 31, 2024
Secured loans (Note 29)			
Bank borrowings	\$ 730,000	\$ 630,000	\$ 730,000
Unsecured loans			
Line of credit borrowings	825,000	925,000	875,000
	<u>\$ 1,555,000</u>	<u>\$ 1,555,000</u>	<u>\$ 1,605,000</u>
Annual interest rate (%)	1.66~2.19	1.66~2.19	1.47~1.96

(II) Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Secured loans			
Bank borrowings - Reaches maturity before December 2029	\$ 952,500	\$ 920,000	\$1,067,500
Unsecured loans			
Bank borrowings - Reaches maturity before August 2029	1,350,000	1,425,000	1,212,500
	<u>2,302,500</u>	<u>2,345,000</u>	<u>2,280,000</u>
Less: Current portion	457,500	532,500	635,000
	<u>\$1,845,000</u>	<u>\$1,812,500</u>	<u>\$1,645,000</u>
Annual interest rate (%)	1.908~2.498	1.908~2.498	1.78~2.325

XVIII. Accounts payable

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

XIX. Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Wages and salaries payable	\$ 312,573	\$ 459,412	\$ 334,136
Employee bonuses and director remuneration payable	130,881	94,881	89,176
Commissions payable	51,544	77,048	40,279
Payables on equipment	42,772	48,427	23,381
Taxes payable	39,197	33,217	30,547
Utilities and fuel costs payable	30,357	27,722	26,539
Import/export charges payable	29,134	28,834	22,198
Other	268,783	287,756	264,090
	<u>\$ 905,241</u>	<u>\$ 1,057,297</u>	<u>\$ 830,346</u>

XX. Post-employment benefits plan

The pension expenses arising from defined benefit plans recognized for the three-month periods ended March 31, 2025 and 2024, which were NT\$1,647 thousand and NT\$1,472 thousand, respectively, were calculated by applying the pension cost rate determined through actuarial appraisal on December 31, 2024 and 2023, respectively.

XXI. Equity

(I) Capital stock - common

	March 31, 2025	December 31, 2024	March 31, 2024
Authorized shares (thousand shares)	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>
Authorized share capital	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>
Current outstanding shares (thousand shares)	<u>397,818</u>	<u>397,818</u>	<u>397,818</u>
Issued capital	<u>\$ 3,978,181</u>	<u>\$ 3,978,181</u>	<u>\$ 3,978,181</u>

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

(II) Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
Contributed capital in excess of par	\$ 135,000	\$ 135,000	\$ 135,000
Gains on the disposal of fixed assets	2,497	2,497	2,497
Donated assets received	369	369	369
Other - Dividends not claimed by shareholders before the deadline	<u>13,213</u>	<u>11,433</u>	<u>7,464</u>
	<u>\$ 151,079</u>	<u>\$ 149,299</u>	<u>\$ 145,330</u>

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

(III) Retained earnings and dividend policy

Pursuant to the earnings distribution policy set forth in the Company's Articles of Incorporation, if there is a profit after year-end closing, the Company shall first set aside ten percent of such profits as a legal reserve after losses have been covered and all taxes and dues have been paid, and then allowance or reversal of a special reserve should be made in accordance with the law or the Company's operational needs; If there is still a surplus, it shall be distributed together with accumulated undistributed earnings after the Board of Directors makes a proposal for distribution of earnings to distribute in new shares; the proposal shall be submitted to the shareholders' meeting for approval before distribution. Meanwhile, the Board of Directors is authorized to distribute all or part of dividends and bonuses in cash by a majority vote in a Board meeting with at least two thirds of directors in attendance, and the decision shall be reported during a shareholders' meeting. Please refer to Note 23(7) for the employee bonus and directors' remuneration policy set forth in the Articles of Incorporation.

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

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

be distributed in cash.

The 2024 and 2023 earnings distribution proposals are as below:

	Dividend distribution proposal		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	\$ 149,837	\$ 76,013		
Cash dividends	1,074,109	596,727	\$ 2.7	\$ 1.5

The aforementioned cash dividend proposals were approved by resolution at the Board of Directors meeting dated March 7, 2025 and March 6, 2024, respectively. The earnings distribution items of 2023 were approved by resolution at the general shareholders' meeting dated June 19, 2024; the earnings distribution items of 2024 are pending approval by resolution at the general shareholders' meeting scheduled for June 11, 2025.

(IV) Special reserve

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

(V) Other equity interests

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

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Balance at beginning of period	\$ 304,461	(\$ 154,472)
Currency translation difference resulting from the translation of assets of foreign operations	120,508	277,894
Closing balance	<u>\$ 424,969</u>	<u>\$ 123,422</u>

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

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Balance at beginning of period	\$ 60,071	\$ 73,860
Generated in the current year		
Equity instruments - unrealized gains	6,447	12,551
Accumulated gains and losses from disposal of equity instruments reclassified as retained earnings	(6,637)	-
Closing balance	<u>\$ 59,881</u>	<u>\$ 86,411</u>

XXII. Revenues

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Revenue from contracts with customers		
Revenue from merchandise sales	\$ 2,931,008	\$ 2,604,110
Service revenue	<u>6</u>	<u>-</u>
	<u>\$ 2,931,014</u>	<u>\$ 2,604,110</u>

(I) Contract balance

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Net notes and accounts receivable (Note 11)	<u>\$ 1,847,269</u>	<u>\$ 1,485,573</u>	<u>\$ 1,528,453</u>	<u>\$ 1,320,310</u>
Contract liabilities				
Merchandise sales	<u>\$ 16,370</u>	<u>\$ 19,439</u>	<u>\$ 14,641</u>	<u>\$ 13,776</u>

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

(II) Detailed revenues from contracts with customers: Please refer to Note 33 for the income by operating segment.

XXIII. Pre-tax profit

(I) Interest income

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Cash in banks	\$ 46,957	\$ 53,363
Financial assets at amortized cost - Bond investments	10,490	-
Other	456	436
	<u>\$ 57,903</u>	<u>\$ 53,799</u>

(II) Other income

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Rental income	\$ 2,552	\$ 2,479
Government grants revenue	172	424
Sale of monitored assets	-	14,128
Other	1,885	2,845
	<u>\$ 4,609</u>	<u>\$ 19,876</u>

(III) Other profits and losses

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Net foreign exchange gains	\$ 39,531	\$ 141,331
Net gains from financial instruments at fair value through profit or loss	1,612	5,201
Net gains on disposal of property, plant and equipment	82	20
Gains on lease modification	9	-
Other	(3,184)	(161)
	<u>\$ 38,050</u>	<u>\$ 146,391</u>

(IV) Financial costs

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Interest on bank borrowings	\$ 19,532	\$ 18,330
Interest on lease liabilities	73	63
Less: Costs of qualifying assets listed	(554)	(330)
	<u>\$ 19,051</u>	<u>\$ 18,063</u>

Information on capitalization of interest is as follows:

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Amount of interest capitalized	\$ 554	\$ 330
Interest capitalization rate (%)	2.01~2.36	1.87~2.25

(V) Depreciation and amortization

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Property, plant and equipment	\$ 123,755	\$ 138,768
Right-of-use assets	2,806	3,128
Investment properties	217	217
Other intangible assets	<u>1,900</u>	<u>3,253</u>
	<u>\$ 128,678</u>	<u>\$ 145,366</u>
Summary of depreciation expenses by function		
Operating costs	\$ 110,831	\$ 126,782
Operating expenses	<u>15,947</u>	<u>15,331</u>
	<u>\$ 126,778</u>	<u>\$ 142,113</u>
Summary of amortization expenses by function		
Operating costs	\$ 121	\$ 148
Operating expenses	<u>1,779</u>	<u>3,105</u>
	<u>\$ 1,900</u>	<u>\$ 3,253</u>

(VI) Employee benefit expenses

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Short-term employee benefits	<u>\$ 474,352</u>	<u>\$ 425,627</u>
Post-employment benefit		
Defined contribution plan	17,872	15,581
Defined benefit plan (Note 20)	<u>1,647</u>	<u>1,472</u>
	<u>19,519</u>	<u>17,053</u>
	<u>\$ 493,871</u>	<u>\$ 442,680</u>

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	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Summary by function		
Operating costs	\$ 276,366	\$ 242,503
Operating expenses	<u>217,505</u>	<u>200,177</u>
	<u>\$ 493,871</u>	<u>\$ 442,680</u>

(VII) Employee bonuses and directors' remuneration

With the Company's pre-tax profit before distribution of employee bonuses and directors' remuneration, the Company allocates 3-5% as employee bonuses and no more than 3% as directors' remuneration in accordance with the Articles of Incorporation. In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company expects an amendment to its Articles of Incorporation to be passed at the 2025 shareholders' meeting to stipulate that no less than 30% of employee bonuses each year to be allocated for entry-level employees.

Employee bonuses (including bonuses for entry-level employees) for the three-month periods ended March 31, 2025 and 2024 were estimated at 4.2% and 3.8% of the aforementioned pre-tax profits. Director remuneration was the probable sum to be allocated based on past experience. The amount of which is enumerated as follows:

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Employee bonuses	<u>\$ 23,220</u>	<u>\$ 20,020</u>
Directors' remuneration	<u>\$ 12,780</u>	<u>\$ 11,591</u>

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

Employee bonuses and directors' remuneration 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

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

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

(VIII) Foreign exchange gains (losses)

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Total foreign exchange gains	\$ 83,873	\$172,154
Total foreign exchange losses	(44,342)	(30,823)
Net gain	<u>\$ 39,531</u>	<u>\$141,331</u>

XXIV. Income tax from continuing operations

(I) Income tax recognized in profit or loss

Main income tax expenses are as follows:

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Current income tax		
Generated in the current period	\$ 98,359	\$ 69,198
Adjustments in the previous year	<u>45</u>	<u>305</u>
	<u>98,404</u>	<u>69,503</u>
Deferred income tax		
Generated in the current period	<u>21,873</u>	<u>53,527</u>
Income tax expense recognized in profit or loss	<u>\$120,277</u>	<u>\$123,030</u>

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

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

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
SFV	15%	15%
PTS	22%	22%
Dongguan Baoliang (Note)	15%	15%

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

(II) Approval of income tax

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

XXV. EPS

EPS and weighted average ordinary shares are calculated below:

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

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Net income	<u>\$ 429,601</u>	<u>\$ 413,965</u>

(II) Number of shares (thousand shares)

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Number of shares used to calculate basic EPS	397,818	397,818
Plus: Employee bonuses	<u>1,500</u>	<u>1,663</u>
Number of shares used to calculate diluted EPS	<u>399,318</u>	<u>399,481</u>

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

XXVI. Capital risk management

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

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

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

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

XXVII. Financial instruments

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

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

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

1. Fair value level

	Level 1	Level 2	Level 3	Total
March 31, 2025				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	\$ 111,803	\$ -	\$ -	\$ 111,803
Financial assets at fair value through other comprehensive income				
Listed stock in Taiwan	\$ 95,412	\$ -	\$ -	\$ 95,412
Unlisted stock in Taiwan	-	-	3,237	3,237
	\$ 95,412	\$ -	\$ 3,237	\$ 98,649

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	Level 1	Level 2	Level 3	Total
<u>December 31, 2024</u>				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	\$ 110,191	\$ -	\$ -	\$ 110,191
Financial assets at fair value through other comprehensive income				
Listed stock in Taiwan	\$ 97,435	\$ -	\$ -	\$ 97,435
Unlisted stock in Taiwan	-	-	3,282	3,282
	<u>\$ 97,435</u>	<u>\$ -</u>	<u>\$ 3,282</u>	<u>\$ 100,717</u>
<u>March 31, 2024</u>				
Financial assets at fair value through profit or loss				
Fund beneficiary certification	\$ 105,790	\$ -	\$ -	\$ 105,790
Financial assets at fair value through other comprehensive income				
Listed stock in Taiwan	\$ 127,314	\$ -	\$ -	\$ 127,314
Unlisted stock in Taiwan	-	-	4,924	4,924
	<u>\$ 127,314</u>	<u>\$ -</u>	<u>\$ 4,924</u>	<u>\$ 132,238</u>

There were no transfers of assets between Level 1 and Level 2 during the three-month periods ended March 31, 2025 and 2024.

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

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Financial assets at fair value through other comprehensive income		
Balance at beginning of period	\$ 3,282	\$ 4,773
Recognized in other comprehensive income	(45)	151
Closing balance	<u>\$ 3,237</u>	<u>\$ 4,924</u>

- Level 3 fair value valuation technique and inputs

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

(III) Financial instruments by category

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$9,362,361	\$9,103,274	\$8,405,649
Financial assets for which the fair value is required to be measured through profit or loss	111,803	110,191	105,790
Financial assets at fair value through other comprehensive income			
Equity instrument investments	98,649	100,717	132,238
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	5,356,727	5,493,855	5,253,290

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

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

(IV) The purpose and policy of financial risk management

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

1. Market Risk

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

(1) Foreign exchange risk

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

Please see Note 31 for the book value of the Consolidated Entity's monetary assets and liabilities not denominated in the functional currency on the balance sheet date (including monetary items not denominated in the functional currency on the consolidated financial statements).

Sensitivity analysis

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

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

	Effect on income For the three-month period ended March 31, 2025	Effect on income For the three-month period ended March 31, 2024
USD	\$ 42,043	\$ 37,138
RMB	925	1,050

(2) Interest rate risk

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Has interest rate risk for cash flow			
Financial assets	\$ 2,193,033	\$ 2,478,418	\$ 2,438,210
Financial liabilities	2,552,500	2,645,000	2,530,000

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

Sensitivity analysis

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

The sensitivity ratio used in reports on interest rate risk for management of the Consolidated Entity is an increase or decrease of 1%, which also represents management's evaluation of the reasonable scope of fluctuations in interest rates.

If annual interest rate increases/decreases by 1% while all other variables remain the same, the Consolidated Entity's pre-tax

profit will decrease/increase by NT\$899 thousand and NT\$229 thousand, respectively, in the three-month periods ended March 31, 2025 and 2024, which is mainly due to the floating interest rate bank deposits and loans of the Consolidated Entity.

(3) Other price risks

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

Sensitivity analysis

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

If the price of equity increases/decreases by 1%, the net profit before tax for the three-month periods ended March 31, 2025 and 2024 will increase/decrease by NT\$1,118 thousand and NT\$1,058 thousand, respectively, due to the changes in fair value of financial assets at fair value through profit and loss.

If the price of equity increases/decreases by 1%, other comprehensive income for the three-month periods ended March 31, 2025 and 2024 will increase/decrease by NT\$986 thousand and NT\$1,322 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

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

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

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Group A	<u>\$ 380,732</u>	<u>\$ 237,619</u>	<u>\$ 354,565</u>

Accounts receivable due from the aforementioned companies on March 31, 2025, December 31, 2024, and March 31, 2024 accounted for 21%, 16%, and 23%, respectively, of the total accounts receivable.

3. Liquidity risk

The Consolidated Entity manages and maintains an adequate position of cash and cash equivalents to support the group's operations and mitigate the effect of cash flow fluctuations. Management of the Consolidated Entity supervises the usage of bank credit limit and ensures compliance with terms of loan agreements. Bank borrowings are an important source of the Consolidated Entity's liquidity. Unused long-term and short-term credit limits of the Consolidated Entity were NT\$3,202,500 thousand, NT\$3,310,000 thousand, and NT\$2,392,500 thousand, respectively, as of March 31, 2025, December 31, 2024, and March 31, 2024.

Non-derivative financial liabilities and interest rate risk

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

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

	Within 6 months	6 months to 1 year	1 year and above	Total
<u>March 31, 2025</u>				
Non-derivative financial liabilities				
No interest-bearing debt	\$ 2,556,385	\$ 368	\$ 16,583	\$ 2,573,336
Lease liabilities	3,195	3,085	7,492	13,772
Floating-rate tools	522,450	229,648	1,880,904	2,633,002
Fixed-rate tools	1,309,021	211	-	1,309,232
	<u>\$ 4,391,051</u>	<u>\$ 233,312</u>	<u>\$ 1,904,979</u>	<u>\$ 6,529,342</u>
<u>December 31, 2024</u>				
Non-derivative financial liabilities				
No interest-bearing debt	\$ 1,576,971	\$ 508	\$ 16,376	\$ 1,593,855
Lease liabilities	3,345	3,113	9,035	15,493
Floating-rate tools	574,145	306,468	1,850,952	2,731,565
Fixed-rate tools	1,257,970	-	-	1,257,970
	<u>\$ 3,412,431</u>	<u>\$ 310,089</u>	<u>\$ 1,876,363</u>	<u>\$ 5,598,883</u>
<u>March 31, 2024</u>				
Non-derivative financial liabilities				
No interest-bearing debt	\$ 1,950,430	\$ 1,533	\$ 13,054	\$ 1,965,017
Lease liabilities	3,782	2,853	6,020	12,655
Floating-rate tools	540,482	386,609	1,680,644	2,607,735
Fixed-rate tools	1,358,177	-	-	1,358,177
	<u>\$ 3,852,871</u>	<u>\$ 390,995</u>	<u>\$ 1,699,718</u>	<u>\$ 5,943,584</u>

XXVIII. Related Party Transactions

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

(I) Name and relationship of related parties

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

(II) Operating revenue

General ledger account	Type/Name of related party	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Sales revenue	Investor with significant influence		
	Yue Yuen Industrial (Holdings) Ltd.	\$ 471,509	\$ 459,956
	Parent company of investor with significant influence	1,610	12,225
		<u>\$ 473,119</u>	<u>\$ 472,181</u>

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

(III) Receivables from related parties

General ledger account	Type/Name of related party	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable - related parties	Investor with significant influence			
	Yue Yuen Industrial (Holdings) Ltd.	\$380,732	\$237,619	\$354,565
	Parent company of investor with significant influence	1,445	3,825	11,346
		<u>\$382,177</u>	<u>\$241,444</u>	<u>\$365,911</u>

(IV) Compensation for management

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Short-term employee benefits	\$ 21,355	\$ 15,406
Post-employment benefit	176	172
	<u>\$ 21,531</u>	<u>\$ 15,578</u>

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

XXIX. Pledged Assets

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

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at amortized cost - current	\$ 8,000	\$ 8,000	\$ 10,044
Property, plant and equipment - net	1,508,051	1,509,076	1,514,243
Investment properties - net	108,105	108,322	108,972
	<u>\$1,624,156</u>	<u>\$1,625,398</u>	<u>\$1,633,259</u>

XXX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

The Consolidated Entity had the following major commitments and contingent events on the balance sheet date:

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

	Unit: Foreign currency (in thousands)		
	March 31, 2025	December 31, 2024	March 31, 2024
USD	\$ -	\$ -	\$ 25

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

	March 31, 2025	December 31, 2024	March 31, 2024
Acquisition of property, plant and equipment	<u>\$413,842</u>	<u>\$404,598</u>	<u>\$546,443</u>

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

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

Unit: Foreign currencies (in thousands): Exchange rate: NTD					
	Foreign currencies		Exchange rate		Book value
<u>March 31, 2025</u>					
Monetary financial assets					
USD	\$	113,930	33.205	(USD:NTD)	\$3,783,052
USD		25,381	7.2866	(USD:RMB)	842,793
RMB		9,813	0.1372	(RMB:USD)	44,717
RMB		17,621	4.557	(RMB:NTD)	80,297
Monetary financial liabilities					
USD		9,160	33.205	(USD:NTD)	304,164
USD		3,535	7.2866	(USD:RMB)	117,395
RMB		7,135	0.1372	(RMB:USD)	32,512
<u>December 31, 2024</u>					
Monetary financial assets					
USD		110,319	32.785	(USD:NTD)	3,616,808
USD		26,203	7.3476	(USD:RMB)	859,052
RMB		9,813	0.1361	(RMB:USD)	43,785
RMB		17,114	4.462	(RMB:NTD)	76,365
Monetary financial liabilities					
USD		8,829	32.785	(USD:NTD)	289,451
USD		4,552	7.3476	(USD:RMB)	149,224
RMB		7,135	0.1361	(RMB:USD)	31,834
<u>March 31, 2024</u>					
Monetary financial assets					
USD		105,054	32	(USD:NTD)	3,361,734
USD		22,371	7.28597	(USD:RMB)	715,868
RMB		9,589	0.13725	(RMB:USD)	42,113
RMB		21,446	4.392	(RMB:NTD)	94,191
Monetary financial liabilities					
USD		8,240	32	(USD:NTD)	263,684
USD		3,128	7.28597	(USD:RMB)	100,103
RMB		7,135	0.13725	(RMB:USD)	31,335

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

Functional currency	Functional currency to presentation currency		Net exchange gain (loss)
For the three-month period ended March 31, 2025			
USD	32.895	(USD:NTD)	(\$ 4,187)
RMB	4.496	(RMB:NTD)	(7,493)
NTD	1	(NTD:NTD)	51,211
			<u>\$ 39,531</u>
For the three-month period ended March 31, 2024			
USD	31.448	(USD:NTD)	(\$ 137)
RMB	4.350	(RMB:NTD)	13,634
NTD	1	(NTD:NTD)	127,834
			<u>\$ 141,331</u>

XXXII. Supplementary Disclosures

(I) Information on Major Transactions

1. Lending to others: See Table 1 for details.
2. Providing endorsements or guarantees to others: See Table 2 for details.
3. Major holdings of negotiable securities at the end of the period (excluding investments in subsidiaries): See Table 3 for details.
4. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: See Table 4 for details.
5. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: See Table 5 for details.
6. Other: The business relationship and material transactions between intra-group companies and their amounts: See Table 8 for details.

(II) Information on Investees: See Table 6 for details.

(III) Information on Investments in China

1. Name of investee in China, main business items, paid-in capital, investment style, outward/inward remittance, shareholding ratio, income on investment, book value of investments at end of period, income on investment remitted back to Taiwan, and limit on investments in China: See Table 7 for details.

2. Direct or indirect material transactions with investees in China through a third region, and the price, terms of payment, and unrealized gains:

- (1) Amount and percentage of goods purchased and the ending balance and percentage of payables

	Purchase of goods		Accounts payable	
	Amount	As a percentage of the account (%)	Amount	As a percentage of the account (%)
Dongguan Baoliang	\$ 37,920	3	\$ 14,879	1

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

	Sales		Accounts receivable	
	Amount	As a percentage of the account (%)	Amount	As a percentage of the account (%)
Dongguan Baoliang	\$ 158,759	7	\$ 75,072	5

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

The income generated from purchasing raw materials for Dongguan Baoliang was NT\$1,809 thousand for the three-month period ended March 31, 2025; other receivables from Dongguan Baoliang was NT\$4,715 thousand as of March 31, 2025.

XXXIII. Segment Information

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

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

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

(V) Bestac Advanced Material Co., Ltd.

(VI) Forich Advanced Materials Co., Ltd.

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

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

Department revenue and business results

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

	San Fang Chemical Industry Co., Ltd.	San Fang Development	GII	PTS	Other	Adjustment and retired	Total
For the three-month period ended March 31, 2025							
Revenue from customers other than the parent company and its subsidiaries	\$ 1,672,383	\$ 400,775	\$ -	\$ 767,986	\$ 89,870	\$ -	\$ 2,931,014
Revenue from the parent company and its subsidiaries	622,456	38,146	272,578	38,460	-	(971,640	-
Total revenue	<u>\$ 2,294,839</u>	<u>\$ 438,921</u>	<u>\$ 272,578</u>	<u>\$ 806,446</u>	<u>\$ 89,870</u>	<u>(\$ 971,640)</u>	<u>\$ 2,931,014</u>
Segment profit	<u>\$ 311,752</u>	<u>\$ 65,247</u>	<u>(\$ 26,434)</u>	<u>\$ 112,550</u>	<u>\$ 1,764</u>	<u>\$ 3,488</u>	\$ 468,367
Interest income							57,903
Other income							4,609
Other profits and losses							38,050
Financial costs							(19,051
Pre-tax profit							549,878
Income tax expense							120,277
Net profit after tax							<u>\$ 429,601</u>
Identifiable assets	<u>\$ 8,091,359</u>	<u>\$ 2,741,560</u>	<u>\$ 4,161,801</u>	<u>\$ 3,285,688</u>	<u>\$ 530,733</u>	<u>(\$ 1,171,700)</u>	\$ 17,639,441
Current financial assets at fair value through profit or loss							111,803
Current financial assets at fair value through other comprehensive income							5,663
Non-current financial assets at fair value through other comprehensive income							92,986
Total assets							<u>\$ 17,849,893</u>
For the three-month period ended March 31, 2024							
Revenue from customers other than the parent company and its subsidiaries	\$ 1,526,695	\$ 368,342	\$ -	\$ 621,882	\$ 87,191	\$ -	\$ 2,604,110
Revenue from the parent company and its subsidiaries	508,693	33,962	275,290	2,288	27,218	(847,451	-
Total revenue	<u>\$ 2,035,388</u>	<u>\$ 402,304</u>	<u>\$ 275,290</u>	<u>\$ 624,170</u>	<u>\$ 114,409</u>	<u>(\$ 847,451)</u>	<u>\$ 2,604,110</u>

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	San Fang Chemical Industry Co., Ltd.	San Fang Development	GII	PTS	Other	Adjustment and retired	Total
Segment profit	<u>\$ 138,185</u>	<u>\$ 54,107</u>	<u>\$ 23,414</u>	<u>\$ 108,799</u>	<u>\$ 2,456</u>	<u>\$ 8,031</u>	\$ 334,992
Interest income							53,799
Other income							19,876
Other profits and losses							146,391
Financial costs							(18,063)
Pre-tax profit							536,995
Income tax expense							123,030
Net profit after tax							<u>\$ 413,965</u>
Identifiable assets	<u>\$ 7,632,468</u>	<u>\$ 2,296,445</u>	<u>\$ 3,934,894</u>	<u>\$ 2,735,812</u>	<u>\$ 516,694</u>	<u>(\$ 896,527)</u>	\$ 16,219,786
Current financial assets at fair value through profit or loss							105,790
Non-current financial assets at fair value through other comprehensive income							132,238
Total assets							<u>\$ 16,457,814</u>

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

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

For the three-month period ended March 31, 2025

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

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

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Providing endorsements/guarantees to others
For the three-month period ended March 31, 2025

Table 2Unit: 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	Amount of endorsements/guarantees secured by assets	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	\$ 150,000	\$ 150,000	\$ 45,000	\$ -	1.53	\$ 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
Major holdings of negotiable securities at the end of the period
March 31, 2025

Table 3

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

Securities held by	Type and name of security	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares or units	Book value	Shareholding ratio (%)	Fair value	
San Fang Chemical Industry Co., Ltd.	Stock							
	Yuanta Financial Holding Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	570,324	\$ 19,077	-	\$ 19,077	
	Yeashin International Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,051,445	70,672	0.31	70,672	
	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	3,237	4.76	3,237	
	Funds							
	PineBridge Global ESG Quantitative Bond Fund N9 Acc	-	Current financial assets at fair value through profit or loss	103,755.99	\$ 33,762	-	\$ 33,762	
	Nomura Global Financial Bond (N) Acc	-	Current financial assets at fair value through profit or loss	101,664.05	32,527	-	32,527	
Forich Advanced Materials Co., Ltd.	PineBridge Multi-Income Fund (N) Acc	-	Current financial assets at fair value through profit or loss	67,369.59	26,707	-	26,707	
	Allianz Global Investors Income and Growth Fund (N) Monthly Distribution Class	-	Current financial assets at fair value through profit or loss	68,323.30	18,807	-	18,807	
Forich Advanced Materials Co., Ltd.	Stock							
	Yeashin International Development Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	164,393	\$ 5,663	0.02	\$ 5,663	

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Securities held by	Type and name of security	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares or units	Book value	Shareholding ratio (%)	Fair value	
GII	Bonds							
	U.S. Treasuries	-	Financial assets at amortized cost - non-current	-	\$ 338,988	-	\$ 333,629	
	Toyota Motor Credit Corporation	-	Financial assets at amortized cost - non-current	-	102,273	-	98,270	
	Meta Platforms, Inc.	-	Financial assets at amortized cost - non-current	-	102,936	-	99,047	
	ELLI LILLY AND COMPANY	-	Financial assets at amortized cost - non-current	-	102,582	-	98,031	
	MERCK & CO., INC.	-	Financial assets at amortized cost - non-current	-	96,441	-	90,563	
	CITIBANK N.A. NEW YORK	-	Financial assets at amortized cost - non-current	-	106,693	-	102,603	
	AMAZON.COM	-	Financial assets at amortized cost - non-current	-	94,939	-	89,853	
	WALMART INC.	-	Financial assets at amortized cost - non-current	-	80,566	-	76,212	
					<u>\$1,025,418</u>		<u>\$ 988,208</u>	

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2025

Table 4

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

Purchaser/Seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit period			Balance	Percentage of total notes/accounts receivable (payable)	
							Unit price	Credit period			
San Fang Chemical Industry Co., Ltd.	PTS	Subsidiary	Sales	(\$ 463,694)	(20)	Open account 30-75 days	There are no general transaction terms for price comparison	The general transaction term is open account 30~90 days	\$ 332,122	24	Note 1
	Dongguan Baoliang	Subsidiary	Sales	(158,759)	(7)	Open account 30-90 days	There are no general transaction terms for price comparison	General transaction terms	75,072	5	Note 1
	SFV	Subsidiary	Processing expenses	272,578	100	Open account 30 days	There are no general transaction terms for price comparison	General transaction terms	(96,290)	(4)	Note 1
	Yue Yuen (Group)	Investor with significant influence	Sales	(223,993)	(10)	Open account 30-90 days	General transaction terms	The general transaction term is open account 30~75 days	145,799	11	-
PTS	San Fang Chemical Industry Co., Ltd.	Parent company	Purchase of goods	468,204	74	Open account 30-75 days	There are no general transaction terms for price comparison	The general transaction term is open account 30~90 days	(339,974)	(79)	Note 1 and Note 2
	Yue Yuen (Group)	Investor with significant influence	Sales	(178,231)	(22)	Open account 30-70 days	General transaction terms	General transaction terms	178,576	28	-
Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	Parent company	Purchase of goods	160,568	57	Open account 30-90 days	There are no general transaction terms for price comparison	General transaction terms	(79,787)	(27)	Note 1 and Note 2

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

Note 2: Includes the amount of raw materials purchased.

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
March 31, 2025

Table 5

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

Creditor	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amount of receivables from related parties collected subsequent to the balance sheet date	Provision for doubtful debts
					Amount	Action taken		
San Fang Chemical Industry Co., Ltd.	Yue Yuen (Group)	Investor with significant influence	\$ 145,799	2.96	\$ -	-	\$ 29,724	\$ -
	PTS	Subsidiary	339,974 (Note 1 and Note 4)	2.49	-	-	201,411	-
	Bestac Advanced Material Co., Ltd.	Subsidiary	166,530 (Note 2 and Note 4)	-	-	-	23,548	-
GII	PTS	Subsidiary	332,368 (Note 3 and Note 4)	-	-	-	318	-
PTS	Yue Yuen (Group)	Investor with significant influence	178,576	1.78	-	-	17,528	-

Note 1: Including NT\$332,122 thousand in accounts receivables and NT\$7,852 thousand in other receivables.

Note 2: Including NT\$537 thousand in accounts receivables, NT\$65,280 thousand in other receivables, and NT\$100,713 thousand in other receivables from loans.

Note 3: Including NT\$318 thousand in other receivables, and NT\$332,050 thousand in long-term receivables from loans.

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

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Information on the investee

For the three-month period ended March 31, 2025

Table 6

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

Name of investment company	Name of investee	Location	Main business items	Initial investment amount		Held at the end of period			Current profit (loss) of investee	Investment income (loss) recognized by the Company for the current period	Remarks
				End of current period	End of last year	Number of shares	Percentage (%) up to the previous quarter	Book value			
San Fang Chemical Industry Co., Ltd.	San Fang Development	British Virgin Islands	Investment	\$ 687,435	\$ 687,435	20,000,000	100.00	\$ 2,317,824	\$ 64,715	\$ 64,573	Note 1 and Note 12
San Fang Chemical Industry Co., Ltd.	GCL	GCL	Investment	656,053	656,053	19,750,000	100.00	6,477,745	83,420	83,523	Note 1 and Note 12
San Fang Chemical Industry Co., Ltd.	San Fang Financial Holdings Co., Ltd.	British Virgin Islands	Investment	20,150	20,150	604,113	100.00	11,059	83	83	Note 12
San Fang Chemical Industry Co., Ltd.	Forich Advanced Materials Co., Ltd.	Taiwan	Manufacturing and sales of chemical products	76,985	76,985	7,698,545	100.00	107,578	(770)	(770)	Note 12
San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	Taiwan	Manufacturing and sales of chemical products	200,000	200,000	20,000,000	100.00	62,809	3,387	3,387	Note 12
San Fang Development	San Fang International	British Virgin Islands	Investment	836,766	826,182	25,200,010	100.00	1,175,653	24,864	24,864	Note 2 and Note 12
San Fang Development	BBH	Hong Kong	Investment	564,485	557,345	17,000,000	100.00	904,540	34,833	34,833	Note 3 and Note 12
San Fang International	MPL	British Virgin Islands	Investment	298,845	295,065	9,000,001	100.00	520,598	20,014	20,014	Note 4 and Note 12
San Fang International	GTL	British Virgin Islands	Investment	211,917	209,237	1	100.00	142,153	4,158	4,158	Note 5 and Note 12
GCL	GII	GCL	Investment	670,741	662,257	20,200,000	100.00	4,077,380	(3,692)	(3,692)	Note 6 and Note 12
GCL	JOB	GCL	Investment	1,211,899	1,196,571	36,497,500	100.00	2,465,961	86,949	86,949	Note 7 and Note 12
JOB	PTS	Indonesia	Manufacturing and sales of artificial leather, synthetic resin, and other materials	1,162,092	1,147,393	34,997,500	99.99	2,255,438	84,871	84,871	Note 8 and Note 12
GII	SFV	Vietnam	Material processing	1,195,380	1,180,260	-	100.00	1,310,912	(28,473)	(28,473)	Note 9 and Note 12
GII	PTS	Indonesia	Manufacturing and sales of artificial leather, synthetic resin, and other materials	83	82	2,500	0.01	80	84,871	-	Note 10 and Note 12

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

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

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

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

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

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

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

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

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

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

Note 11: Please see Table 7 for information on investees in China.

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

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Information on Investments in China
For the three-month period ended March 31, 2025

Table 7

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

Name of investee in China	Main business items	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted from/to Taiwan in the current period		Accumulated investment amount remitted from Taiwan at the end of the period	Current profit (loss) of investee	Percentage of shares held directly or indirectly by the Company (%)	Investment income (loss) recognized by the Company in the current period	Closing book value of investments	Investment gains remitted back to Taiwan as of the end of the period	Remarks
					Remitted from Taiwan	Remitted back to Taiwan							
Taihuangdao Fusheng Chemical and Leather-making Co., Ltd.	Manufacturing and sales of artificial leather, synthetic resin, and other materials	\$ 432,993	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	227,850	2	21,174	-	-	21,174	-	8.00	-	-	-	
Dongguan Huangjiang Baoliang Shoe Factory	Material processing	63,875	2	62,893	-	-	62,893	-	0.00	-	-	-	Note 1, Note 2, and Note 4
Dongguan Baoliang Material Technology Co., Ltd.	Manufacturing and sales of artificial leather, synthetic resin, and other materials	896,535	2	-	-	-	-	59,281	100.00	59,281	1,464,977	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 based on the figures on the Company's CPA-reviewed financial statements.

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

Note 6: The Company established Dongguan Guangxingwang Material Technology Co., Ltd. (Guangxingwang) in the first quarter of 2025 and obtained a local business license on March 5, 2025. The registered capital is CNY5,000 thousand. As of March 31, 2025, no funds have been paid.

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Business relationship and material transactions between the parent company and subsidiaries and their amounts
For the three-month period ended March 31, 2025

Table 8

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

No.	Company name	Counterparty	Relationship	Transactions status			
				Item	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (%)
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Sales revenue	\$ 158,759	There are no general transaction terms for price comparison	5
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Accounts receivable	75,072	Open account 30-90 days	-
0	San Fang Chemical Industry Co., Ltd.	Dongguan Baoliang	1	Other receivables	4,715	Open account 30-90 days	-
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Sales revenue	463,694	There are no general transaction terms for price comparison	16
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Accounts receivable	332,122	Open account 30-75 days	2
0	San Fang Chemical Industry Co., Ltd.	PTS	1	Other receivables	7,852	Open account 30-75 days	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other income	3,488	There are no general transaction terms for price comparison	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other receivables	65,280	Open account 30-120 days	-
0	San Fang Chemical Industry Co., Ltd.	Bestac Advanced Material Co., Ltd.	1	Other receivables	100,713	Lending, according to the contract	1
0	San Fang Chemical Industry Co., Ltd.	SFV	1	Other receivables	1,707	Open account 30-90 days	-
1	San Fang International	Dongguan Baoliang	3	Other receivables	40,069	Open account 30-90 days	-
2	GII	PTS	3	Long-term accounts receivable	332,050	Lending, according to the contract	2
3	SFV	San Fang Chemical Industry Co., Ltd.	2	Revenue from processing	272,578	There are no general transaction terms for price comparison	9
3	SFV	San Fang Chemical Industry Co., Ltd.	2	Accounts receivable	96,290	Open account 30 days	1
4	PTS	San Fang Chemical Industry Co., Ltd.	2	Sales revenue	38,460	There are no general transaction terms for price comparison	1
4	PTS	San Fang Chemical Industry Co., Ltd.	2	Accounts receivable	33,645	Open account 30-60 days	-
4	PTS	San Fang Chemical Industry Co., Ltd.	2	Other receivables	2,515	Open account 30-60 days	-
5	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Sales revenue	38,146	There are no general transaction terms for price comparison	1
5	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Accounts receivable	13,408	Open account 30-75 days	-
5	Dongguan Baoliang	San Fang Chemical Industry Co., Ltd.	2	Other receivables	1,471	Open account 30-75 days	-
5	Dongguan Baoliang	MPL	3	Other receivables	8,872	Open account 30-90 days	-