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SAN FU CHEMICAL Co., Ltd.

Annual Report 2024



***Making the World Better
with Total Chemical Solutions***

Taiwan Stock Exchange Market Observation

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Published on April 30, 2025



SAN FU

1. Company Spokesperson and Deputy Spokesperson:

Spokesperson	Deputy Spokesperson
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4. Name, Firm, Address and Phone of the CPAs

Names of CPAs: Yeh, Shu-Juan, Hunag, Guo-Ning	CPA Firm: Deloitte Taiwan
Address: 20F, No.100 Songren Rd., Xinyi District, Taipei	Website: http://www.deloitte.com.tw
Tel: (02)2725-9988	

5. Name of the Exchange Overseas Securities are Listed on and Inquiry Method for Overseas Securities Information: None**6. Company Website: <http://www.sfchem.com.tw>**

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1. Letter to Shareholders

Dear Shareholders,

Looking back on 2024, although the global economic conditions showed signs of gradual recovery compared to the previous year, but outlook remains uncertain, considering concerns over interest rate hikes, the lingering effects of the pandemic, extreme weather events, technological innovation, and the race toward net zero emissions target by 2050 continued to test the adaptability of businesses worldwide. Despite these challenges, San Fu Chemical Co. Ltd. (hereinafter referred to as “**the Company**”) demonstrated resilience, actively leveraging technology and innovation, transformation to navigate uncertainties, build and sustain competitive advantage. The following is an overview of the Company’s business performance in 2024 and the business plan for 2025.

2024 Operating Results

● Business Plan Implementation Results in 2024

1. The Company’s achievements in developing new customers for new chemical products and precision chemicals, as well as market expansion efforts are summarized as follows:

Overview of Electrolytic Plant Production in 2024

Regarding the Shanhua Plant, due to certain facilities entering a new phase of replacement and maintenance, only partial electrolytic cells were operational during the third and fourth quarters. Meanwhile, the electrolysis plant of Taiwan Nitto Corporation joined production at the right time after continuous improvements, with monthly output reaching over 300 tons.

The first purification line of the Nitto Refining Plant maintained stable operation throughout the year. The metal ion content in the 25% TMAH IC-grade end product consistently remained below 10 ppt. The first-phase dilution line, which began the commissioning test run during March, now produces diluted output generally meeting the specification of metal ions below 1 ppt. Various filling and cleaning systems were completed in the fourth quarter and successfully underwent trial runs by year-end.

The second purification line of the Nitto Refining Plant began the acid cleaning process at the end of the year, aiming to start the commissioning test run in the first quarter of 2025, mainly to meet the needs of customers using ultra-high-purity raw materials.

Specialty Chemicals for Electronics Semiconductor Applications

In 2024, the semiconductor industry is benefited from the AI boom, with continuous volume growth in customers’ advanced packaging processes, new plants are increasingly established, and ramp-up from new front-end customers and products. As a result, the whole semiconductor division maintained its year-over-year growth trend.

The Company’s core focus for 2024 was on key IC-related chemicals, such as developing formulated products for advanced packaging customers and promoting recyclable developer solutions. Another priority was the purification and circular reuse of products for front-end customers.

As for the optoelectronics industry in 2024, customer utilization rates fell short of expectations due to macroeconomic factors and inflation. However, thanks to the early-year introduction of next-generation strippers and etchants at major clients, as well as increased market share in existing processes, overall revenue and gross margin still surpassed pre-pandemic levels.

2. The Company’s new basic chemical customer development and product line expansion accomplishments are as follows:

Domestic Sales Department: A wide variety of new products have been introduced to sales development for marketing based on the Company's existing customer resources, such as sodium gluconate, sodium bicarbonate, trehalose, anhydrous calcium chloride, oxalic acid, etc. to achieve product diversification. In addition, according to the government's food safety management specifications, a new food additive plant has been built in Liuke plant, and the Company is actively developing markets for products with small packaging.

Overseas Sales Department: The Para Hydroxybenzoic Acid (pHBA) market remained stable, with the Shanhua Plant operating at near full capacity. In addition to the existing customers in the United States, Japan, and India, potential clients in China and South Korea have been successfully developed, enabling us to supply our products worldwide stably. The Kaohsiung Plant focused its exports on the U.S. market, aiming to expand market share for Cyclohexylamine (CHA) and Dual-Catalyst Hairpin Assembly (DCHA) in the United States.

● Analysis of Financial Revenue and Expenditure and Profitability

Unit: NT\$ Thousands

Item		2024	2023
Financial revenue and expenditure	Operating income	5,324,424	4,990,961
	Operating margin	1,011,069	1,022,377
	Operating income	508,156	557,917
	Non-operating income and expenditure	59,194	23,393
	Net profit before tax	567,350	581,310
	Net profit after tax	409,618	443,964
Profitability	Return on assets (%)	5.78	6.23
	Return on equity (%)	9.09	9.79
	Ratio of net profit before tax to be paid in capital	56.34	57.72
	Net profit rate (%)	7.69	8.89
	Earnings per share (NT\$)	4.10	4.41

Note: The above amounts are the consolidated financial statements of the Company

● Research and Development

The Company's research and development (R&D) focuses on product expansion with existing technological advantages and material demand of new industry trends:

1. By leveraging our market share in Tetramethyl Ammonium Hydroxide (TMAH) developer recycling and integrating purification technology and formulation knowledge, we develop IC-grade developer so that the recycled products can be returned to IC customers and implement a circular economy.
2. With the rapid development of world IC industry, there is a demand for localization of key materials and the development of relevant special additives for formula improvement.
3. To develop the formula of electronic chemicals in cooperation with the product demand development of LCD, IC packaging, and IC manufacturing customers.
4. To cooperate with universities and colleges to develop conductive polymers for lithium batteries, cultivate battery-related talents and strengthen R&D capabilities.
5. With the IC industry advancing towards more advanced processes, there has been a noticeable increase in demand for high-purity chemicals. Utilizing purification technologies to develop high-purity chemicals tailored to customer requirements has become imperative;
6. To research on the absorption and recovery of carbon dioxide and to improve the efficiency of energy consumption, we hope to reduce the cost of recovery, and enrich the business of carbon dioxide recovery and purification.
7. The Company is endeavoring to actively engage in the process improvement of existing products PHBA, CHA, DCHA, and TMAH, so as to make the process more energy-saving and efficient for the purpose of reducing costs and creating profits.

For the purchase and update of research and development analytical equipment and analytical methods, the Company continues to purchase and expand more advanced equipment, including: oxygen-free water-free atmosphere gloves box ICP MS/MS (inductively coupled plasma tandem mass spectrometer), LC-MS Q-TOF (liquid chromatography-quadruple-time-of-flight mass spectrometer), Ion Chromatography, IC, TGA-DSC (Thermo gravimetric Analyzer, Differential Scanning Calorimetry), etc. in order to meet the ppt level detection limit required by IC customers and serve as tools for application development and analysis of new chemicals.

2024 Business Plan Overview

● Business Policy

The Company adheres to the business philosophy of "Innovation, Integrity and Simplicity", strives to promote the operation of the Company, utilizes modern advanced technology, gives full play to the wisdom and creativity of all employees, provides various chemicals with high quality and low price to the booming industries, and constantly looks for new supplies to meet new demands and create new business opportunities. This year we continue to implement the following operational strategies:

1. Our Nitto plant for TMAH recycling, already started production operation, optimizes production process, stabilizes quality, actively promotes customer use, and especially target T company recycling.
2. The industrial of the gas company and material company in Vietnam strive to increase turnover.
3. Continue to expand our customer base in semiconductor industry, develop new chemical applications, and increase market share.
4. The factory continues to improve and expand, making it the most well-equipped semiconductor-grade electronic chemical factory in the country.
5. Continuous improvement in PHBA production processes and cost reduction efforts, coupled with improved coordination between production and sales, aim to increase market share.
6. The Company is endeavoring to integrate the related products of San Fu Biotech Co., Ltd. and the Company and its affiliates in order to build a more professional and rigorous food and biotech related industry.
7. We continue to seek international technical cooperation for working together to improve technical standards.

● Expected Sales Volume and Its Basis

Expected Sales Volume Basis

Product Category	Expected Sales Volume (ton)
Precision Chemicals	97,341
Basic Chemicals	92,679
Total	190,020

The Company's expected sales volume for 2025 is estimated primarily based on the information of the fluctuation of domestic and foreign economic conditions, industrial development, supply and demand of the market.

● Production and Marketing Policies

1. Balancing sales and production: maintain a certain amount of inventory; when the price is low, prepare more inventories.
2. Delivery adopts first in first out (FIFO) principle to keep the freshness of products.
3. Improve product quality and stability, do a good job in quality control, and achieve the goal of zero customer complaints.
4. Constantly improve the process and reduce the cost to improve the market competitiveness.
5. Actively render services to customers and visit customers in order to win customers' long-term trust.

Outlook

The Company's strategy is still to draw up individual business strategy roadmaps according to different business units, combine the wisdom and creativity of all employees, and use effective enterprise resources management system at the same time to work together to increase the overall competitiveness of the Company, so as to make the Company become a sustainable enterprise for operating business in the long run.

Photoresist (TMAH) Recycling Division:

In addition to striving for the accelerated resumption of supply to Company T, efforts have been made to actively expand into other IC-grade markets, including the companies M, U, and P, with the goal of increasing profitability. At the same time, the Company is endeavoring to proactively exploring overseas IC-grade markets, such as the companies S and H in South Korea. These efforts include not only promoting direct sales of IC-grade TMAH but also offering TMAH recycling services to help clients implement their ESG policies.

Specialty Chemicals Division:

In 2025, the Company will continue to focus on developing next-generation chemicals, driven by clients' demand for more advanced products and higher specifications. The evolution of panel-level packaging technologies has also created concrete new demands for specialty chemicals. These developments have been made possible through the Company's in-house R&D capabilities and close collaboration with clients, resulting in win-win outcomes. At the same time, the Company will leverage its strengths to expand market share in mature processes and integrate resources from its plant in Vietnam to introduce specialty gas products, creating added value for customers.

Benefiting from the strong growth trend in the AI industry, research forecasts that Taiwan's semiconductor sector will continue to grow at double digits in 2025, with an estimated growth rate of 16%, reaching NT\$16 trillion. In 2025, the Company will focus on exploiting the semiconductor chemicals markets mainly in two areas: (1) Key Customer Development - Continued expansion efforts will include the launch of new formulations and product lines, aligned with customers' capacity expansion plans. Investments will be made in both hardware and facility expansion, with a particular emphasis on advanced packaging processes related to AI applications; and (2) Developer Products - With new capacity coming online at the Nitto plant, it is estimated that 3 ~ 4 groups of key IC customers will begin certification processes this year. By the second half of the year, the Company anticipates that its "recycled developer" will become its first circular economy chemical to be applied in semiconductor customer processes.

Domestic Sales Unit of the Basic Chemicals Division:

Continuing the market expansion initiated in 2024 through the development of new products such as steviol glycosides, lactic acid series, etc., we will also continue to introduce new products and develop new suppliers. These include natural caramel colorants, sustained-release chlorine tablets, amino acid series, etc. Following market trends, we will develop forward-looking new products to meet market demand. Actively seeking competitive domestic small and medium-sized enterprises for mergers and acquisitions or strategic alliances, aiming to increase the market share of main products and supplement product lines. Developing new applications for existing products to break away from the intense price competition in the saturated market and maintain core competitiveness in the field.

In accordance with applicable government laws and regulations on food safety management, a new food additives plant has been rebuilt in Liuke plant, and it is dedicated solely to food production by San Fu Biotech Co., Ltd. leading to greater confidence in our services among customers. We have strengthened our professional product quality control analysis and testing capabilities and enhanced product quality control within the Company, meeting customer needs and improving our corporate image under a comprehensive quality assurance system.

The Export Department of the Basic Chemicals Division:

By securing orders from key pHBA customers in Taiwan, the Company continues to improve its production equipment when outcomes from R&D are addressed, with guidance and support from its advisory team. Through ongoing efforts to optimize processes, the goal is to reduce unit costs, enhance existing business

profitability, and strengthen product competitiveness. The strategy focuses on maximizing equipment capacity with minimal investment, improving and stabilizing product quality, increasing by-product recovery efficiency, and reducing unit consumption of raw materials, all aimed at generating greater profits for the Company.

We once again express our sincere gratitude to all our shareholders for your on-going support and we are committed to governance policies and practices that serve the interests of the Company and its shareholders as well as to improve employees' professional level and the Company's operating performance in order to create a fruitful and stable operational performance for the Company and to feed back our customers, shareholders, and employees.

Yours sincerely,

Wu, Hsin-Hung
Chairman



2. Corporate Governance Report

2.1 Directors and Management Team

2.1.1 Board Members

2.1.1.1 Information Regarding Board Directors

As of April 11, 2025

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term Date	First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name Relation
Chairman	Taiwan	Wu, Hsin-Hung	Male 76~80	06/12/2024	3 years	08/23/2006	1,613,835	2.48	3,680,010	3.65	0	0	0	0	B.S. Chemical Engineering, Tunghai University Manager and Director Formosa Chemicals & Fibre Corporation Vice President and Vice Chairman, San Fu industrial Gas Co., Ltd. Chairman, industrial Gas Association of ROC	Director International Nitro Technology Co., Ltd. Director, Hong Cheng Enterprise Corp. Chairman, Li Fu Carbonic Acid Corp. Director, San Fu Global Ltd. Director, Fangda investment Corp. Director, Beimin Corp. Chairman, San Fu Biotech Co., Ltd. Chairman, San Fu Biomedical Co., Ltd.		
Director	Taiwan	Tsai, Chieh Jung	Male 71~75	06/12/2024	3 years	06/22/2017	0	0	170,400	0.17	32,293	0.03	0	0	M.S. Georgia institute of Technology Vice President and Vice President, San Fu industrial Gas Co., Ltd.	Chairman, International Nitro Technology Co., Ltd. Director, San Fu Biotech Co., Ltd. Director, Li Fu Carbonic Acid Corp.		

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term Date	First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Relation
															Director, San Fu Biomedical Co., Ltd.			
	Taiwan	San Fu Global Ltd.		06/12/2024	3 years	10/22/2012	22,116,689	27.65	32,750,315	32.52	0	0	0	0	-	-	-	
Institutional Director	Taiwan	Representative - Chang, Chun-Ming	Male 81~85	06/12/2024	3 years	10/22/2012	10,941,845	16.81	312,500	0.31	0	0	0	0	B.S. Chemical Engineering Tamkang University Chairman, San Fu industrial Gas Co., Ltd.	Chairman, San Fu Global Ltd. Director, San Fu industrial Gas Co., Ltd.		
Director	Taiwan	Su, Tien-Pao	Male 61~65	06/12/2024	3 years	10/22/2012	50,000	0.06	270,752	0.27	-	-	-	-	Vice President and Director of International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd Director, San Fu Biomedical Co., Ltd.			
Director	Taiwan	Chang, I-Tsung	Male 46~50	06/12/2024	3 years	4/18/2011	255,341	0.32	277,861	0.28	0	0	0	0	BA in Marketing & Economics, Babson College Marketing Manager at WOW Alimentos	Chairman, Real Green Foods Corporation Director, Fangda Corporation Director, Fangchun Trading Corporation Director, Jimingcheng Corp. Director, Fulu Culture Foundation Director, San Fu Global Ltd. Director, San Fu industrial Gas Co., Ltd.		

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term Date	First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name/Relation
															Director, Li Fu Carbonic Acid Corp. Director, Beaming Co., Ltd. Director, Biorich Biotech Technology Co., Ltd. Director, Green TFL Co., Ltd.			
Director	Taiwan	Liang, Guo-Yuan	Male 76~80	06/12/2024	3 years	10/22/2012	0	0	0	0	0	0	0	0	Ph.D. Economics, Duke University Honorary Professor, School of Science and Technology Management, National Tsinghua University Professor of Economics, Tsinghua University Adjunct Professor, Department of Economics, National Taiwan University Standing Independent Director of Changhua Bank Chairman, Yuanta-Polaris Research institute	Director, Yuanta Commercial Bank Independent Director of ARTERY Technology		
Independent Director	Taiwan	Hsieh, Yong-Feng	Female 61~65	06/12/2024	3 years		0	0	0	0	0	0	0	0	PhD, institute of Materials, Tsinghua University Senior Manager, United Microelectronics Corporation Manager of UniPac Optoelectronics Co., Ltd. Director, AU Optronics	Chairwoman of the following companies: MA-tek inc., Technology Airtech Co., Ltd. Hongzhou Technology Co., Ltd.		

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term Date	First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name
Independent Director	Taiwan	Wu Tung-Ming	Male 71~75	06/12/2024	3 years	6/24/2013	0	0	0	0	0	0	0	0	Corporation Chairman and President of MA-Tek inc. M.A. Accounting Western Illinois University Accounting Department, Soochow University	Yak Technology Consultants Co., Ltd. Vice Chairman of Shin Kong Financial Holdings Chairman, Taiwan Fuhbic Corporation Director, Shinkong Synthetic Fibers Corporation Chairman, Xinming Enterprise Corporation Chairman, Xinli Enterprise Corporation.		
Independent Director	Taiwan	Yang Hong-Zhi	Male 76~80	06/12/2024	3 years	7/05/2021	5,440	0.01	5,440	0.01	0	0	0	0	Director, Formosa Chemicals & Fibre Corp.	Consultant, Formosa Chemicals & Fibre Corp.		

Note: If the chairman of the board and the president or equivalent (highest level manager) are the same person, spouses or first-degree relatives, the reasons, rationality, necessity and countermeasures shall be explained: no such situation.

2.1.1.2 Major Shareholders of Institutional Shareholders

As of April 11, 2025

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders
San Fu Global Ltd.	Chang, Chun-Ming (20.68 %), Chang, Dan-Liang (20%), Chang, Xi-Wen (19.91%), Fang, Hong-Yuan (11.71%), Chang Chen, Shu-Li (11.27%), Chang, I-Tsung (5.14%), Chang, Ya-Ping (3.9%), Chang, Ya-Chin (3.68%), , Chen, I-Hui (0.49%), Kao, Kung-Ping (0.31%)
Pilot Keymark SDN. BHD.	Malaysia Faith (L)BHD(50%), Taifaith (L)BHD(50%)

2.1.1.3 Professional Qualifications and Independence Analysis of Directors

Criteria Name	Professional Qualifications and Experience	Independence Criteria (Notes)	Number of Other Public Companies in Which The Individual is Concurrently Serving As An Independent Director
Wu, Hsin-Hung	Manager & Director, Formosa Chemicals & Fibre Corp. for 16 years Vice Chairman, San Fu industrial Gas Co., Ltd. for 2 years Chairman, industrial Gas Association of ROC for 3 years Chairman, San Fu Chemical Co., Ltd. for 22 years Director, International Nitto Technology Co., Ltd. for 13 years Director, Hong Cheng Enterprise Corp. for 21 years Chairman, Li Fu Carbonic Acid Corp. for 3 years Director, San Fu Global Ltd. for 20 years	(6) 、 (7) 、 (8) 、 (9) 、 (10) 、 (11) 、 (12)	—
San Fu Global Ltd. Company Representative: Chang, Chun-Ming	Chairman, San Fu Global Ltd. for 20 years Director, San Fu industrial Gas Co., Ltd. for 16 years Chairman, Fangda Corp. for 67 years	(6) 、 (7) 、 (8) 、 (9) 、 (10) 、 (11)	—

Criteria Name	Professional Qualifications and Experience	Independence Criteria (Notes)	Number of Other Public Companies in Which The Individual is Concurrently Serving As An Independent Director
Tsai, Chieh Jung	Deputy Manager, Formosa Chemicals & Fibre Corp. for 21.5 years Vice President, San Fu industrial Gas Co., Ltd. for 17 years Chairman, International Nitto Technology Co., Ltd. for 3 years San Fu Biotech Co., Ltd for 7 years Director, Li Fu Carbonic Acid Corp. for 3 years Vice President, San Fu Chemical Co., Ltd. for 6 years	(3) 、(4) 、(5) 、(6) 、(7) 、(8) 、(9) 、(10) 、(11) 、(12)	—
Su, Tien-Pao	Assist Vice President & Vice President, San Fu Chemical Co., Ltd. for 35 years Vice President, International Nitto Technology Co., Ltd. for 3 years Director, International Nitto Technology Co., Ltd. for 13 years Director, San Fu Biotech Co., Ltd. for 9 years Director, Shanghai San Fu Ming Electronic Materials Co., Ltd. for 15 years	(3) 、(4) 、(5) 、(6) 、(7) 、(8) 、(9) 、(10) 、(11) 、(12)	—
Chang, I-Tsung	Chairman, Real Green Foods Corporation for 11 years Director, Fangda Corporation for 21 years Director, Fangchun Trading Corporation for 7 years Director, San Fu Global Ltd. for 10 years Li Fu Carbonic Acid Corp. for 20 years Director, Jinmingcheng Corp. for 8 years	(1) 、(3) 、(5) 、(6) 、(7) 、(8) 、(9) 、(11) 、(12)	—
Liang, Guo-Yuan	Chairman, Yuanta-Polaris Research institute for 18 years Director, Yuanta Commercial Bank for 4 years Changhua Bank Executive Independent Director for 12 years	(1) 、(2) 、(3) 、(5) 、(6) 、(7) 、(8) 、(9) 、(11) 、(12)	—

Criteria Name	Professional Qualifications and Experience	Independence Criteria (Notes)	Number of Other Public Companies in Which The Individual is Concurrently Serving As An Independent Director
Hsieh, Yong-Feng	Chairman and President of Hong Kang Technology Co., Ltd. 14years Chairman of Hongkang Technology Testing (Shanghai) Co., Ltd. 18 years Chairman of Yak Technology Consulting Co., Ltd. 22 years Chairman of Hongkang Technology (Xiamen) Co., Ltd. 7 years Chairman of Hongkang Education Consulting (Xiamen) Co., Ltd. 6 years Chairman, MA-TEK USA 13 years Chairman of Hongzhou Technology Co., Ltd. 3 years Chairman of the Board of Directors of Yashi Technology Co., Ltd. 2 years Chairman of Hongkang Technology Testing (Suzhou) Co., Ltd. 1 year	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the “Regulations governing Appointment of Independent Directors and Compliance Matter Public Companies”. 2. Her spouse and minor children (or on behalf of others) do not hold any Company shares use the 3. No remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years	—
Wu, Tung-Ming	Chairman, Taiwan Fuhbic Corporation for 33 years Vice Chairman, Shinkong Synthetic Fibers Corporation for 21 years Chairman, Xinming Enterprise Corporation for 20 years Chairman, Xinli Enterprise Corporation for 7 years Director, Shin Kong Life insurance Co., Ltd. for 43 years Independent Director, Tairoun Products Co., Ltd. for 8 years		—
Yang Hong-Zhi	Vice President, Formosa Ho Tinh Steel (Vietnam) for 3 years Consultant, Formosa Chemicals & Fibre Corp. for 9 years		—

Notes : None of the above directors is under any of the following circumstances as specified in in Article 30 of the Company Act

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company’s affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent Company, or any subsidiary, as appointed in accordance with the Securities and Exchange Act of Taiwan or with the laws of the country of the parent Company or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the Total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.

- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Total number of outstanding shares of the Company or that holds shares ranking in the top ten in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified Company or institution that has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. However, Remuneration Committee members who exercise their powers as defined in Article 7 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Exchange or Traded Over the Counter" are not limited therein.
- (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9) Not been a person of any of the conditions defined in Article 30 of the Company Act.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.
- (11) Not any one of the clauses of Article 30 of the Company Act.
- (12) Not elected by government, juridical person or representative as defined in Article 27 of the Company Act.

2.1.1.4. Diversity and Independence of Board of Directors: Please refer to pages 39 ~ 41 of this Annual Report

2.1.2 President, Vice President, Assistant Vice President, and Heads of Departments and Branches

As of April 11, 2025

Title	Nationality	Name	Gender	On-board Date	Shareholding		Shares held by Spouse and Minors		Shares by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Managers who are Spouses or within Two Degrees of Kinship	
					Shares	%	Shares	%	Shares	%			Title	Name
President	Taiwan	Su, Tien-Pao	Male	09/01/2024	270,752	0.27	0	0	0	0	Ph.D. Chemical Engineering, National Taiwan University Asst. Vice President, San Fu Chemical Co., Ltd.	Director & Vice President, International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd Director & Vice President Shanghai San Fu Ming Electronic Materials Co., Ltd.	-	-
Asst. Vice President	Taiwan	Huang, Jun-Yin	Male	03/01/2007	172,942	0.17	0	0	0	0	M.S. Chemistry, National Tsing Hua University Special Assistant to the President, San Fu industrial Gas Co., Ltd.	-	-	-
Asst. Vice President	Taiwan	Zhuang, Fu-Qin	Male	07/06/2017	176	0	0	0	0	0	M.S. Structural Material Group, Civil Engineering, National Cheng Kung University Asst. Manager, Materials Division, Innolux Corporation	Director and Vice President of Shanghai San Fu Ming Electronic Materials Co., Ltd.	-	-
Asst. Vice President	Taiwan	Lo, Chu-Chen	Male	8/26/2024	0	0	0	0	0	0	B.Com /Accounting Department, National Cheng Kung M.A. Accounting, National Cheng Kung University Manager, Hon Hai Precision industry Co., Ltd. Manager at Zhen Ding	Supervisor, Shanghai San Fu Ming Electronic Materials Co., Ltd. Supervisor, Hong Cheng Enterprise Corp. Director, International Nitto Technology Co., Ltd. Supervisor, San Fu	-	-

Title	Nationality	Name	Gender	On-board Date	Shareholding		Shares held by Spouse and Minors		Shares by Nominee Arrangement		Experience and Education	Positions Concurrently Held at the Company or Other Companies	Managers who are Spouses or within Two Degrees of Kinship	
					Shares	%	Shares	%	Shares	%			Title	Name
											Technology Co., Ltd. Chief Accountant, Alpha Technology Co., Ltd. Chairman of Hongkang Technology Testing (Suzhou) Co., Ltd.	Biochemical Co., Ltd. Director, Li Fu Carbon Dioxide Co., Ltd.		
Asst Vice President	Taiwan	Hung Chih-Ming	Male	10/01/2020	0	0	0	0	0	0	M.S. Chemical engineering, National Tsing Hua University	Vice President, International Nitro Technology Co., Ltd.	-	-
Asst Vice President	Taiwan	Chen Jie-Yu	Male	03/01/2019	0	0	0	0	0	0	M.A. Accounting, National Cheng Kung University Special Assistant to the President, San Fu industrial Gas Co., Ltd. Vice President, San Fu industrial Gas Co., Ltd. (Vietnam) Vice President, San Fu Electronic Materials Co., Ltd. (Vietnam)	-	-	-
Asst. Vice President	Taiwan	Dai, Qin-Yao	Male	01/18/2018	881	0	0	0	0	0	M.S. Chemical Engineering, National Taiwan University	-	-	-

2.2 Remuneration Paid to Directors, Supervisors, Vice President and Vice Director President in Last Fiscal Year
2.2.1 Remuneration Paid to Directors and Independent Directors in the Most Recent Year

Unit: NTS Thousands

Title	Name	Compensation						Compensation Earned by a Director who are also employees of San Fu Chemical Co., Ltd.				(A+B+C+D) as a % of Net Income (%)		Compensation paid to Directors from Non-Consolidated Affiliates or Parent Company											
		Base Compensation (A)		Severance Pay and Pension (B) (note 1)		Compensation to Directors (C)		Allowances (D)		(A+B+C+D) as a % of Net Income (%)		Employee remuneration (G)			The Company	All consolidated entities									
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Cash	Stock												
Director	Wu, Hsin-Hung Representative of San Fu Global Co., Ltd. Chang Chun-Ming Tsai, Chieh Jung Su, Tien-Pao Chang, I-Tsung Liang, Guo-Yuan	7,201	7,201	—	7,523	7,523	1,202	1,202	15,926	15,926	11,235	11,235	216	216	—	—	27,377	27,377	6.64	6.64	None				
		—	—	—	—	—	—	—	—	3.86	3.86	—	—	—	—	—	—	6.64	6.64	—	—	None			
		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent Director	Li, Chung-His (Note 1) Hsieh, Yong-Feng (Note 2) Wu Tung-Ming Yang Hong-Zhi	—	—	—	3,824	3,824	360	360	4,184	4,184	—	—	—	—	—	—	4,184	4,184	1.01	1.01	None				
		—	—	—	—	—	—	—	—	1.01	1.01	—	—	—	—	—	—	1.01	1.01	—	—	None			
		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

(Note 1): Not elected during the annual shareholders' meeting on June 12, 2024.

(Note 2): Newly elected during the annual shareholders' meeting on June 12, 2024.

1. Please state the remuneration payment policy, system, standard and structure of the independent directors, and state the relevance with the amount of remuneration according to the responsibilities, risks, investment time and other factors: the remuneration of the independent directors of the Company includes the transportation expenses and the remuneration of the directors for profit distribution, in which the transportation expenses payment standard refers to the level of the industry and is paid according to the attendance of the directors and supervisors at the Board of Directors; the remuneration from surplus distribution shall follow Article 28 of the Company's Articles of Incorporation, the Remuneration Committee shall review the participation and performance contribution of each independent director in the Company's operation, link the reasonableness and fairness of the performance risk with the income, and propose suggestions based on the Company's operation results and peer level payment to the Board of Directors for resolution.
2. Severance and pension payments are distributed to the pension plan each month based on the Total salary amount. Except for what is disclosed in the above table, any compensation received by company directors for all services provided to the Company in the financial report: None.

Ranges of Remuneration of Directors

Ranges of Remuneration Paid to Directors	Names of Directors			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Under NT\$1,000,000	Li, Chung-Hsi and (Note1) Hsieh, Yong-Feng (Note2), San Fu Global, Su, Tien-Pao, Chang, I-Tsung, Liang, Guo-Yuan, Tsai, Chieh Jung, Wu Tung-Ming, Yang Hong-Zhi	Li, Chung-Hsi and Hsieh, Yong-Feng, San Fu Global, Su, Tien-Pao, Chang, I-Tsung, Liang, Guo-Yuan, Tsai, Chieh Jung, Wu Tung-Ming, Yang Hong-Zhi	Li, Chung-Hsi and Hsieh, Yong-Feng, San Fu Global, Chang, I-Tsung, Liang, Guo-Yuan, Wu Tung-Ming, Yang Hong-Zhi	- Li, Chung-Hsi and Hsieh, Yong-Feng, San Fu Global, Chang, I-Tsung, Liang, Guo-Yuan, Wu Tung-Ming, Yang Hong-Zhi
NT\$1,000,000~NT\$2,000,000				
NT\$2,000,000~NT\$3,500,000	-	-	-	-
NT\$3,500,000~NT\$5,000,000	-	-	-	-
NT\$5,000,000~NT\$10,000,000	-	-	Tsai, Chieh Jung, Su, Tien-Pao	Tsai, Chieh Jung, Su, Tien-Pao
NT\$10,000,000~NT\$15,000,000	Wu, Hsin-Hung	Wu, Hsin-Hung	Wu, Hsin-Hung	Wu, Hsin-Hung
NT\$15,000,000~NT\$30,000,000				
NT\$30,000,000~NT\$50,000,000	-	-	-	-
NT\$50,000,000~NT\$100,000,000	-	-	-	-
Above NT\$100,000,000	-	-	-	-
Total	10 persons	10 persons	10 persons	10 persons

(Note1): Not elected during the annual shareholders' meeting on June 12, 2024.

(Note 2): Newly elected during the annual shareholders' meeting on June 12, 2024.

2.2.2. President and Vice President Remuneration in 2024

2.2.2.1 Compensation paid to President and Vice President

Unit: NT\$ Thousands / Thousand shares

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Remuneration (D)			(A+B+C+D) as a % of Net Income (%)		Compensation received from Non-consolidated Affiliates or Parent Company	
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	All Consolidated Entities		The Company	All Consolidated Entities			
								Cash	Stock			Cash		Stock
Vice Chairman	Tsai, Chieh Jung	6,755	6,755	216	216	4,480	4,480	-	-	-	-	11,451	11,451	None
President	Su, Tien-Pao											2.78	2.78	

(Note): Due to personnel promotion planning, President Tsai, Jie-Rong was promoted to Vice Chairman from June 12, 2024, and Vice President Su, Tien-Pao was promoted to President from September 01, 2024

Ranges of Compensation

Ranges	Names of Presidents and Vice Presidents	
	The Company	All consolidated entities
Under NT\$1,000,000	-	-
NT\$1,000,000~NT\$2,000,000	-	-
NT\$2,000,000~NT\$3,500,000	-	-
NT\$3,500,000~NT\$5,000,000	-	-
NT\$5,000,000~NT\$10,000,000	Su, Tien-Pao, Tsai, Chieh Jung	Su, Tien-Pao, Tsai, Chieh Jung
NT\$10,000,000~NT\$15,000,000	-	-
NT\$15,000,000~NT\$30,000,000	-	-
NT\$30,000,000~NT\$50,000,000	-	-
Above NT\$100,000,000	-	-
Total	2 persons	2 persons

2.2.2.2 Names of Managers Receiving Employee Bonuses and The Distribution Status:

No employee bonuses were distributed by the Company to any managers this year.

2.2.3 Analysis of The Ratio of Total Remuneration Paid by The Company and by All Companies included in Consolidated Financial Report to Directors, Supervisors, Presidents, and Vice Presidents / Net Income (%) for The Most Recent Two Years, and Explanation of Remuneration Policy, Standard, and Combination, The Procedure of Remuneration Determination, and The Relationship Between Business Performance and Future Risk:

2.2.3.1. Total Compensation Paid to Directors, President and Vice-President As A Percentage of Net Profit

Unit: NT\$ Thousands

Compensation Paid to President and Vice-President		2024	2023
The Company	Compensation amount	31,561	38,211
	As a % of net profit	7.65%	8.61%
All Consolidated Entities	Compensation amount	31,561	38,211
	As a % of net profit	7.65%	8.61%

The total remuneration of Directors, President and Vice Presidents in 2024 was increased over that of 2023 due to the increase of net profit after tax in 2024.

2.2.3.2 Explanation of Remuneration Policy, Standard, and Combination, The Procedure of Remuneration Determination, and The Relation Between Business Performance and Future Risk:

The remuneration of directors includes the remuneration of directors for the Company's transportation expenses and earnings distribution, in which the payment standard of transportation expenses is based on the level of the same industry and the attendance of directors at the Board of Directors. In addition, the remuneration of directors for the Company's earnings distribution is based on the Article 28 of the Company's Articles of Incorporation, and the remuneration of directors for the current year can be calculated within the limit of no more than 3% of the profit for the current year, taking into account the Company's operating results and net profit after tax and considering the Company's corporate interests. The Company's performance contribution shall be reasonably remunerated; the Vice President's remuneration policy shall be based on the Company's performance evaluation objectives and variable bonus. In addition to reference to the Company's overall operating performance, safety, environmental protection and social responsibility, company development, customer quality and employee training and development, etc., the Company shall also refer to the individual's achievement rate of performance and contribution to the Company's performance to give reasonable remuneration, relevant performance evaluation and remuneration. The reasonableness has been reviewed and approved by the Remuneration Committee and the Board of Directors, and the remuneration system has been reviewed from time to time according to the actual business situation and relevant laws and regulations, so as to achieve a balance between the Company's sustainable operation and risk control.

2.3 Implementation Status of Corporate Governance

2.3.1 Implementation Status of Board of Directors

2.3.1.1 The Company's Board of Directors met a total of five (5) times (A) in 2024 and there was at least one (1) Independent Director in attendance at each meeting. The Director Members' attendance was as follows:

Title	Name	Attendance in Person (B)	by Proxy (A)	Attendance Rate in Person (%) (B/A)	Note
Chairman	Wu, Hsin-Hung	5	-	100.00	-
Director	San Fu Global Ltd. Representative – Chang, Chun-Ming	4	1	75.00	-
Director	Tsai, Chieh Jung	5	-	100.00	-
Director	Su, Tien-Pao	5	-	100.00	-
Director	Chang, I-Tsung	5	-	100.00	-
Director	Liang, Guo-Yuan	5	-	100.00	-
Independent Director	Li, Chung-Hsi(Note1)	2	-	100.00	-
	Hsieh, Yong-Feng(Note2)	3	-	100.00	-
Independent Director	Wu Tung-Ming	5	-	100.00	-
Independent Director	Yang Hong-Zhi	5	-	100.00	-

(Note1): Not elected during the annual shareholders' meeting on June 12, 2024.

(Note 2): Newly elected during the annual shareholders' meeting on June 12, 2024

Independent Director Attendance in 2024 was as follows:

Name	The First Meeting	The Second Meeting	The Third Meeting	The Fourth Meeting	The Fifth Meeting
Li, Chung-Hsi	Attendance in Person	Attendance in Person			
Hsieh, Yong-Feng			Attendance in Person	Attendance in Person	Attendance in Person
Wu Tung-Ming	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Yang Hong-Zhi	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person

2.3.1.2. Goals for Strengthening Board Functions and Implementation Assessment:

The Company believes that a sound and effective Board of Directors serves as the foundation of excellent corporate governance. Based on this principle, the Company has established a Remuneration Committee to assist the Board of Directors in carrying out its responsibilities. Please refer to item 3. page 29 for the composition and responsibilities of the Board of Directors.

2.3.1.3 Annotations

1. If the operation of the Board of Directors has any of the following circumstances, the date, period, content of the proposals, opinions of all independent directors and the Company's response to the opinions of the independent directors shall be stated:
 - (1) Matters set forth in Article 14-3 of the Securities and Exchange Act:
As of the date of publication of the annual report in 2024, a total of five board meetings were held. The resolutions were as shown on pages 74~76 of the annual report. All independent directors had no objection to the matters listed in Article 14-3 of the Securities and Exchange Act and the resolutions were approved.
 - (2) In addition to the above matters, other matters resolved at the meeting that were opposed or reserved by the independent directors and recorded in written statements: None.
2. For the implementation of directors' avoidance in conflict resolutions related to their interests, please refer to the following table.

Board Meeting Meeting Date	Name of Directors	Proposals	Reasons for Conflict of Interest and Voting Participation
2024/08/06 (the 2nd meeting of the 9th Term)	President Tsai, Chieh Jung and Chairman Wu, Hsin-Hung	Bonus distribution to the Company's President and Chairman.	As an interested party in this case, avoid participating in the discussion and voting of the above case in accordance with the law.
2025/02/24 (the 4th meeting of the 9th Term)	President Su, Tien-Pao; Vice-Chairman Tsai, Chieh Jung and Chairman Wu, Hsin-Hung	1. Performance evaluation targets and bonus changes for the Company's President, Vice Chairman and Chairman. 2. Bonus distribution to the President, Vice Chairman and Chairman of the Company.	As an interested party in this case, avoid participating in the discussion and voting of the above case in accordance with the law.

3. Evaluation and Implementation by The Board of Directors

(1) Evaluation Aspect

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	01.01.2024 ~12.31.2024	The Board of Directors As a Whole	Internal Assessment of the Board of Directors	<ol style="list-style-type: none"> 1. Degree of participation of the Company's operation. 2. Quality of decision made by the Board of Directors 3. Formation and Structure of the Board of Directors 4. Selection and continual education of directors 5. Internal control
		The individual Directors	Self-Assessment of Each Board Member	<ol style="list-style-type: none"> 1. Company goal and mission handling 2. Recognition of directors' responsibilities 3. Degree of participation in the Company's operation 4. Internal relationship operation and communication 5. Directors' professional and continual education 6. Internal control
		Functional Committees (Audit Committee and Remuneration Committee)	Self-Assessment of Each Functional Committee Members	<ol style="list-style-type: none"> 1. Degree of participation of the Company's operation 2. Recognition of responsibilities of functional committees 3. Quality of decision making of functional committees 4. Formation and member selection of functional committees 5. Internal control

(2) Performance Evaluation Results:

All of the Board of Directors and its members, as well as various functional committees, operate effectively; the performance evaluation results will be incorporated into the reference items for the continued evaluation of directors.

Evaluation Results of Assessment Items:

1. Overall Performance Evaluation of the Board of Directors: The average evaluation score is 4.9 points, still considered [Excellent].
2. Self-assessment of Director Members' Performance: The average evaluation score is 4.96points, still considered [Excellent].
3. Performance Evaluation of the Audit Committee: The average evaluation score is 5 points, considered [Outstanding].
4. Performance Evaluation of the Remuneration Committee: The average evaluation score is 5 points, considered [Outstanding].

Notes: Performance appraisal scoring method:

(1). Excellent (completely agree or strongly agree) is calculated as 5 points

(2). Excellent (mostly consistent or agreed) is calculated as 4 points

(3). Medium (partially qualified or ordinary) is calculated as 3 points

(4). The difference (a small number of agreement or disagreement) will be calculated as 2 points.

(5). Extremely poor (disagree or strongly disagree) is calculated as 1 point

2.3.2 Information Regarding the Composition, Responsibilities and Operation of the Audit Committee

2.3.2.1 Information of the Audit Committee Members:

Title	Criteria Name	Professional Qualifications and Experience	Independence Status	Number of other Taiwan Public Companies in which the Individual is Concurrently Serving As An Independent Director
Independent Director (Convener)	Wu Tung-Ming	The Audit Committee is composed of all three independent directors.	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-6 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or Traded by Securities Companies; 2. The spouse and minor children (or on behalf of others) do not hold any of the Company shares; 3. No remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	0
Independent Director	Hsieh, Yong-Feng	Please refer to the "Introduction to the Board of Directors" (pages 13~14) of this annual report for the professional qualifications and experience of the directors.		0
Independent Director	Yang Hong-Zhi	None of the directors is under any of the circumstances stated in Article 30 of the Company Act.		0

2.3.2.2. The Audit Committee of the Company held five (5) meetings (A) in 2024 up to the date of publication of the annual report. The attendance of Independent directors was as follows:

Title	Name	No. of Attendance in Person	No. of Attendance by Proxy	Actual Attendance Rate (%)	Note
Convener	Wu Tung-Ming	5	0	100.00	Re-elected
Independent Director	Hsieh, Yong-Feng	3	0	100.00	Newly elected on June 12, 2024
Independent Director	Yang Hong-Zhi	5	0	100.00	Re-elected

Annotations:

1. The 2024 implementation status of the Audit Committee is described as follows:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee Meeting Date (Term)	Proposals	The Outcome of the Audit Committee's Resolutions and the Company's Response of the Audit Committee's Opinion
02.27.2024 (11 th Meeting of 1 st Term)	<ol style="list-style-type: none"> 1. Approving the Company's 2023 non-consolidated financial statements and the Company's and its subsidiaries' consolidated financial statements and business reports. 2. Approving the profit distribution proposal for 2023. 3. Approving distribution of cash dividend from capital reserve. 4. Approving the participation in the IPO for cash capital increase of subsidiary San Fu Biotech Co., Ltd. 5. Approving the application for new and renewal of capital credit loan in 2024. 6. Approving the adjustments to the Company's distributable earnings and the amount of special surplus reserves set aside in accordance with International financial reporting standards. 7. Approving the signature of a "Lease and Rental Agreement" with San Fu Biotech 8. Approving the proposal to replace the CPAs starting from the first quarter of 2024. 9. Approving the evaluation of the independence and qualification of the CPAs appointed to certify financial reports. 10. Approving the statement on the design and effectiveness of the implementation of the Company's internal control system in 2023. 11. Approving the revisions to the Articles of Incorporation 	All present committee members agreed to adopt the proposals without objection and submit a report to the Board of Directors for approval
05.02.2024 (12 th Meeting of 1 st Term)	<ol style="list-style-type: none"> 1. Approving the consolidated financial statements of the Company and its subsidiaries for 2024 Q1. 2. Approving the distribution of earnings for 2024 Q1. 3. Approving the proposal for application for IPO as one of the TWSE/TPEX listed companies to issue common stocks by our subsidiary "San Fu Biotech Co., Ltd.", The Company will conduct the share release operation of the subsidiary in batches and give up participating in the cash capital increase plan of the subsidiary. 	

	<p>4. Approving the preparation of the 2023 Sustainability Report</p> <p>5. Approving the revisions of the Company's internal control operating procedures.</p>	
06.21.2024 (1st Meeting of 2nd Term)	1. Approving the proposal to increase in shareholding in subsidiaries	
08.06.2024 (2nd Meeting of 2nd Term)	<p>1. Approving the consolidated financial statements of the Company and its subsidiaries for 2024 Q2.</p> <p>2. Approving the distribution of earnings for 2024 Q2.</p> <p>3. Approving the revisions of the Company's internal control system operating procedures</p> <p>4. Approving the proposal for replacing the Company's spokesperson, financial and accounting directors, and corporate governance directors</p>	
11.06.2024 (3rd Meeting of 2nd Term)	<p>1. Approving the consolidated financial statements of the Company and its subsidiaries for 2024 Q3.</p> <p>2. Approving the distribution of earnings for 2024 Q3.</p> <p>3. Approving the 2025 Annual budget report.</p> <p>4. Approving the Tex 2025 Annual Audit Plan.</p> <p>5. Approving the proposal for application for extending the capital credit loan and contract for 2025.</p> <p>6. Approving the proposal for application for extending the endorsement guarantee limit for 2025.</p> <p>7. Approving the proposal for replacing new CPAs starting from 2024 Q4/</p> <p>8. Approving the proposal to establish a sustainable development committee and formulate organizational charter</p> <p>9. Approving the proposal to establish the "Procedure for the Preparation and Verification of Sustainability Reports" and the internal Audit System</p> <p>10. Approving the proposal for replacing the Company's spokesperson, deputy spokesperson, financial and accounting director, and corporate governance director.</p>	

(2) In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors: none

2. Execution of the independent director's recusal for conflict of interest: None.
3. Communication between independent directors, internal audit head and accountants once a year:

The contents of the Communication Meeting held in February 2025 were summarized as follows:

1. In the communication regarding to the 2024 Accountants' Audit Report on major audit items, the independent directors have no opinion on the content of the accountants' suggestion.
2. The independent directors have no opinion on the content proposed by the accountant with regard to the audited content of the financial report.

2.3.3 Taiwan Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission:

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established and disclosed its Corporate Governance Best-Practice Principles None
2. Shareholding structure & shareholders' rights (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has appointed dedicated personnel to respond to shareholder suggestions, concerns and disputes. None
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company has appointed a dedicated stock affairs agency and assigned dedicated personnel to handle these matters and keep track of the shareholdings of director, supervisor and major shareholders.
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The Company and related enterprises have developed and implemented internal control systems and related procedures in accordance with regulations.
(4) Does the Company have internal regulations to prohibit Company insiders from using unpublished information in the market to buy and sell securities?	✓		(4) Procedures have been developed and implemented by the Company and related enterprises for insider trading prevention management.
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		1. The Company advocates and respects the policy of having diversified None

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
		<p>Summary</p> <p>directors. in order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, it is believed that the policy of diversity will help improve the overall performance of the Company. The selection and appointment of board members are based on the principle of employing talents by their abilities, and they have diverse and complementary capabilities across industries, including basic composition (such as age, gender, nationality, etc.), as well as the experience and relevant skills of the industry, and business judgment, business management , leadership decision-making and crisis management skills. to strengthen the functions of the Board of Directors and achieve the ideal goals of corporate governance. The Article 20 of the Company's "Corporate Governance Code" clearly describes the capabilities that the Board of Directors should possess in general.</p> <p>2.The diversity, complement and implementation of directors' diversity have included and exceeded the</p>	

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
		Summary standards set forth in the ○○ "Corporate Governance Code". In the future, the diversity policy will be revised in a timely manner based on the operation of the Board of Directors, the type of operation and the development needs, including but not limited to the basic conditions and values, professional knowledge and skills, etc., to ensure that members of the Board of Directors should generally have the knowledge, skills and qualities necessary to perform their duties.	
(2) Does the Company voluntarily establish other functional committees In addition to the Remuneration Committee and the Audit Committee?	✓	3.The current diversity policy of the board members and its implementation are shown on Pages 40~41 of the attached table below. (2) In addition to the Remuneration Committee and the Audit Committee, the Company's Board of Directors approved the establishment of a Corporate Sustainability Committee in 2024 and established the committee's articles of incorporation	None
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually and submitted the results of performance evaluation to	✓	(3) The Company has formulated the performance evaluation method of the Board of Directors and its	None

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
<p>the Board of Directors for reference in the salary and remuneration of individual Directors and nomination for re-appointment?</p> <p>(4) Does the Company regularly evaluate the Independence of CPAs?</p>	✓	<p>Summary</p> <p>evaluation method, and is expected to report the results of the performance evaluation to the Board of Directors in February 2025. In the future, it will be reported to the Board of Directors on a regular basis every year, and will be used as a reference for individual directors' remuneration and nomination for renewal.</p> <p>(4) The Audit Committee of the Company regularly evaluates the Independence and suitability of its certified accountants annually. In addition to requiring the certified accountants to provide "Statement of Detached independence" and "Audit Quality indicators (AQIs)", the Audit Committee also evaluates the 14 standards and 13 AQI indicators of Independence evaluation by the certified accountants. It is confirmed that the accountant has no financial interest or business relationship with the Company other than the cost of certification and financial and tax cases, that the accountant's family members do not violate the Independence requirement, and by referring to the AQI index information, it is confirmed that the accountant and the firm are better</p>	None

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
		Summary than the industry average in terms of experience and training hours; In addition, we will continue to introduce digital audit tools in the most recent three years to improve audit quality. The results of the latest annual evaluation were discussed and approved by the Audit Committee on February 26, 2024, and reported to the Board of Directors on February 26, 2024 for the Approving the Independence and suitability of accountants.	
4. Does the TWSE/GTSM listed companies have an appropriate number of corporate governance personnel, and appoint a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing information required by Directors and supervisors to carry out business, assisting Directors and supervisors to comply with laws and regulations, response matters related to meetings of the Board of Directors and shareholders' meeting according to law, and making minutes of the Board of Directors and shareholders' meeting, etc.)?	✓	The Company has already appointed the Chief Financial and Accounting officer on May 5, 2023 to be responsible for matters related to corporate governance, safeguarding shareholder rights and strengthening BOD functions. Their main responsibilities are providing the resources needed for the directors and supervisors to perform their duties and developing the latest regulations related to Company operations to assist the directors, supervisors obey laws and regulations. The following duties are performed: 1. Arrange at least 6 credit hours of home continuing education courses for board members. 2. Convene non-regular communication meetings with CPAs, independent directors, audit and financial	None

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
		<p>Summary</p> <p>supervisors to implement the internal audit system.</p> <p>3. Draft BOD agenda and notify directors 7 days prior to the meeting, convene meeting and provide meeting information. Give advance reminder if it is recusal is necessary and complete BOD meeting minutes within 20 days after the meeting is convened.</p> <p>4. Hold registration before the shareholders' meeting date in accordance with law, prepare the shareholders' meeting notice, meeting handbook and within the legally stipulated time limit and meeting minutes and change registrations after article amendments or director elections.</p>	
5. Does the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), established a stakeholder area on the Company website, and properly respond to important corporate social responsibility issues that stakeholders are concerned about?	✓	<p>A dedicated stakeholder section has been established for the Company's website to provide a means of communication for stakeholders. Dedicated personal provide appropriate replies to major corporate social responsibility issues that stakeholders are most concerned about.</p>	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓	<p>The Company entrusts the Transfer Agency Department of the First Securities Co., Ltd., to handle stock related affairs, to provide information on the list of major shareholders at any time</p>	None

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
<p>7. Information Disclosure</p> <p>(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p>	✓	<p>(1) The Company has established a website to disclose information regarding its financial, business and corporate governance status. Please refer to www.sfchem.com.tw.</p> <p>(2) The Company has designated personnel to handle significant information disclosures, appointed a spokesperson in accordance with the law and posts information on the MOPS and the Company website in accordance with regulations.</p>	None
	✓	<p>(3) The Company has not announced the financial report information in advance, but will announce and report the first, second and third quarter financial reports in advance.</p>	
<p>(3) Does the Company announce and report the annual financial report within two months after the end of the , and announce and report the financial reports of the first, second and third quarters and the operating conditions of each month before the prescribed time limit?</p> <p>8. Is there any other important information to facilitate a better understanding of The Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors and supervisors)?</p>	✓	<p>1. Employee rights and wellness: The Company has made a strong effort to create a healthy and safe work environment for its employees. Besides implementation of a pension system and providing year-end bonuses, the legal rights of employees are upheld in accordance with the Labor Standards Act and other relevant laws and regulations. Due care is taken when processing employee basic information. In</p>	None

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
		<p>Summary</p> <p>addition to following the requirements under government law, the private personal information of employees may not be disclosed. Annual health exams for employees are arranged. Labor relations are emphasized to provide equal employment opportunities.</p> <p>2. Investor relations: The Company has established a stock affairs office solely responsible for response investor relations and shareholder recommendations and truthfully disclosing Company information in accordance with the law to guarantee the basic interests of investors and fulfill its corporate responsibilities to its shareholders.</p> <p>3. Supplier relations: Smooth communication channels have been established between the Company and its suppliers and good relations have been maintained.</p> <p>4. Stakeholder rights: There are smooth communication channels between the Company and its correspondent banks and other creditors, employees, customers, suppliers and other related stakeholders and respect their due legal rights. The Stock Agency Department at the First Securities inc. is the stock affairs agent for the</p>	

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
		<p>Summary</p> <p>Company and assists with response questions and suggestions of shareholders and Company stakeholders. If legal issues are involved, a dedicated lawyer or legal consultant will be appointed to handle the matter to uphold stakeholder interests.</p> <p>5. Director and supervisor continuing education: The Company's directors and supervisors possess professional expertise. Directors and supervisors complete continuing education courses in focus areas. In addition, the Company provides information about continuing education as needed and posts it on MOPS in accordance with regulations.</p> <p>6. Risk management policy and risk measurement standard implementation: As of now, the Company has not yet established dedicated unit to perform risk management and measurement work. However, authority for review various forms has been determined and departments perform this work in accordance with procedures. An audit unit has been established to conduct regular and non-regular audits of the Company's internal controls and submit reports to reduce operation risk</p>	

Assessment Item	Implementation Status (Note)		Non-implementation and its Reason(s)
	Yes	No	
		<p>Summary</p> <p>to a minimum.</p> <p>7. Customer policy implementation: The Company has established a marketing department to provide customers with product service, answer questions and maintain smooth communication channels with customers. The requirements set down by the customer are strictly followed, customer rights are protected and excellent relations are maintained.</p> <p>8. Purchase of liability insurance for the Company chairman and president: The Company has purchased liability insurance for the chairman and president and the insured amount, coverage and insurance rate is reported to the Board of Directors.</p>	

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
<p>9. Please refer to the results of the recent annual Corporate Governance Evaluation published by the Corporate Governance Center of Taiwan Stock Exchange to propose priority items and measures to be improved for the situation where improvements have been made, and to the areas where improvements have not been made, and the improvements based on the above-mentioned results this year will be made in 2025 as follows:</p> <p>When promoting the employee safety, health and work environment protection measures for the TWSE/TPEX listed companies the Taiwan Stock Exchange (TWSE) must emphasize the specific measures and implementation results for preventing and controlling employee obesity, high blood pressure, and high cholesterol, and disclose them on the website and in the annual report of the shareholders' meeting.</p>			

Note: 1. Diversity of Board of Directors :

- (1) The Company advocates and respects the director diversity policy. to strengthen corporate governance and promote the sound development of the composition and structure of the board, we believe that the diversity policy will enhance the overall performance of the Company. The members of the Board of directors are selected based on the principle of talents. They have diverse and complementary capabilities across industries, including basic composition (such as age, gender, nationality, etc.), as well as industry experience and relevant skills (such as: business, biotechnology, chemical industry, accounting, economics, gas industry, etc.). in order to strengthen the functions of the Board of Directors to achieve the desired objectives of corporate governance, the "Code of Practice on Corporate Governance" of the Company sets out the overall following capabilities of the Board of Directors: 1. Business Judgment Ability 2. Accounting and Financial Analysis Ability 3. Management Ability 4. Crisis Management Ability 5. Industry Knowledge 6. International Market View 7. Leadership 8. Decision-Making Ability.
- (2) The members of the current Board of Directors of the Company have all achieved the management objectives of no more than one-third of the directors who are also the Company's managers and no more than one-half of the independent directors have served for more than three consecutive terms. In order to continuously enhance the functions of the Board of Directors and strengthen gender equality in its membership, the Company aims to increase the number of female directors to more than one-third. In the future, the Company will seek talent recommendations from multiple channels to increase the number of female directors, so as to enhance the effectiveness of corporate governance and implement the policy of diversification of board members.

(3) Please refer to the following table for the diversity policy and implementation of current board members:

Title	Chairman		Representative Director		Directors					Independent Director								
	Wu, Hsin-Hung	Male	Chang, Chun-Ming	Male	Tsai, Chieh Jung	Male	Su, Tien-Pao	Male	Chang, I-Tsung	Male	Liang, Guo-Yuan	Male	Hsieh, Yong-Feng	Female	Wu, Tung-Ming	Male	Yang Hong-Zhi	Male
Name																		
Gender	Taiwan		Taiwan		Taiwan		Taiwan		Taiwan		Taiwan		Taiwan		Taiwan		Taiwan	
Nationality	76-80		81-85		71-75		61-65		46-50		76-80		61-65		71-75		76-80	
Age					V		V											
Currently Serving As An Employee of the Company																		
Professional Knowledge and Skills																		
Business	V		V		V		V		V		V		V		V		V	
Biotechnology	V				V		V		V				V					
Chemical Industry	V		V		V		V		V				V				V	
Economy/Insurance											V		V		V			
Gas Industry	V		V		V													
Financial Accounting											V		V		V			
Other Industries											Education		Semi-conductor				Steel	
Ability and Experience																		
Business Economics	V		V		V		V		V		V		V		V		V	
Leadership Decision-Making	V		V		V		V		V		V		V		V		V	
International Market View	V		V		V		V		V		V		V		V		V	
Industry Knowledge	V		V		V		V		V		V		V		V		V	
Financial Management											V		V		V			

Title	Chairman	Representative Director	Directors				Independent Director		
Operations and Manufacturing	V	V	V	V	V	V	V	V	V
Business Management	V	V	V	V	V	V	V	V	V
Risk Management/Crisis Response	V	V	V	V	V	V	V	V	V

2. Independence of Board of Directors:

- (1) Among the directors of the Company, none of the individual, his or/her spouse and/or relative of second lineal relationship have taken the post of director in the Company or affiliated enterprises or as employee, then there is no occurrence of events set forth in paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act.
- (2) The average tenure of directors of the Company is 9 years, and the tenure of independent directors is 1-9 years. All the members of the board are from Taiwan, and the composition of the board consists of 3 independent directors accounting for 33% of the Total number of directors; 2 directors with employee status account for 22% of the Total number of directors.
- (3) The orientation, complementarity and implementation of director diversity include and exceed the criteria set out in the Code of Corporate Governance Practice; in the future, the diversity policy will continue to be revised as appropriate in light of the Board's operation, operation style and development needs, including but not limited to the most important criteria, such as basic conditions and values, expertise and skills, so as to ensure that board members generally possess the necessary knowledge, skills and qualities to perform their duties.

2.3.4 Composition, Responsibilities and Operation of the Remuneration Committee :

2.3.4.1 Information on Remuneration Committee Members

Title	Criteria Name	Professional Qualifications and Experience	Independent Criteria	Number of other public companies in which the individual is concurrently serving as a Member of Remuneration Committee
Independent Director (Convener)	Wu, Tung-Ming	The Audit Committee is composed of all three independent directors. Please refer to the "Introduction to the Board of Directors" (pages 13~14) of this annual report for the professional qualifications and experience of the directors. None of the directors is under any of the circumstances stated in Article 30 of the Company Act	All members meet the following conditions: 1. Comply with the relevant provisions of Article 14-6 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or Traded by Securities Companies." 2. The member's spouse and minor children (or on behalf of others) do not hold any of the Company's shares 3. No remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	0
Independent Director	Hsieh, Yong-Feng			0
Independent Director	Yang, Hong-Zhi			0

2.3.4.2 Operation Status of the Remuneration Committee

- The Company's Remuneration Committee has 3 members.
 - Tenures of the current Remuneration Committee Members: June 21, 2024 to June 11, 2027.
- The Committee held two meetings in 2024 (A) with the following attendance:

Title	Name	Attendance in person (B)	by proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Wu, Tung-Ming	2	0	100	Re-elected
Committee member	Hsieh, Yong-Feng	2	0	100	Newly appointed
Committee member	Yang, Hong-Zhi	2	0	100	Re-elected

Annotations:

- Any suggestion of the Remuneration Committee which was not adopted or modified by the Board of Directors: None
- Any written or otherwise recorded resolution on which a member of the Remuneration Committee has a dissenting opinion or qualified opinion: None
- The Remuneration Committee meeting resolutions are described below:

Date	Proposals	Resolution
08/06/2024 (The 1st Meeting of 5 th Term)	<ol style="list-style-type: none"> 1. Review the amount of change bonuses paid to the Company's President and Chairman in the first half of 2024. 2. Change of the President of the Company 	All proposals are adopted by the Remuneration Committee and submitted to the Board of Directors for approval.
02/26/2025 (The 2 nd Meeting of 5 th Term)	<ol style="list-style-type: none"> 1. Review the distribution amount of the Company's employee remuneration and director remuneration in 2024. 2. Review the amount of bonus changes paid to the President and Chairman of the Company in the second half of 2024. 3. Review the 2024 performance assessment targets and proposals for changing the bonus paid to the Company's President and Chairman 	All proposals are adopted by the Remuneration Committee and submitted to the Board of Directors for approval.

4. The Remuneration Committee helps mainly the Board of Directors to regularly review the policies, systems, standards and structures of performance evaluation and remuneration of directors and managers.

2.3.5 Sustainable Development Implementation Status as Required by the Taiwan Financial Supervisory Commission and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
<p>1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?</p>	✓	None	<p>In response to the global trend of sustainable development, we have established the Corporate Sustainability Development Committee and the Sustainability Task force to effectively implement sustainability initiatives and strengthen the Company's sustainability governance.</p> <p>The Corporate Sustainability Development Committee plays a supervisory role in promoting corporate development strategy planning and project approval. The committee is composed of three directors appointed by the Board of Directors and is responsible for assisting in the negotiation of sustainability policies, strategic planning, annual and special projects. It also supervises and evaluates implementation progress and reviews the sustainability report. The committee meets at least once a year and may convene additional meetings as needed.</p> <p>The President Mr. Su Tien-Pao, who serves as the Vice Chair of the Committee, is also the highest-ranking officer of the Sustainability Task force. Alongside the Chief Sustainability officer and several team leaders, he jointly reviews and decides on sustainability issues, strategies, and goals. Each year, the Chief Sustainability officer reports the results of ESG execution and future plans to the Corporate Sustainability Development Committee.</p> <p>The Company's Board of Directors regularly receives reports from the executive team each quarter, including ESG-related updates. The management is responsible for proposing company strategies to the Board, which in turn must assess the likelihood of success, regularly review the progress of these strategies, and prompt the executive team to make adjustments if necessary.</p>
<p>2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to Company operation,</p>	✓	None	<p>The Company identifies material topics through a five-step process:</p> <p>1. In compliance with President the five principles of the AA1000 Stakeholder Engagement Standard (AA1000SES): dependency, responsibility, tension, influence, and diverse perspectives, and referencing industry practices, we conducted discussions and identified six main stakeholder groups: customers, regulatory authorities, shareholders, suppliers/contractors/outsource partners,</p>

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
and establish risk management related policy or strategy?		<p>employees, and nearby communities.</p> <p>2. Collection of Sustainability Issues: Sustainability issues were gathered with reference to International standards and frameworks such as GRI Standards, TCFD, SASB, SDGs, and industry-specific concerns. This process resulted in a questionnaire comprising 17 sustainability topics.</p> <p>3. Materiality Analysis: A Total of 32 ESG materiality assessment questionnaires were completed by stakeholders to identify topics of concern. In addition, 14 internal department heads assessed the positive and negative impacts and likelihood of each topic. A Total of 46 valid responses were collected.</p> <p>4. Identification of Material topics: A materiality matrix was created. topics scoring 4 or higher in stakeholder concern and 3.5 or higher in potential positive/negative impact were defined as material topics for this report. A Total of six material topics were identified.</p> <p>5. Validation by Senior Management: The six material topics were reviewed and approved by senior management. This report discloses The Company's corresponding action plans, strategies, and implementation status related to each of these material topics.</p>	
3. Environmental topics	✓	<p>(1) In addition to obtaining ISO14001 environment management certificate and fulfilling our environment policy commitments, greenhouse gas inventories and work environment 6S have been conducted for many years to strengthen environment and resource management. Dedication units have been established for air, water, waste and toxin management.</p> <p>(2) The Company is not only dedicated to developing green technology products such as high-tech developing solution recover and reuse and technology for packaging recovery and reuse, but also strives to raise equipment efficiency and reduce resource consumption. The developer waste solution (TMAH waste solution) produced by the clients is recycled and reused by San Fu, and its quality is excellent. Our clients have used the recycled solution since 2011.</p>	None
(1) Has the Company set an environmental management system designed to industry characteristics?	✓		
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take Procedures related to climate related topics?	✓		to cope with the client's new plant construction, the recycled and reuse quantity continues to set record high, that changes the toxic solution TMAH into gold, and the Total cumulative quantity of the reused product of the 25% TMAH up to 2024 is approximately 155,000 metric tons.
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		(3) The Company uses the framework of climate related financial disclosure proposal (TCFD) issued by the International financial stability committee to identify the risks and opportunities brought by climate change to the business performance of San Fu chemical, and formulate response strategies for the identified issues. (4) Our greenhouse gas emissions were certified by a Third-Party Verification Body as 23,722,508 (metric tons CO ₂ -e/year) and 32,468,094 (metric tons CO ₂ -e/year) in 2023 and 2024 respectively. Our greenhouse gas inventories and certificates for the past two years are disclosed on our official website https://www.sfchem.com.tw/zh-hant/page/certifications . It also discloses greenhouse gas emissions for the past two years, and the water consumption and Total waste weight information in the ESG report, and monitors compliance with regulatory standards for greenhouse gas emissions and measures to reduce water use.
4. Social topics (1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		(1) The Company follows the related labor laws and regulations of each business operating unit all over the world to protect the legal rights of the employees. The Company agrees and supports International rights treaty including the United Nation's Universal Declaration of Human Rights, Global Covenant, International Labor organization Convention and respect the International recognized basic human rights. The Company establishes the human rights policy according to the guidelines of the aforementioned specifications and fully discloses it on the Company's website (http://www.sfchem.com.tw/zh-hant/page/statements), and
			None

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
(2) Has the Company established appropriately managed employee welfare Procedures (include salary and compensation, leave and others), and link operational	✓		<p>maintains the human rights of full-time employees, part-time employees, and interns, and the implementation results in 2024 include:</p> <p>(1) No discrimination;</p> <p>(2) No violation of freedom for association and collective negotiation rights;</p> <p>(3) No hiring of child labor, and (4) No forced or compulsory labor. Below are the local labor regulations that are followed by the Company and the communication measures taken for legal employees:</p> <ol style="list-style-type: none"> 1. When there is a major change in operations and labor conditions at the Company which will affect the employment rights of personnel, Article 16 of the Labor Standards Act is 100% followed to provide the minimum period of advance notice for termination of labor contracts in accordance with law. 2. The Labor Pension Reserve Fund Supervisory Committees meets on a non-regular basis in accordance with Article 56 of the Labor Standards Act and may convene special meetings if necessary. Meeting content is focused on checking labor pension reserve allocation amounts, fund saving and utilization status and labor pension payment amounts. 3. The Company has not yet established a union organization but regular meetings are held between labor and management for two-way communication and collective bargaining in accordance with government labor laws. Management meetings are held on a non-regular basis in accordance with Article 83 of the Labor Standards Act and special meetings are convened if necessary to conduct two-way communication on labor-management cooperation, improvement of labor conditions and labor welfare planning. <p>(2) The Company is fully responsible for the promotion and implementation of various employee welfare matters. At present, the main employee welfare measures are as follows:</p> <ol style="list-style-type: none"> 1. Taking 2 days off per week, competitive salary level, medical checkup, proposal bonus, leave advance system, childcare allowance, birthday gifts, wedding and funeral gifts, employee health examination, hospital

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
performance or achievements with employee salary and compensation?		<p>consolation community allowance, children education allowance, annual festival gifts, outdoor activities allowance and employee travel</p> <p>2. According to Article 28 of the Company's Articles of Incorporation, the employee's remuneration for the current year can be calculated within 1% - 3% of the profit of the current year, and reasonable remuneration and bonus can be given considering the Company's operating results, employee performance appraisal and contribution to the Company.</p> <p>3. The Company is committed to providing employees with a dignified and safe working environment. We ensure fairness in employment diversity, pay and promotion opportunities, and ensure that employees are not subjected to discrimination, harassment or unequal treatment based on race, sex, religious belief, age, political orientation and any other conditions protected by applicable laws and regulations. We have established a "Discrimination and Harassment Prevention Management Procedure". The Company adheres to the Gender Work Equality Law to ensure the equality of gender work rights. The Company does not discriminate based on gender in recruitment, selection, employment, distribution, performance evaluation, promotion, education and training, welfare measures, etc. We have set a "written statement on prohibition of workplace sexual harassment" and disclosed in the Company's official website (https://www.sfchem.com.tw/zh-hant/page/statements).</p> <p>Generally speaking, women are less willing to engage in chemical manufacturing industry than men, which is the normal distribution of human resource structure in the industry. However, San Fu Chemical adheres to the construction of employee-friendly working system and working environment, so as to promote the willingness of women to join the chemical manufacturing industry and implement the fairness of economic resource allocation. The implementation in 2024 is as follows:</p>	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>(3) The Company has obtained ISO45001 certification, and has formulated complete management regulations on the use and wearing of protective equipment. When the chemicals that may cause environmental pollution or human inhalation hazards are used in subpackaging, there are isolation facilities. in areas where there is a risk of falling from high places, there are guardrails, enclosures and other relevant fall prevention facilities;</p> <p>To carry out 6S activities to continuously improve the working environment, safety and health of employees in all plants. All of the above shows that the Company attaches great importance to environmental safety and is committed to providing a safe and healthy working environment for employees. It conducts annual health examination for employees. It also provides consultation and management of health education for employees who may have physical and mental abnormalities.</p> <p>The plant employs a full-time nurse to provide consultation and management of health and hygiene education, and regularly arrange consultation services for plant doctors to go to the plant to provide consultation services and</p>

Summary

	Female		Male		Total	
	%	Average Age	%	Average Age	%	Average Age
Non-managerial position	22.71%	39	77.29%	40	74.31%	39
Managerial position	14.71%	46	85.29%	48	25.69%	47
Total	20.65%	42	79.35%	44	100%	43

Nationality	Percentage
R.O.C. (Taiwan)	97.48 %
Indonesia	2.27 %
Vietnam	0.2 %

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
		<p>implement medical tracking and management.</p> <p>In 2024, there was one (1) recorded occupational accident, involving zero (0) employee, accounting for 0% of the Total workforce (the injured individual was not a company employee).</p> <p>Improvement measures taken for this incident:</p> <ol style="list-style-type: none"> 1. Implementation of Pipeline Cleaning Procedures: After on-site personnel has completed the cleaning and pressure relief processes, they must record the details in the supervisor safety log. This record must be signed by an engineer or a supervisor of section level or higher. Contractors are required to review and sign this log before commencing any work. 2. Post-Decompression Safety Measures: If a pressure relief valve is used, it must be opened prior to construction to ensure no residual pressure remains in the pipeline. For acid and alkali process fluids, pH test strips are used to confirm the effectiveness of the cleaning process. 3. Reinforced Safety for Hazardous Pipeline Operations: Contractors must wear appropriate protective equipment, and an engineer or higher-level personnel must be present on-site to provide supervision and ensure safety during disassembly. <p>In 2024, the number of fire incidents was zero. The Company follows the Fire and Explosion Emergency Response Standard (SH-ES-003-0004) to prevent and minimize risks to human life.</p>	

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
(4) Has the Company established effective career development training plans?	✓		<p>(4) In order to achieve sustainable management and meet the mission of social responsibility, in 2017, the "balanced score card" was introduced as the promotion mode of the Company's strategic development goals, and it is also used as the work indicators and capabilities of staff in different units according to their post requirements, so as to set quantitative work objectives and qualitative functional behaviors. Regarding the annual performance appraisal system, the Company will review the integrity and fairness of the appraisal system from time to time, including the rationality of goal setting, the consistency of measurement criteria, the link between vertical and horizontal objectives, the implementation of performance talk feedback mechanism, performance coaching system, and personal development plan. and the system side, the overall operating profit of the Company will be linked to individual performance, and special bonuses will be given every six months based on the results of the evaluation to effectively motivate employees with outstanding performance. in addition, the assessment results will serve as a reference for the Company's future training and career development, as well as for salary adjustment and promotion. In 2024, the number of people who accepted performance appraisal accounted for 100% of the Total number that should be assessed.</p>

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
(5) Does The Company's product and service comply with related regulations and International rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	✓		(5) The Company has obtained ISO45001 certification, and has formulated complete management regulations on the use and wearing of protective equipment. When the chemicals that may cause environmental pollution or human inhalation hazards are used in subpackaging, there are isolation facilities. in areas where there is a risk of falling from high places, there are guardrails, enclosures and other relevant fall prevention facilities; to carry out 6S activities to continuously improve the working environment, safety and health of employees in all plants. All of the above shows that the Company attaches great importance to environmental safety and is committed to providing a safe and healthy working environment for employees. It conducts annual health examination for employees. It also provides consultation and management of health education for employees who may have physical and mental abnormalities.
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		(6) Conduct routine audits on qualified suppliers, and annual audits on new suppliers, C/D grades in annual appraisals, major quality/environmental safety anomalies, and customer complaints. The content of the audit includes: product quality, safety and hygiene, environmental protection, labor rights, and more understanding on the demands of supply chain through the annual audit of suppliers.
5. Does the Company refer to International reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquired third party verification or statement of assurance?	✓		This report adopts the following sustainability standards and guidelines: -The GRI Universal Standards 2021 issued by the Global Reporting initiative (GRI); -The AA1000 Accountability Principles (2018) published by Accountability The Sustainability Accounting Standards Board (SASB) industry standards for the chemical sector; The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies: - A GRI Standards index and a SASB Chemical industry Standards index are

Evaluation item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
<p>Principles for TWSE/GTSM Listed Companies,” please describe the discretion of operation with the independent practices developed. The Company has established Corporate Social Responsibility Best Practice Principles. The current status of the Company, laws and regulations have been considered with respect to corporate social responsibility and implementation will be done in gradually manner, so there is such circumstance.</p> <p>7. Other critical information that helps understand the operation of corporate social responsibility:</p> <ul style="list-style-type: none"> ■ Provided scholarships and bursaries for needy students in public and private universities (National Taiwan University, Tunghai University, National Cheng Kung University and National Taipei University of Nursing and Health Science etc.); ■ Sponsored the 2024 Chemical industry Talent Recruitment Expo; ■ Sponsored the promotion of chemical activities (sponsoring the 2024 China Chemistry Annual Conference, the 71th Anniversary Celebration of the Taiwan Chemical Engineering Society, and the 2024 Summit forum of the Association for the Advancement of Chemistry); ■ Sponsored the development of specialized educational programs at Shanhua Junior High School and Donated to the Taiwan Foundation for the Advancement of Children’s Rights, a foundation supporting children with developmental delays ■ Cooperate with the blood donation center to organize blood donation activities in the plant three times a year. 		Summary	

TCFD Report

Climate-related Information of TWSE/TPEX Listed Companies

● Commitment to Net Zero Emissions

San Fu Chemicals Co., Ltd. (the Company) attaches great importance to the impact of climate change on the Company's sustainable operation. It requires management to identify challenges and threats posed by climate change, as well as anticipate future opportunities and advantages. Timely risk assessments and response strategies should be proposed. The Company also commits to aligning with our country's sustainable development goals and working together with countries worldwide towards the goal of net-zero emissions by 2050.

● Climate Governance Framework and Supervision Mechanism

1. Board of Directors

In response to the commitment to take action against climate change, the Company's governance will play an important role. Regarding corporate governance, the main responsible individuals The Company's Board of Directors are committed to achieving the "net-zero emissions" target set by regulatory authorities. The Board of Directors establishes audit and remuneration committees, each responsible for carrying out relevant oversight tasks.

The Remuneration Committee convenes meetings every six (6) months to discuss and incorporate ESG-related goals and their achievement levels into the performance evaluation and compensation system of senior executives. This is aimed at monitoring the realization of climate-related objectives, encouraging management to govern the Company's operations in a manner that is profitable and sustainable. for example, strategies such as reducing greenhouse gas emissions and implementing energy-saving measures.

The Company's Board of Directors regularly receives reports from the management team (including ESG reports) on a quarterly basis. The management team must propose the company implementation strategies to the Board of Directors, who then assess the likelihood of success of these strategies. They also must regularly review the progress of these strategies and urge adjustments to be made by the management team if necessary.

2. Sustainable Climate Governance

In response to the global trend of sustainable development, we have organized a "Corporate Sustainability Committee" and a "Sustainability Implementation Team" to implement the promotion of sustainable development and strengthen the Company's sustainable governance. In promoting corporate development strategy planning and plan approval, the Corporate Sustainability Committee plays a supervisory role and is organized by three (3) directors appointed by the Board of Directors to assist in the approving sustainable development policies, strategic planning, annual plans and project plans, and to supervise and evaluate the implementation status and the review of sustainability reports. The Corporate Sustainability Committee shall hold a meeting at least once a year which can be convened at any time as needed.

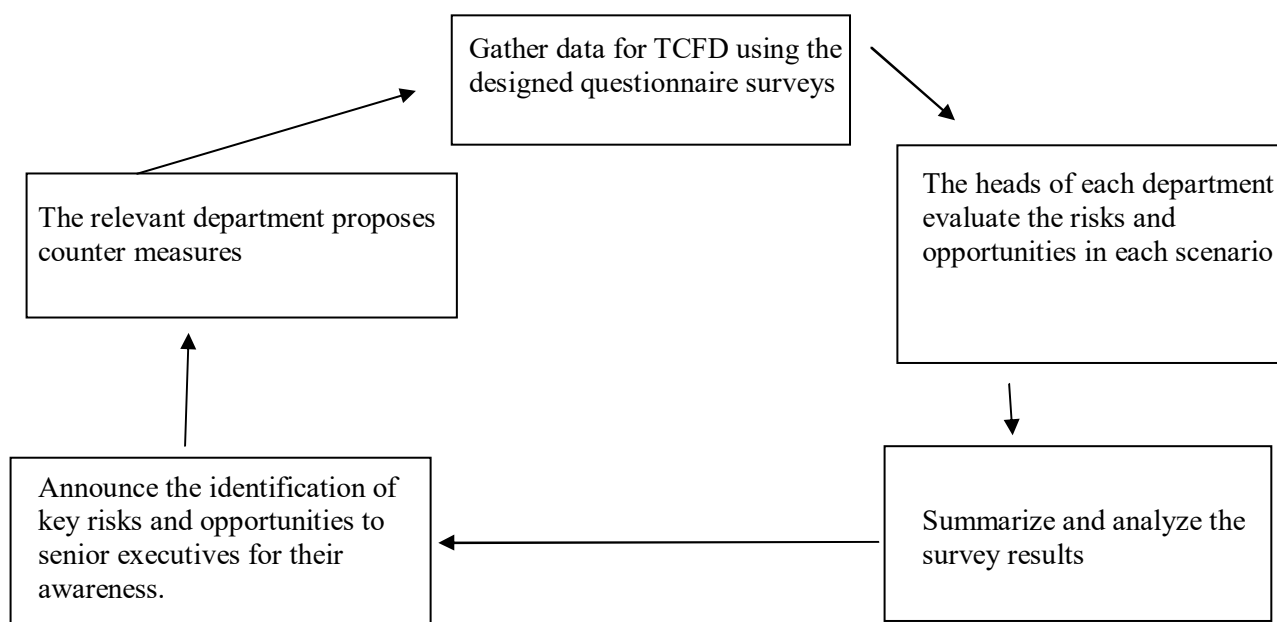
The Deputy Chairperson of the Corporate Sustainability Implementation Committee, Vice President Su, Tien-Pao is also the highest director of the Sustainability Implementation Team. together with the Chief Sustainability officer and several team leaders, he reviews and decides on sustainable issues, strategies and goals. Every year, the Chief Sustainability officer reports the ESG implementation results and future plans to the Corporate Sustainability Committee. on April 29, 2025, the Board of Directors reported on the implementation results of sustainable development and future work plans. The proposals of the report include: (1) Identification of sustainable issues requiring attention and formulation of corresponding action plans; (2) Supervision of the implementation of sustainable business matters and evaluation of execution (such as the Company's efforts in reducing environmental impact and promoting waste recycling in the production process, implementing ecological responsibilities to reduce absolute carbon emissions for

customers, etc.); and (3) Evaluation of the risks and opportunities brought by climate change to the Company, followed by the formulation of appropriate response strategies to address the impacts of climate change events.

● **Identification of Climate-Related Risks and Opportunity**

The Company places great emphasis on the long-term operational performance of the enterprise and actively responds to the risks posed by climate change. The Company follows the framework outlined by the Financial Stability Board (FSB) in its "Recommendations of the Task force on Climate-related Financial Disclosures" (TCFD), the Company has been identifying climate-related risks and opportunities. It sets scenarios of climate change that could impact the Company financially, evaluates emerging risks and opportunities associated with climate change, assesses their impacts on the Company's operations and management, and devises response strategies for each scenario. It defines short-term as within the next 3 years, medium-term as 3 to 6 years, and long-term as over 6 years, as evaluation periods for potential impact. The aim is to reduce the operational and financial impacts of climate change and enhance organizational climate resilience.

● **The Process for Identifying and Assessing Climate-Related Risks and Opportunities**



● **Assumptions in Relation to Climate-Change Scenario**

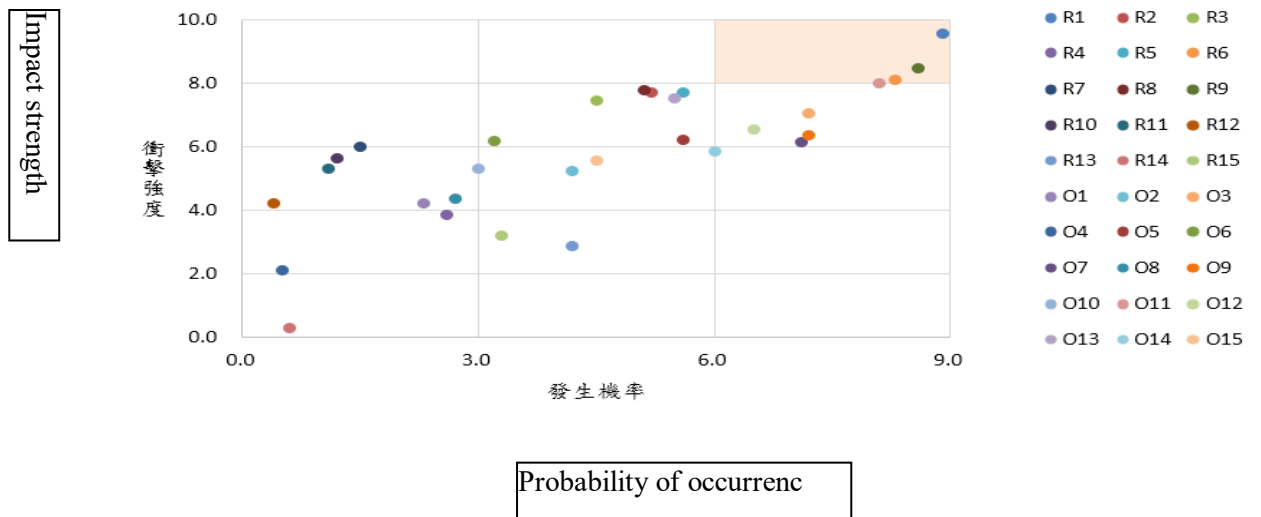
Faced with the uncertainty of climate change issues, the Company refers to the scientific reports from the intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to simulate two scenarios for potential risks and opportunities in the future. Faced with the uncertain climate change issue, the Company refers to the scientific reports proposed by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) for climate change scenarios, and then identifies climate risks and opportunities through two extreme scenarios - warming scenario (SSP5-8.5) and net zero emission scenario (NZE).

1. The IPCC very high emission scenario (SSP5-8.5) assumes the highest greenhouse gas emissions under almost no climate policy, which can be regarded as the most stringent warming scenario. by adopting the SSP5-8.5 scenario, The Company’s production bases are simulated to implement adaptation actions in the face of climate shocks.
2. The Net Zero Emissions (NZE) scenario proposed by the International Energy Agency (IEA) represents the path for countries to achieve net zero emissions by 2050 in order to achieve the goal of controlling global warming to below 1.5°C. This scenario can be regarded as the most proactive scenario for promoting emission reduction measures. This study will examine its impact on various operational aspects of the Company’s low-carbon transition economy.

1. Identification Results of Climate-Related Risks and Opportunities

Climate Risk and Opportunity Matrix in Organization

氣候變遷風險與機會重大性矩陣圖



Risks/Opportunity		Item	Description
Transition Risks	Policy and Legal	R1	Increased emission costs due to greenhouse gas regulations ★
		R2	Strengthened obligation for emission disclosure
		R3	Regulation and supervision of existing products and services
		R4	Litigation risks related to climate change Technology
	Technology	R5	Substitution of existing products and services with low-carbon alternatives
		R6	Expenditure on low-carbon technologies★
		R7	Investment failure in new technologies Market
	Market	R8	Changes in customer behavior
		R9	Increased raw material costs★
	Reputation	R10	Increased stakeholder backlash, industry stigmatization
		R11	Shifts in customer preferences
Physical Risks	Acute	R12	Typhoons/hurricanes, heavy rain/flooding
	Chronic	R13	Rising mean temperatures
		R14	Rising sea levels
		R15	Changes in rainfall (water) patterns and extreme climate variations
Opportunities	Resource Efficiency	O1	Adopting more efficient transportation methods
		O2	Use more efficient production and distribution process
		O3	Use of recycling
		O4	Move to more efficient buildings
		O5	Reduced water usage and consumption
	Energy Source	O6	Use of lower-emission sources of energy
		O7	Participation in carbon market
		O8	Shift toward decentralized energy generation
	Products and Services	O9	Develop and/or expand of low emission products or services
		O10	Development of climate adaptation and insurance solutions
		O11	Development of new products or services through R&D and innovation★
		O12	Shift in customer preferences
	Markets	O13	Access to new markets
	Resilience	O14	Participation in renewable energy programs and adoption of energy-efficiency measures
		O15	Resources substitutes/diversification

Transition risks relates to the risks associated to replacing existing products and services with low-carbon commodities. Customers have put forward more low-carbon product demands in response to the net zero commitment, and the verification-related expenses for product carbon footprints have increased in order to comply with the sustainable development roadmap for listed companies proposed by the Financial Supervisory Commission, and the relevant costs of greenhouse gas inventory verification have also increased accordingly. The "Carbon Fee Collection Method" announced by the Ministry of Environment plans to collect carbon fees from 2025. The first wave of carbon fee collection targets are mainly large carbon emitters with annual emissions of more than 25,000 tons, such as the power industry, gas supply industry and manufacturing industry. According to statistics from the Ministry of Environment, there are about 500 factories. As the carbon fee threshold is gradually implemented, the impact range may be medium to long term. in the long run, climate change may have an impact on suppliers, increase the cost of raw materials, and reduce company profits.

Physical risks relates to the risks associated to the assessment of water resource risks using the WRI's Aqueduct tool, the Company's operational sites are located in areas with low water stress. As a result, the probability of extreme climate change leading to droughts and floods affecting the Company is extremely low, and corresponding risks have not been identified.

Opportunity risks relates to the risks associated to the global trend towards net-zero carbon emissions, the Company will invest in research and development of innovative products or services in the medium to long term to meet customer demand for low-carbon products, thereby increasing the Company's revenue and profitability.

The results of the Company's identification of short, medium and long-term climate change risks and opportunities are summarized in the following list:

Risk/Opportunity	Risk Category and Opportunity	Short Term (1-3 years)	Medium Term (3-6 years)	Long Term (6 years and above)
Risks	<ul style="list-style-type: none"> ●Transition Risks During the transition to low-carbon practices, risks may arise related to changes in policy and regulation, technology, market dynamics, and social and economic conditions.	R6: Substitution of existing products and services with low-carbon alternatives	R1: Increased emission costs due to greenhouse gas regulations	R9: Increased raw material costs
	<ul style="list-style-type: none"> ●Physical Risks Physical risks resulted from climate change can manifest as immediate or long-term impacts. These risks may result in financial implications for the organization, such as direct asset damage or indirect effects caused by supply chain disruptions.	-	-	-
Opportunity	<ul style="list-style-type: none"> ●Opportunities Efforts to mitigate and adapt to climate change will create opportunities for organizations	-	O11: Development of new products or services through R&D and innovation	-

2. The Corresponding Management Policies for Climate Change Identification Results

In 2024, the Company identified the risks and opportunities arising from climate change and formulated appropriate response strategies to address the impacts of climate change events. Feasible response strategies, management processes, and responsible units are outlined in the table below:

Type	Topics of Climate-Related Changes	Potential Financial Impact On San Fu Chemical Co., Ltd.	Countermeasures	Administration Process	Responsible Unit
		Climate-Related Risks			
Policy and Legal	Increased Emission Costs Due to Greenhouse Gas Regulations	In order to control carbon emissions, all countries in the world countries have launched a "carbon pricing" system, which aims to put a price on carbon, including greenhouse gases generated by production activities in costs, and including environmental costs in calculations, so as to control carbon emissions caused by production activities. The Ministry of Environment announced the carbon fee collection method. Although it has not yet been included in the carbon fee collection objects, as regulations become more stringent, it may reflect the impact period in the medium and long term. In line with the sustainable development roadmap for listed companies proposed by the Financial Supervisory Commission, the relevant fees for greenhouse gas inventory verification have also been increased accordingly. The relevant fees for verification in 2024 were NTS\$ 782,000.	<ol style="list-style-type: none"> 1. Prioritize replacing energy-consuming machinery and equipment at operational sites with energy-efficient alternatives to achieve electricity savings. 2. Evaluate internal carbon pricing. 3. Assess investments in environmentally sustainable machinery and equipment related to green energy at production plants, such as installing solar energy storage systems to store electricity generated on-site. 	<ol style="list-style-type: none"> 1. Greenhouse gas emission reduction policies and goals 2. Management system objectives and control procedures 	Energy Team / Occupational Safety Department / Production Unit

Technology	Substitution of Existing Products and Services With Low-Carbon Alternatives	In response to the reduction in customer demand for high-carbon emission products and services, and the shift to purchasing low-carbon emission or green energy products and services, and at the same time in response to customer demand, the verification-related expenses incurred on product carbon footprint were NT\$ 636,000 in 2024.	The research and development program are dedicated to adjusting and improving product manufacturing, collaborating with academic institutions and customers to jointly develop low-carbon products.	Research and development program New product development and validation management procedure	Research and Development Department
Market	Increased Costs Of Raw Materials	Responding to the demand for green products and certification may require suppliers to produce under more environmentally friendly conditions, leading to increased procurement transaction costs and adding operational pressure to the Company. Climate change resulting in unstable supplier deliveries and increased energy prices is reflected in rising raw material costs and freight charges, causing the Company to face increased production costs and operating expenses.	<p>1. Explore green supplier sources to increase bargaining power.</p> <p>2. Evaluate the use of environmentally friendly raw materials available in the market and establish a procurement strategy for maximum inventory when prices are low.</p> <p>3. Establish management for green suppliers and optimize supply chain management systems to control costs.</p> <p>1. Use readily available and recyclable raw materials.</p> <p>2. Develop product recycling and reuse technologies or collaborate with local recycling businesses to promote sustainable circular economy development.</p>	Supplier Management Procedures New product development and validation management procedure Supplier management procedure	Procure Department Research and Development / Procurement Unit

			3. Prioritize evaluating suppliers of raw materials from multiple production bases, selecting reputable suppliers with resilience and risk management capabilities, and adopting dual sourcing to mitigate climate change risk crises.		
Impact on Climate-related Risks					
Products and Services	Development of New Products or Services Through R&D and Innovation	Developing pioneering technologies/products/services in line with environmentally friendly material selection goals and meeting requirements of International environmental regulations (RoHS, REACH, etc.) and customer specifications can increase Company revenue and profitability.	<p>1. Regularly communicate with customers' R&D teams to understand future technology and process development trends, enabling the provision of corresponding products.</p> <p>2. Invest in research and development capabilities to strengthen the R&D team.</p> <p>3. Establish a product patent protection mechanism to increase the barrier to entry for competitors.</p> <p>4. Innovate the current service model, aligning it with ESG principles.</p>	<p>1. New Product Development Verification Management Procedure</p> <p>2. Communication Management Procedure</p> <p>3. Hazardous Substance Control Procedure</p>	Research and Development / Business Department / Quality System Management Department

3. Transition Plans to Manage Climate-Related Risks

Transition Plan	Plan Content	Action Plan	Index	Goals
Transition Risk	Energy saving	Conduct ISO 50001:2018 Management Procedure		The electricity saving rate decreases by 1% compared to the previous year.
	Reduced carbon emissions	Conduct ISO 14064:2018 Management Procedure	Carbon emission intensity	In 2030, there will be a reduction of 20% in greenhouse gas emissions from both Scope 1 and Scope 2 sources. The aim is to achieve net-zero emissions by 2050.
	Circular production economy	The procurement rate of recycled raw materials is above 10%	The procurement rate of recycled raw materials	The proportion of recycled raw materials purchased will be greater than 20%

4. Develop Internal Carbon Pricing (ICP)

The internal carbon pricing (ICP) mechanism developed by the Company involves analyzing International carbon pricing trends and evaluating the strategy for setting internal carbon prices.

At the first stage, the price is set at NT\$300 per ton of carbon. This serves as a reference for capital investment and major decision-making. In addition to capital expenditure costs, carbon reduction benefits are also factored into cost calculations. Through this internal carbon pricing management mechanism, it aims to incentivize each plant to achieve carbon reduction goals and promote overall carbon management within the group.

5. Disclosure the Metrics and Goals of Climate-Related Risks

Setting climate-related goals involves quantifying greenhouse gas emissions through environmental information disclosure. This helps us annually review whether our environmentally friendly initiatives are gradually achieving our set goals. The emissions of greenhouse gases (GHGs), nitrogen oxides, sulfur oxides, and other significant gases during the manufacturing process will have a significant impact on the environment.

Therefore, we implement various schemes to reduce greenhouse gas emissions. internally, we conduct education and training to help our colleagues identify and define various greenhouse gas emissions statistics in the plants, assisting in strengthening our greenhouse gas emission control strategies. The statistics scope includes direct greenhouse gas emissions, energy indirect greenhouse gas emissions, other indirect greenhouse gas emissions, and calculating greenhouse gas emission intensity. Through the disclosure of indicators reducing energy consumption, we declare our commitment to reducing environmental impact to the outside world, demonstrating our adaptability to carbon emissions, operational costs, and energy supply and price fluctuations.

1. Greenhouse Gas Inventory Information

In addition to the five operating bases of the Company, its subsidiary International Nitto Technology Company also has completed the ISO 14064-1:2018 greenhouse gas inventory in 2024. The relevant disclosed greenhouse gas emission data was verified by Intertek National Notarization and Inspection Co., Ltd. and obtained the ISO 14064-1:2018 verification statement.

The Total greenhouse gas emissions of Category 1 and Category 2 of the Company increased by 7,024 tons CO₂e compared to the previous year. The reasons were analyzed as follows: The production in 2024 was increased due to the increase in customer demand, resulting in an increase in energy resource usage. The increase in carbon emission intensity of the entire factory was not only due to the increase in production, but also due to the increase in the inspection scope of subsidiaries.

1.1 GHG Emissions (Metric tons of CO₂e)

Category	Locations		Shanhua Plant		Liuke Plant		Kaohsiung Plant		Offices (Taipei Office, Zhubei Office)		Nitto Plant	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Scope 1 : Direct Emissions	2,374.5	5,108.1	239.3	4,564.3	6.9	7.6	17.7	21.0	-	-	-	1,056.1
Scope 2 : Indirect Emissions	14,567.7	14,383.7	1,534.4	1,299.9	926.0	1,304.4	57.1	58.7	-	-	-	7,159.1
Scope 1 + Scope 2: Total Emissions	16,942.2	19,491.8	1,773.7	5,864.2	932.9	1,312.0	74.9	79.7	-	-	-	8,215.2

1.2 GHG Emission intensity (Metric tons of CO₂e/ Million Dollars)

Description	2023	2024
GHG Emission intensity in Whole Plants (Metric tons of CO ₂ e/ Million Dollars)	3.95	6.57

1.3 Greenhouse Gas Assurance Information (including Assurance Scope, Assurance Provider, Assurance Standard and Assurance Opinion)

Year	Assurance Scope	Assurance Provider	Assurance Standard	Assurance Opinion
2023	San Fu Chemical's Shanhua Plant, Liuks Plant, Kaohsiung Plant, Taipei Head office and Zhubei office	SGS	ISO 14064-1:2018	Reasonable Assurance Please refer to the third-party verification certificate - Greenhouse Gas inventory and Certificate on the San Fu Chemical official website https://www.sfchem.com.tw/zh-hant/page/certifications
2024	San Fu Chemical's Shanhua Plant, Liuks Plant, Kaohsiung Plant, Taipei Head office, Zhubei office, and Subsidiary Taiwan Nitto Corporation	Intertek	ISO 14064-1:2018	Reasonable Assurance Please refer to the third-party verification certificate - Greenhouse Gas inventory and Certificate on the San Fu Chemical official website https://www.sfchem.com.tw/zh-hant/page/certifications

2. Greenhouse Gas Reduction Goals, Strategies and Specific Action Plans

San Fu Chemicals Co., Ltd. has assessed the greenhouse gas emissions at each production plant and has set the following medium to long-term goals:

2.1 Greenhouse Gas Reduction Goals:

San Fu Chemicals Co., Ltd. has set medium to long-term goals to reduce greenhouse gas emissions by 20% for Scope 1 + Scope 2 emissions by 2030 and to achieve net-zero emissions by 2050.

Base Year	Data in the Base Year
Shanhua Plant: 2019 Liuks Plant, Kaohsiung Plant: 2021 Taipei Head office, Zhubei office: 2023 Subsidiary: Taiwan Nitto Corporation: 2024	39,315.8

2.2 Greenhouse Gas Strategy

Through energy-saving strategies, we aim to comprehensively reduce greenhouse gas emissions, including the replacement of old equipment and optimizing operational parameters, to achieve the greenhouse gas reduction goals set by the Company.

2.3 Specific Actions and Achievement of Greenhouse Gas Reduction in 2024

In 2024, relevant units proposed to review and improve equipment and processes, reducing carbon emissions by 550 metric tons of CO₂e. The specific actions for reduction are shown in the following table.

Item	Unit	Energy-saving Measures	Energy-saving Results	Reduction of Carbon Emissions (Metric tons CO ₂ e)
1	Liuke Plant	Reduce the operating frequency of the scrubber tower after work hours and on holidays.	Save 65,000 kilowatt hours of electricity	32.1
2	Liuke Plant	Constructed solar panels for on-site power generation.	Save 365,000 kilowatt hours of electricity	180.3
3	TMAH	1. Electrolyzer membrane replacement 2. Process heat exchange efficiency improvement - Electrode rod installation 3. Chiller efficiency improvement - Piping system modification	Save 671,000 kilowatt hours of electricity	331.5
4	Kaohsiung Plant	Adjust the motor speed of the cooling water fans based on the inlet and outlet temperatures.	Save 12,592 kilowatt hours of electricity	6.2

The reduction progress achieved in 2024 compared to the Base Year was 11%.

	Base Year	2024	
Goal in 2030	Total Carbon Emission (Scope 1 + Scope 2) Metric Tons CO ₂ e	39,315.8	34,962.7
Reduction of 20%	Net Zero emissions	-	11 %

2.3.6 Implementation Status of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Deviations and Causes for the Difference

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has established a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies</p> <p>(3) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>Summary</p> <p>(1) The Company has established an internal control system and various procedures to uphold its ethical corporate management policy and promotes The Company’s ethical management beliefs at Company conferences.</p> <p>(2) The Company has established the "Integrity Management Operating Procedures and Guidelines for Conduct." which have been discussed and approved by the Board of Directors and will be evaluated in accordance with the regulations.</p> <p>(3) The Company utilizes excellent corporate governance, risk control mechanisms and comprehensive internal guidelines to prevent unethical conduct from occurring and create environment for sustainable development at the Company.</p>	<p>None</p>
<p>2. Ethic Management Practice</p> <p>(1) Whether the Company has assessed the ethics records of which it has business relationship with and includes business conduct and ethics related clauses in the business contracts?</p>	<p>✓</p>	<p>(1) The Company reviews its transactions with customers and suppliers on a non-regular basis and will consider cancelling its transactions if there are any violations of ethical conduct.</p>	<p>None</p>

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
(2) Whether the Company has established a unit which is dedicated to promoting The Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓	(2) The corporate integrity management has established a full-time unit which is the human resources team of the Vice President office and will plan online training courses in accordance with the "integrity management operation procedures and conduct guide", so as to integrate the integrity management value into the Company's operation. In addition, it will regularly update and share cases with colleagues. The subject matter of 2024 is trade secrets, and the cases are "TDK trade secrets leakage case" and "UMC was charged with conspiring to steal trade secrets from Micron case". On November 6, 2024, the Company reported the relevant implementation status to the Board of Directors as regulated to be reported once a year.	
(3) Whether the Company has established policies to prevent conflict of interests provide appropriate communication and complaint channels and implement such policies properly?	✓	(3) At present, the Company has formulated "operation procedures and conduct guidelines for integrity operation". Employees who have doubts about their own conduct or work can present and discuss with the management department at any time.	
(4) to implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓	(4) The Company's auditors shall prepare the Company's annual audit plan in accordance with the regulations, and submit it to the independent directors of the audit committee.	

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)																
	Yes	No																	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓	<p>(5) The Company promotes to publicize the integrity management policy to all employees through the "Training System Electronic Platform", and updates the "integrity management" teaching material every year, so as to improve the integrity management awareness of colleagues.</p> <p>The training achievement rate in 2024 was 100%, and total 55 employees had completed the training. Please refer to the following for the training conclusion:</p> <table border="1" data-bbox="678 504 989 1108"> <thead> <tr> <th>Trainees</th> <th>No. of Trainees</th> <th>Average Score</th> <th>Detail Description</th> </tr> </thead> <tbody> <tr> <td>Junior staff</td> <td>13</td> <td>100</td> <td>Grade 6 or below</td> </tr> <tr> <td>Mid-level staff</td> <td>19</td> <td>100</td> <td>Grade 7-9</td> </tr> <tr> <td>Senior staff</td> <td>23</td> <td>00</td> <td>Grade 10 or above</td> </tr> </tbody> </table>	Trainees	No. of Trainees	Average Score	Detail Description	Junior staff	13	100	Grade 6 or below	Mid-level staff	19	100	Grade 7-9	Senior staff	23	00	Grade 10 or above	
Trainees	No. of Trainees	Average Score	Detail Description																
Junior staff	13	100	Grade 6 or below																
Mid-level staff	19	100	Grade 7-9																
Senior staff	23	00	Grade 10 or above																
3. Implementation of Complaint Procedures (1) Does the Company establish specific complaint and reward procedures, established conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓	<p>(1) In accordance with the operation procedures and conduct guidelines for integrity operation, Article 21 "Reporting And Handling of Dishonest Conduct of Company Personnel", the Company encourages its internal and external personnel to report dishonest conduct or improper behavior, and according to the seriousness of their reporting, the Company will give bonus. If there is any false report or malicious accusation, the internal personnel shall be subject to disciplinary action,</p>	None																

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
(2) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓	<p>and if the circumstances are serious, they shall be subject to disciplinary action or dismissal.</p> <p>(2) The Company has established and announced the internal independent reporting mailbox and special line on the Company's website and internal website, or entrusted other external independent organizations to provide the reporting mailbox and special line for the use of internal and external personnel of the Company. The whistleblower shall provide at least the following information:</p> <ol style="list-style-type: none"> 1. The name and ID card number of the informant can contact the accuser's address, telephone number and email address. 2. The name of the informant or other information sufficient to identify the identity characteristics of the accused. 3. Specific evidence for investigation. 	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓	<p>(3) The Company's responsible unit for handling the whistle blowing shall keep the identity and contents of the whistleblower confidential in a written statement, and the Company undertakes to protect the whistleblower from improper handling due to the whistle blowing. and shall be handled by the Company's responsible unit in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. If the report involves ordinary employees, it shall be reported to the department head. If the report involves directors or senior directors, it shall be reported to independent directors or supervisors. 2. The responsible unit of the Company and the 	

Assessment Item	Implementation Status (Note)		Non-implementation and its reason(s)
	Yes	No	
		<p>Summary</p> <p>supervisor or personnel reported in the preceding paragraph shall immediately find out the relevant facts, and the compliance department or other relevant departments shall provide assistance if necessary.</p> <p>3. If it is confirmed that the accused has indeed violated the relevant laws and regulations or the Company's integrity business policies and regulations, the accused shall be required to immediately stop the relevant acts and dispose of them appropriately, and claim damages through legal procedures if necessary, so as to protect the reputation and rights and interests of the Company.</p> <p>4. The acceptance, investigation process and investigation results of the report shall be kept in written documents for five years, which can be kept electronically. Before the expiration of the retention period, in case of litigation related to the content of the report, the relevant materials shall be kept until the end of the litigation.</p> <p>5. If the report is verified to be true, relevant units of the Company shall be responsible for reviewing the relevant internal control system and operating procedures, and proposing improvement measures to prevent the recurrence of the same behavior.</p> <p>6. The responsible unit of the Company shall report to the Board of Directors the situation of the report, its handling method and subsequent review and improvement measures.</p>	

<p>4. Information Disclosure</p> <p>(1) Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)</p>	<p>✓</p>	<p>(1) The Company has publicly disclosed information concerning the Ethical Corporate Management Procedure and Guidelines for Conduct and disclosed ethically management best practice principle content and promotion effectiveness each year on its website.</p>	<p>None</p>
<p>5. If the Company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: N/A</p>			
<p>6. Other helpful information for better understanding the Company's operation of the Ethical Corporate Management Best Practice Principles (such as the Company reviewing and amending the Company's Ethical Corporate Management Best Practice Principles): The Company has established an internal control system and various guidelines to ethically manage the Company and provide guidance for the Company to follow in its dealings with suppliers and customers.</p>			

2.3.7 Other Major Information That Would Provide A Better Understanding of The Corporate Governance Operation Status: None

2.3.8 Internal Control System Implementation Status

San Fu Chemical Co., Ltd.
Statement of Internal Control System



February 26, 2025

The Company has conducted a self-evaluation of its internal control system in 2024. The results were as follows:

1. The Company acknowledges that its Board of Directors and management are responsible for establishing, implementing and maintaining an internal control system. The said system has already been established at the Company. The purpose of the internal control system is to provide reasonable assurance of operation effectiveness and efficiency (including profit, performance, asset security), the reliability, timeliness, transparency of reports and compliance with applicable laws and regulations.
2. Any internal control system has inherent constraints. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three above stated goals. Due to changes in the environment and circumstances, the effectiveness of the internal control system may vary considerably. Nevertheless, the Company's internal control system is equipped with self-monitoring mechanisms. Should any deficiencies be identified, the Company takes immediate corrective actions to address these deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system in accordance with the Guidelines for the Establishment of Internal Control System by Public Companies (referred to as the Guidelines hereinafter). The evaluation items of the internal control system used by these Guidelines divide into the internal control system into five components based on management control procedures: (1) Environment Control (2) Risk Assessment (3) Control Process (4) Information and Communication (5) Supervision. There are several items contained in each component. Refer to the Guidelines for the above items.
4. The Company has evaluated the design and operating effectiveness of internal control system using the above internal control system evaluation items.
5. Based on the results of such evaluation, the Company believes that as of December 31, 2024, it has maintained an effective internal control system (including supervision and management of subsidiaries), to provide reasonable assurance of understanding of operation results and efficiency target achievement, report reliability, timeliness and transparency, and compliance with applicable procedures, laws and regulations.
6. This Statement is an integral part of the Company's Annual Report and prospectus and will be made public. Any falsehood, concealment or other illegality will incur legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement was passed by the Board of Directors in their meeting held on February 26, 2025, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

San Fu Chemical Co., Ltd.

Chairman: **Wu, Hsin-Hung**

President: **Su, Tien-Pao**



2. Report of the independent auditor appointed to conduct an audit on the internal control system: None

2.3.9 Major Decisions of Shareholders' Meeting and Board Meetings Up to The Publishing Date of This Annual Report:

Meeting Date (Term)	Major Resolutions of Board Meetings	The Opinion of The Independent Director and The Resolutions of Board Meetings
06.21.2024 (1st meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the election of Chairman; 2. Approving the election of Vice Chairman; 3. Approving the recruitment of members of the Remuneration Committee; 4. Approving an increase of shareholding in subsidiaries; 	Agreed unanimously by all independent directors present at the meeting
08.06.2024 (2nd meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the consolidated financial statements of the Company and its subsidiaries for the second quarter of 2024; 2. Approving the profit distribution for the second quarter of 2024; 3. Approving the revisions of the Company's internal control system operating procedures; 4. Approving the changes to the Company's spokesperson, financial and accounting directors, and corporate governance directors; 5. Approving the renewal of the bank credit loan; 6. Approving the amount of bonus changes paid to the Company's President and Chairman in the first half of 2024; 7. Approving the Change of the President of the Company; 	Agreed unanimously by all independent directors present at the meeting
11.06.2024 (3 rd meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the consolidated financial statements of the Company and its subsidiaries for the third quarter of 2024. 2. Approving the profit distribution for the third quarter of 2024. 3. Approving the 2025 Annual budget report. 4. Approving the 2025 Annual audit plan. 5. Approving the renewal of the bank credit loan for 2025; 6. Approving the renewal of the endorsement guarantee limit for 2025; 7. Approving the replacement of the accounting firm starting from the fourth quarter of 2024; 8. Approving the establishment of a sustainable development committee and formulate organizational charter; 9. Approving the establishment of the "Procedure for the Preparation and Verification of Sustainability Reports" and the internal Audit System; 10. Approving the replacement of the Company's spokesperson, deputy spokesperson, financial and accounting director, and corporate governance director; 11. Approving the donation to public and private schools; 12. Approving the renewal of the bank credit loan; 	Agreed unanimously by all independent directors present at the meeting

Meeting Date (Term)	Major Resolutions of the Board of Directors	The Opinion of The Independent Director and The Resolutions of Board Meetings
02.26.2025 (4th meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the Company’s 2024 unconsolidated financial statements and The Company’s and its subsidiaries' consolidated financial statements and business reports; 2. Approving the Company’s profit distribution statement for 2024; 3. Approving the cash dividend distribution from capital reserves; 4. Approving the increase shareholding ratio in subsidiaries; 5. Approving setting the record date, location, agenda, and period for accepting common stock shareholders entitled to participate in 2025 Annual Meeting of Shareholders; 6. Approving the New and renewal of capital loan and credit line for 2025; 7. Approving the adjustments to the Company's distributable earnings and the amount of special reserves provided for in accordance with International financial reporting standards; 8. Approving the appointment of the members of the ESG Committee and the ESG Committee Chairman; 9. Approving the evaluation of the independence and qualification of the accountants appointed to certify financial reports; 10. Approving the statement on the design and effectiveness of the implementation of the Company’s internal control system in 2024;. 11. Approving the renewal of bank credit loan;. 12. Approving the proposal for distribution of the 2024 employee remuneration and directors’ remuneration; 13. Approving the amount of bonus payable to the President, Vice Chairman and Chairman in the second half of 2024; 14. Approving the proposal for reviewing the performance implementation targets and bonus change for the President, Vice Chairman and Chairman for 2025; 	<p style="text-align: center;">Agreed unanimously by all independent directors present at the meeting</p>
04.29.2025 (5th meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the consolidated financial statements of the Company and its subsidiaries for the first quarter of 2024; 2. Approving the profit distribution for the first quarter of 2025; 3. Approving an increase of capital expenditure for factory construction; 4. Approving the disposal of the Company’s reinvestment in “Hubei Xingfu Electronic Materials Co., Ltd.”; 5. Approving the signing of a housing lease and rental agreement with San Fu Global; 6. Approving the addition of a list of pre-approved non-confirmed services; 7. Approving the revisions to the Articles of Incorporation; 8. Approving the preparation of the 2023 ESG report; 9. Approving the new and renewal of bank credit loan; 	<p style="text-align: center;">Agreed unanimously by all independent directors present at the meeting</p>

Meeting Date (Term)	Major Resolutions of the Shareholders' Meeting	Resolution
06.12.2024	<ol style="list-style-type: none"> 1. Approving the 2023 business report and financial statements; 2. Approving the 2023 profit distribution; Implementation status: July 15, 2024 is set as the ex-rights and dividend base date, and July 25, 2024 is set as the cash dividend distribution date. (Cash dividend of NT\$2.0 per share, Total cash dividend distribution is NT\$201,412,000); 3. Approving the election of the Ninth Board of Directors; 4. Approving the proposal for cash dividend distribution from capital reserve; Implementation status: July 15, 2024 is set as the ex-rights and dividend base date, and July 25, 2024 is set as the cash dividend distribution date. (Cash dividend of NT\$1.5 per share, Total cash dividend distribution is NT\$151,059,000) 5. In order to apply for IPO on the TWSE/TPEX of the common stocks issued by the Company's subsidiary "San Fu Biotech Co., Ltd." for cash capital increase, approving the Company to release its shares held in the subsidiary and give up participating in its cash capital increase plan; 6. Approving the revisions to the Articles of Incorporation; 7. Approving the Lifting the non-competition restriction for new directors and their representatives; 	All motions were passed by votes.

2.3.10 Main Contents of Different Opinions or Written Statements From Directors or Supervisors With Regard to Significant Resolutions Passed by The Board During The Recent Year and As of The Date of Publication of Annual Report: None

2.4. Auditor Fee Information

Unit: NT\$ Thousands

Name of CPA Firm	Names of CPAs	Auditing Period	Auditing Fee	Non-auditing Fee	Total	Remarks
Deloitte Taiwan	Yeh, Shu-Juan	2024	3,310	206	3,516	The non-auditing fee is the industrial and business registration fee.
	Hunag, Guo-Ning					

- (1) When the non-auditing fee to independent auditors, their CPS firm or affiliated Company is more than one-fourth of the auditing fee, the amounts of the auditing fee and non-auditing fee and the non-auditing services shall be disclosed: N/A
- (2) If the auditing fee paid in the year which the CPA firm was replaced is less than the fee paid in the previous year, the amount of the auditing fee and the reason for the reduction shall be disclosed: N/A
- (3) When the auditing fee decreases by 10% or more compared to the previous year, disclose auditing fee reduction amount, ratio and reasons: N/A

2.5 Information Regarding Replacement of Accountant (CPA):

2.5.1 Information Regarding The Former CPA

Replacement Date	Approved by the Board Meeting dated November 06, 2024		
Replacements reasons and explanation	Due to the internal organizational adjustment of the accounting firm appointed by the Company, starting from the year 2024, the Company's certified public accountants have been replaced from accountants Kuo, Yu-Hong and Hunag, Guo-Ning to accountants Yeh, Shu-Juan and Huang, Guo-Ning.		
Describe whether the Company terminated or the CPA die not accept the appointment	Parties		
	Status	CPA	The Company
	Termination of Appointment No longer accepted (continued) appointment	N/A	
Other issue (except for unqualified issue) in the audit reports within the last two years	N/A		
Difference with the Company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope and steps
		-	Others
	None	V	
Remarks/specify details:			
Other revealed Matters (Items 1-4 to 1-7 of Paragraph 6 of Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies should be disclosed)	None		

2.5.2 Regarding the Successor CPA

Name of accounting firm	Deloitte Taiwan
Name of CPA	Yeh, Shu-Juan and Huang, Guo-Ning
Date of appointment	November 06, 2024 (approved by the Board Meeting)
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

2.5.3 Reply From The Former CPA on Matters Items 1 and 2-3 of Paragraph 6 of Article 10 of The Regulations Governing Information to Be Published in Annual Reports of Public Companies: N/A

2.6 The Company's Chairman, President, Chief Financial officer or Chief Accounting officer Who Hold Any Positions in The Company's Independent Auditing Firm or Its Affiliates During The Last : None

2.7 Any Transfer of Shareholdings and Changes in Equity Pledge From The Directors, Managers and Shareholder(S) Holding More Than 10% of The Shares During The Last Year and Until The Publishing Date of The Annual Report:

2.7.1 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2024		As of April 11, 2025	
		Net Changes in Shares Held Increase (Decrease)	Net Changes in Shares Held Pledged Increase (Decrease)	Net Changes in Shares Held Increase (Decrease)	Net Changes in Shares Held Pledged Increase (Decrease)
Chairman	Wu, Hsin-Hung	0	0	0	0
Director	San Fu Global Ltd.	8,683,000	0	0	0
San Fu Global Ltd. representative	Chang, Chun-Ming	0	0	0	0
Director	Tsai, Chieh Jung	0	0	0	0
Director	Chang, I-Tsung	0	0	0	0
Director	Su, Tien-Pao	(80,000)	0	0	0
Director	Liang, Guo-Yuan	0	0	0	0
Independent Director	Hsieh, Yong-Feng	0	0	0	0
Independent Director	Wu Tung-Ming	0	0	0	0
Independent Director	Yang Hong-Zhi	0	0	0	0
Major shareholder	San Fu Global Ltd.	8,683,000	0	0	0
Major shareholder	Pilot Keymark Sdn. Bhd	(8,683,000)	0	0	0
President	Tsai, Chieh Jung	0	0	0	0
Vice President	Su, Tien-Pao	(80,000)	0	0	0
Assistant Vice President.	Huang Jun-Yin	(32,000)	0	0	0
Assistant Vice President.	Zhuang Fu-Qin	0	0	0	0
Chief Finance officer	Lo, Chu-Chen	0	0	0	0
Chief Accounting officer	Chang, Ling-Feng	10,000	0	0	0

2.7.2 Information on Equity Transfer Counterparts Who Are Interested Persons: None

2.7.3 Information on Shares Pledged to Interested Parties: None

2.8 Information on The top 10 Shareholdings and Their Relationship:

As of April 11, 2025 / Unit: Shares

Name	Current Shareholding		Spouse, Minor Children Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between The Company's Top 10 Shareholdings, or Spouses or Relatives Within Two Degrees of Kinship		Remark
	Shares	%	Share s	%	Share s	%	Title (or Name)	Relationship	
San Fu Global Ltd. Representative: Chang, Chun-Ming	32,750,315	32.52%	-	-	-	-	-	-	-
Pilot Keymark SDN. BHD.	11,246,000	11.17%	-	-	-	-	-	-	-
Fang, Hong-Yuan	4,172,952	4.14%	-	-	-	-	-	-	-
Wu, Hsin-Hung	3,680,010	3.65%	-	-	-	-	Wu, Dong-Bo Wu, Mei-Jun	Father/son Father/ daughter	-
Chang, Xi-Wen	3,569,286	3.54%	-	-	-	-	Chang, Chun-Ming	Son/father	-
Fortune Continent Trade Limited	3,302,722	3.28%	-	-	-	-	-	-	-
Wu, Dong-Bo	2,952,013	2.93%	-	-	-	-	Wu, Hsin-Hung Wu, Mei-Jun	Son/ Father Brother/ sister	-
Chang Chen, Shu-Li	2,451,884	2.43%	-	-	-	-	Chang, Chun-Ming	Sister-in-law/ brother	-
TU, Shui-Chen	2,118,000	2.10%	-	-	-	-	-	-	-
Wu, Mei-Jun	1,505,000	1.49%	-	-	-	-	Wu, Hsin-Hung Wu, Dong-Pai	Daughter-father Sister/ brother	-

2.9. The Company and Company's Directors, Manager and Enterprises Directly or indirectly Controlled by the Company in the Same Invested Company and the Consolidated Shareholding Ratio:

As of December 31, 2024 /Unit: Shares

Reinvested Companies	Investment by the Company		Investment By Directors, Supervisors, Management or Enterprises Directly or Indirectly Controlled By the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
San Fu Specialty Chemicals investments Limited	2,350,840	100.00%	-	-	2,350,840	100.00%
VinaSan Fu industrial Gas Company Limited	- (Note 1)	100.00%	-	-	- (Note 1)	100.00%
VinaSan Fu Material Company Limited	- (Note 1)	100.00%	-	-	- (Note 1)	100.00%
VinaSan Fu Material Trading Company Limited	- (Note 1)	100.00%	-	-	- (Note 1)	100.00%
San Fu Biotech Co., Ltd.	25,111,793	89.59%	-	-	25,111,793	89.59%
International Nitto Technology Co., Ltd.	120,000,000	100.00%	-	-	120,000,000	100.00%
Horng Cherng Enterprise Co., Ltd.	1,200,000	50.00%	-	-	1,200,000	50.00%
Li Fu Carbonic Acid Co., Ltd.	1,740	87.00%	-	-	1,740	87.00%
Shian Yun Joint Stock Company	2,659,974	33.33%	-	-	2,659,974	33.33%
Shanghai San Fu Ming Electronic Materials Co., Ltd.	- (Note 1)	50.00%	-	-	- (Note 1)	50.00%
Sino Star Holding Limited	1,867,838	100.00%	-	-	1,867,838	100.00%

Note 1: The companies in China and Vietnam that are indirectly invested in by the Company are limited liability companies and there is no stock issued.

3. Capital Overview

3.1. Capital and Shares

3.1.1 Sources of Capital

3.1.1.1 Creation of Capital

As of April 30, 2025
Unit: Thousand Shares; NT\$ Thousands

Month/Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Invested with Assets Other Than Cash	Notes
03/2003	10	100	1,000	100	1,000	Company establishment (cash)	—	Note 1
11/2003	10	80,000	800,000	20,100	201,000	Issuance of NT\$200,000 thousand in new shares from split	—	Note 2
12/2003	10	80,000	800,000	20,110	201,100	Capital increased by NT\$100 thousand in cash	—	Note 3
04/2004	10	80,000	800,000	45,110	451,100	Capital increased by NT\$250,000 thousand in cash	—	Note 4
08/2006	10	80,000	800,000	65,110	651,100	Capital increased by NT\$200,000 thousand in cash	—	Note 5
11/2010	10	120,000	1,200,000	80,000	800,000	Capital increased by NT\$148,900 thousand in cash	—	Note 6
12/2024	10	120,000	1,200,000	88,000	880,000	Capital increased by NT\$80,000 thousand in cash	—	Note 7
11/2024	10	120,000	1,200,000	89,203	892,030	Stock options transferred into NT\$12,030 thousand in shares	—	Note 8
04/2015	10	120,000	1,200,000	89,222	892,220	Stock options transferred into NT\$190 thousand in shares	—	Note 9
05/2015	10	120,000	1,200,000	89,224	892,240	Stock options transferred into NT\$20 thousand in shares	—	Note 10
11/2015	10	120,000	1,200,000	89,791	897,910	Stock options transferred into NT\$5,670 thousand in shares	—	Note 11
03/2016	10	120,000	1,200,000	89,819	898,190	Stock options transferred into NT\$280 thousand in shares	—	Note 12
05/2016	10	120,000	1,200,000	89,835	898,350	Stock options transferred into NT\$160 thousand in shares	—	Note 13
08/2016	10	120,000	1,200,000	89,837	898,370	Stock options transferred into NT\$20 thousand in shares	—	Note 14

Month/Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Invested with Assets Other Than Cash	Notes
11/2016	10	120,000	1,200,000	90,483	904,830	Stock options transferred into NT\$6,460 thousand in shares	—	Note 15
03/2017	10	120,000	1,200,000	90,577	905,770	Stock options transferred into NT\$940 thousand in shares	—	Note 16
05/2017	10	120,000	1,200,000	90,694	906,940	Stock options transferred into NT\$1,170 thousand in shares	—	Note 17
08/2017	10	120,000	1,200,000	90,706	907,060	Stock options transferred into NT\$120 thousand in shares	—	Note 18
12/2020	10	120,000	1,200,000	100,706	1,007,060	Capital increased by NT\$100,000 thousand in cash	—	Note 19

- Note 1: Ref. No. Fu-Jian-Shang- 092063165
Note 2: Ref. No. Fu-Jian-Shang- 09223597130
Note 3: Ref. No. Fu-Jian-Shang- 09226739500
Note 4: Ref. No. Fu-Jian-Shang- 093086689107
Note 5: Ref. No. Jing-Shou-Shang- 09501187530 dated 08/23/2006
Note 6: Ref. No. Jing-Shou-Shang- 09901246690 dated 11/05/2010
Note 7: Ref. No. Jing-Shou-Shang- 10202348420 dated 12/09/2024
Note 8: Ref. No. Jing-Shou-Shang- 10301238370 dated 11/19/2024
Note 9: Ref. No. Jing-Shou-Shang- 10401055700 dated 04/01/2015
Note 10: Ref. No. Jing-Shou-Shang- 10401095360 dated 05/25/2015
Note 11: Ref. No. Jing-Shou-Shang- 10401240310 dated 11/13/2015
Note 12: Ref. No. Jing-Shou-Shang- 10501060910 dated 03/31/2016
Note 13: Ref. No. Jing-Shou-Shang- 10501094780 dated 05/11/2016
Note 14: Ref. No. Jing-Shou-Shang- 10501205000 dated 08/23/2016
Note 15: Ref. No. Jing-Shou-Shang- 10501262880 dated 11/09/2016
Note 16: Ref. No. Jing-Shou-Shang- 10601038670 dated 03/29/2017
Note 17: Ref. No. Jing-Shou-Shang- 10601064770 dated 05/22/2017
Note 18: Jing-Shou-Shang no.10601117000 dated 08/15/2017
Note 19: Ref. No. Jing-Shou-Shang- 10901234110 dated 12/18/2020

3.1.1.2 Types of Issued Shares

As of April 30, 2025 /Unit: Shares

Type of Shares	Authorized Capital			Remarks
	Issued (listed) (Note)	Unissued Capital	Total	
Registered common shares	100,706,000	19,294,000	120,000,000	Outstanding circulated shares are listed shares.

Note: If refers to corporate shares

3.1.2 List of Major Shareholders

As of April 11, 2025 /Unit: Shares

Name of Major Shareholders	Shareholding (Shares)	Shareholding (Percentage)
San Fu Global Ltd.	32,750,315	32.52%
Pilot Keymark SDN. BHD.	11,246,000	11.17%
Fang, Hong-Yuan	4,172,952	4.14%
Wu, Hsin-Hung	3,680,010	3.65%
Chang, Hsi-Wen	3,569,286	3.54%
Fortune Continent Trade Limited	3,302,722	3.28%
Wu, Dong-Bo	2,952,013	2.93%
Chang Chen, Shu-Li	2,451,884	2.43%
Tu, Shui-Chen	2,118,000	2.10%
Wu, Mei-Jun	1,505,000	1.49%

3.1.3 Dividend Policy and Execution Status:

In the event that there is any net profit at the end of each fiscal year, the Company shall first cover its accumulated losses of previous years (including adjusted undistributed earnings) and set aside 10% as a legal reserve in accordance with the law. However, it is not necessary to allocate earnings towards the legal reserve if the legal reserve has already reached the Total paid-in capital of the Company. The Company may also need to set aside a special reserve in accordance with the law or competent authority regulations. The balance together with the remaining undistributed earnings at the beginning of the (including adjusted undistributed earnings) is available for distribution as shareholder dividends as stipulated by the Board of Directors earnings distribution plan submitted for approval by the Shareholders' Meeting. The Company's profit distribution or loss compensation shall be made after the end of each quarter. The Company authorizes the Board of Directors to make a special resolution to distribute all or part of the dividends and bonuses in cash and report to the shareholders' meeting.

The Company's distribution of dividends depends on the earnings status for that year. The Company tries to keep dividends stable. Except for special circumstances, the dividend will be between the range of 70%-90% of net income for that year, and the ratio of cash dividend to stock dividend is 100:1. The Company is currently in its growth stage so future capital requirements and long-term financial planning of the Company must be taken into consideration. The cash dividend may not be less than 5% of the Total dividend but the amount may be adjusted by resolution at the Shareholders' Meeting based on actual profitability and future capital planning.

At the Company's Meeting of Board of Directors held on February 26, 2025, it was proposed that the distribution of earnings per share (EPS) in the year of 2024 should be NT\$2.0 and NT \$1.5 per share of capital reserve. The distribution of capital reserve shares will be handled in accordance with the relevant provisions after adoption of the resolution of the annual shareholders' meeting made on June 09, 2025.

3.1.4 The Effect of The Stock Dividend As Proposed to The Shareholders' Meeting on Operating Performance And Earnings Per Share: There Is No Stock Dividend Distribution Proposal to The Shareholders' Meeting, So It Is Not Applicable.

3.1.5 Remuneration for Employees and Directors:

Percentage or range of remuneration for employees and directors

According to the Company's Articles of Incorporation, 1% -3% of the current year's earnings shall be distributed for employee remuneration and no more than 3% is distributed for director remuneration. The employee remuneration policy is based on the Company's overall operating net profit after tax, and the amount of payment is calculated according to the performance evaluation result and contribution.

Estimate foundation of remuneration for employees and directors, stock dividend distribution and accounting treatment for differences in the actual amount distributed and the estimated amounts:

When there is a difference in the remuneration for employees and directors estimate foundation and actual distribution amounts for the period, the difference is to be adjusted in the first quarter of 2025.

Information on the remuneration distribution approved by the Board of Directors:

- (1) The Company's 2024 earnings distribution plan was approved at the meeting of the Board of Directors on February 26, 2025 and the distribution of remuneration for employees and directors was as follows:
 - A. Employees' cash remuneration amount: NT\$11,347,000 in employee bonuses were approved for distribution.
 - B. Employee stock option amount: There is no proposal to distribute shares for this Shareholders' Meeting so it is not applicable.
 - C. Directors' remuneration: NT\$11,347,000 in director remuneration was approved for distribution.

The difference of the recognized expenses in the current period is NT\$114,200, and the difference has been adjusted and recorded in the first quarter of 2025.

- (2) Employees' remuneration amount as stock dividend as a percentage of the period's individual financial statement's net income and Total employee remuneration:
The Company has not proposed to distribute employee stock options, so it is not applicable.

Actual Distribution of Remuneration to Employees, Directors and Supervisors for the Previous Year:

The Company's 2023 earnings distribution plan was approved at the meeting of the Board of Directors on February 27, 2024 and the distribution of remuneration to employees, directors and supervisors was as follows respectively:

- A. Employee cash remuneration amount: NT\$11,626,000 in employee bonuses were approved for distribution.
- B. Employee stock option amount: There is no proposal to distribute shares for this Shareholders' Meeting so it is not applicable.
- C. Director and supervisor remuneration: The Board of Directors approved to distribute NT\$11,626,000 in director and supervisor remuneration.

The difference between estimated and recognized expenses of the previous year was NT\$652,400, which was adjusted and recorded in the first quarter of 2024.

3.1.6 Buyback of Company Shares: None

3.2 Issuance of Corporate Bonds: None

3.3 Preferred Shares: None

3.4 Issuance of Global Depositary Shares: None

3.5 Status of Employee Stock Option Plan: None

3.6 Status of Employee Restricted Stock: None

3.7 Status of New Share Issuance in Connection with Mergers and Acquisitions: None

3.8 Funding Plans and Implementation: None

4. Operation Review

4.1 Business Activities

4.1.1 Scope of Business

1. Major Scope of Business

1. F401010 International Trade
2. F207200 Retail Sale of Chemistry Raw Material
3. C801010 Basic industrial Chemical Manufacturing
4. F107200 Wholesale of Chemistry Raw Material
5. C801020 Petrochemical Manufacturing
6. F107060 Wholesale of Virulence Chemical Substance
7. F107990 Wholesale of Other Chemical Products
8. C802200 Paints, Varnishes, Lacquers, Dyeing Mills and Dyestuff Manufacturing
9. F107020 Wholesale of Dyeing Mills and Dyestuff
10. F207020 Retail Sale of Dyeing Mills and Dyestuff
11. C802100 Cosmetics Manufacturing
12. F108040 Wholesale of Cosmetics
13. C109010 Seasoning Manufacturing
14. F102170 Wholesale of Food and Grocery
15. C801100 Synthetic Resin & Plastic Manufacturing
16. C901020 Glass and Glass Made Products Manufacturing
17. CA04010 Metal Surface Treatment.
18. C199990 Other Food Manufacturing Not Elsewhere Classified
19. C114010 Food Additives Manufacturing
20. F121010 Wholesale of Food Additives.
21. F221010 Retail of Food Additives
22. J101030 Waste Disposal
23. J101090 Waste Collecting and Disposing
24. F108031 Wholesale of Drugs, Medical Goods
25. F208031 Retail Sales of Medical Equipment
26. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Major Business Categories and Their Percentages:

The Company's revenues and product category percentages for the past two years are summarized as follows:

Unit: NT\$ Thousands

Item \ Year	2024		2023	
	Amount	Percentage %	Amount	Percentage %
Fine chemicals	3,572,934	67.10	3,947,407	79.09
Basic chemicals	1,751,490	32.90	1,043,554	20.91
Total	5,324,424	100	4,990,961	100.00

3. Current product (service) items:

Product Type	Current Products	Description
Fine Chemicals	Developing solution, etching solution, stripping solution, solvents, cleaners	Main products include TMAH, KOH, NaOH, ITO etchant, aqua regia etchant, Al etchant (phosphoric acid, nitric acid, acetic acid), Cu etchant, HF (hydrofluoric acid), HCl (hydrochloric acid), BM-73 (BDG/MEA), MD-73 (MEA/DMSO), DMSO (Dimethyl sulfoxide), BDG (Diethylene glycol monobutyl ether), MEA (Monoethanolamine), HMDS (Hexamethyldisilazane), RGB rework, ITO rework, Cu stripper, seal stripper, benzyl alcohol, EBR (edge bead remover), etc.
	VMT	Grinding fluid OEM
	TMAH recovery	Waste developing solution recovery
Basic Chemicals	Chemical raw materials	Benzoic acid (Na), sulfamic acid, cyclohexylamine, dicyclohexylamine, aNoneine, 4-Hydroxybenzoic acid, paraben, oxalic acid, sodium gluconate, sodium hexametaphosphate, isophthalic acid.
	Food additives	Sweeteners: Sorbitol, mannitol, sucralose, acesulfame-K, neotame, saccharin sodium, cyclamate, stevioside. Sour agent: citric acid (monohydrate/anhydrous), sodium citrate (potassium), lactic acid, sodium lactate (calcium). Preservatives: Benzoic acid (Na), potassium sorbate. Other: Calcium chloride, anhydrous, sodium bicarbonate (baking soda), phosphoric acid.
	Food raw materials	Glucose (monohydrate/anhydrous), maltodextrin, trehalous, high maltose powder, corn starch.

(4) New products (services) planned for development

- A. Electronic chemicals for touch panels
- B. Specialty chemicals for high-end TFT-LCD panels (3D, OLED and AMOLED)
- C. Electronic chemicals for IC nanometer-processes
 - (1) TMAH recycle and reuse technologies and products.
 - (2) Chemical (bumping stripper) recycle and reuse technologies and products
 - (3) Development of special chemicals: Adhesive, detergent, special mixed acid, and rework cleaner.
 - (4) Electronics-grade chemicals for export (Developing the market in countries other than China and Southeast Asian countries).

4.1.2 Current Industry Status and Development

1. Current Industry Status

(1) Fine Chemicals

Petrochemical products are generally divided into commodity chemicals and fine chemicals. Commodity chemicals are also called bulk chemicals. Fine chemicals are often referred to as performance chemicals or specialty chemicals. Performance chemicals are mainly used in manufacturing processes or on final products to improve product characteristics. Most are high value-added products. The Company's products include a broad range of specialty chemicals including developers, etchants, strippers, solvents and cleaners.

The specialty chemical field includes the 'two trillion- and three-stars' industries. one of the key manufacturing processes of the wafer foundry and display panel industries is generating specific thin-film patterns on wafers or glass panels. The thin-film material can be insulating silicon dioxide or polysilicon. Regardless of what kind of material is used as the thin-film, a layer of photo resist must first be coated on the wafer or glass panel. After passing through curing, exposure, developing processes, the desired pattern is then etched on it. Finally, the pattern is completed on the thin-film by photo resist removal. There are organic and non-organic base developing solutions combined with photo resist developing which provide excellent developing capabilities and high contract characteristics. Etchants are mainly used in ITO or metal layer etching processes for silicon wafers, LCD panels, touch panels and solar cells. Lithography is used in the etching process to define the pattern on the substrate and then chemical corrosion, physical impact or a combination of the two is used to remove a portion of the material and leave behind the electrical circuit pattern. Strippers are used after the etching process to strip away the photo resist from the TFT-LCD metal or semiconductor thin-film circuits. Solvents are mainly used to remove excess photo resist from the edges of the substrate after panel photo resist coating. Cleaners have these applications: 1. Glass recovery after color filter process failure 2. Cleaning before substrate enters the machine 3. Cleaning of photo resist coating fixtures.

As the semiconductor and optoelectronic industries continue to develop in Taiwan, demand for electronic chemicals shall steadily increase and quality requirements for electronic chemicals shall become stricter. Therefore, process efficiency development and quality improvement are key aspects of future industry development. With the introduction of new generation products applied to electric vehicles, 5G, HPC, IoT, flexible displays and new generation technology and process refinements such as 1x nanometer, FinFET, 3D stacking, AMOLED, IGZO, LTPS and copper processes are developed, the production value and growth rate of the global specialty chemical industry will steadily rise year after year. Every process will use different types of chemicals so research and development of a new generation of chemicals will be the future development trend for the industry.

(2) Basic Chemicals

Basic chemicals mainly consist of food additives. Food additives are a result of human technological process and a desire to have a higher quality of life. in the past, our ancestors only thought of food as a way to avoid hunger. Nowadays, people care about color, smell, taste and nutrition of food. Food is also considered to be a form of art. Simply put, food additives are ingredients other than seasonings like garlic, onions and ginger that are added to foods. Countries usually have lists of legal additives which can be used depending on the food laws and regulations enacted in each country. Foods that are manufactured with under the specified amount of additives will not harm the health of consumers. The Food and Agriculture organization (FAO) and World Health organization (WHO) have jointly established the Codex Alimentarius to draft food additive definitions, specifications and standards which may be followed internationally. Still, there are many inconsistencies in food additive definitions and management in countries around the world. for example, the

U.S. does not recognize colorings as food additives. The Codex Alimentarius does not recognize pollutants and food additives added to food to improve their nutrition or quality. Article 3 of Taiwan's Act Governing Food Safety and Sanitation defines food additives as substances that are added to or brought into contact with foods for the purpose of coloring, seasoning, preserving, bleaching, emulsifying, flavoring, stabilizing quality, enhancing fermentation, increasing viscosity, enriching nutritional value, preventing oxidation or other necessary purpose in the manufacture, processing, preparation, packaging, transportation, storage of foods.

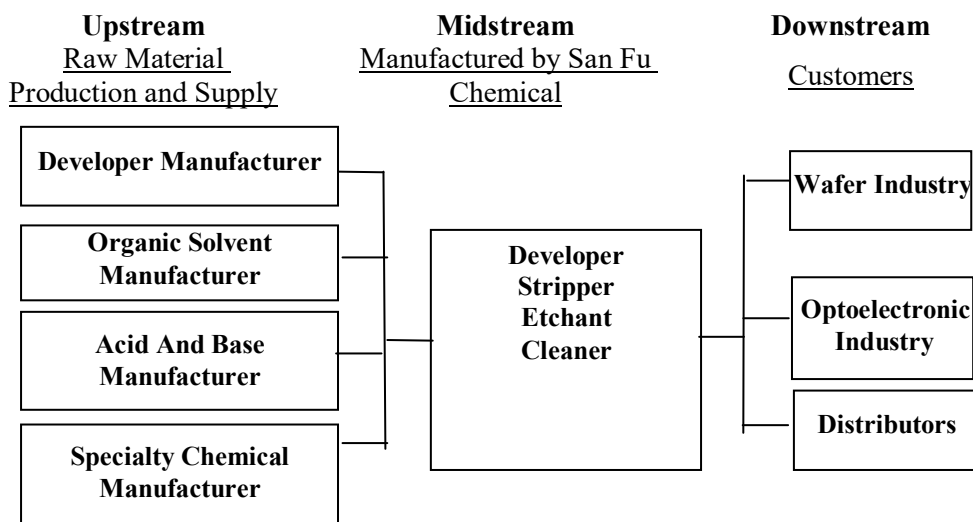
Cyclohexylamine (CHA) is a specialty chemical used in the production of sodium cyclamate. Sodium cyclamate is a type of artificial sweetener that provides the same sweetness as sugar but does not contain compounds with the same caloric value. It is 30 to 8000 times sweeter than sugar. As a result, products that are manufactured with it have much fewer calories than those products made with cane sugar. Commonly used as a substitute for corn syrup and cane sugar, it is added to many kinds of sodas and sweetened drinks. Artificial sweeteners can be used as a substitute for sugar in chocolate, jams, chewing gum, ice creams and beverages. Another use for CHA is as a corrosion inhibitor in water treatment agents. Dicyclohexylamine is mainly used as iron corrosion inhibitor. Citric acid monohydrate (CAM) is used as a sour agent and antistaling agent in the food and beverage industry. Sodium benzoate (BNA) is a type of preservative. Countries around the world including Taiwan allow its addition to food. It is commonly seen in carbonated beverages, candied fruit and snack foods. Paraben is a preservative that is widely used in drugs and cosmetics.

The public has developed a heightened awareness of food hygiene, safety and quality due to the series of food hygiene and safety incidents (melamine, plasticizer, ractopamine etc.) that have occurred over the years. Due to rising health consciousness among consumers, hygiene, safety and quality control will become major factors in food market development.

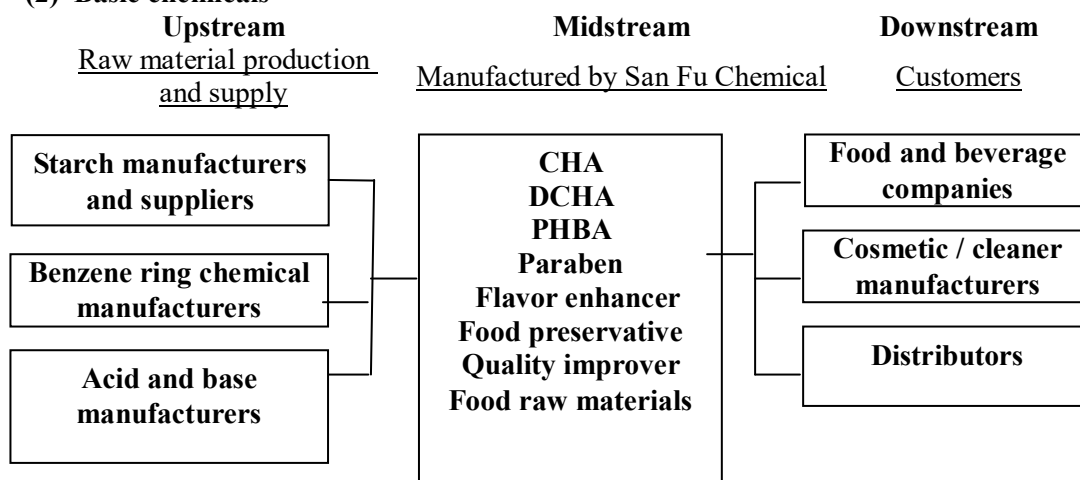
2. Industry Upstream, Midstream and Downstream Relationship

(1) Fine Chemicals

The Company plays the role of a midstream manufacturer in the overall industry supply chain. Currently, the upstream part of the industry is primarily made up of raw material suppliers which supply developed, organic solvent, base and acid chemicals and specialty chemicals. Being in the midstream of the industry, the Company manufactures chemical raw materials into the developers, strippers, etchants and cleaners required by downstream companies using formulation, purification, dilution and other processes. The downstream is made up of electronics industry including the wafer foundry and optoelectronic industries. The small subpackaging part of our business is handled by distributors to expand the range of industry categories. The relationship between the upstream, midstream and downstream parts of the industry is as follows:



(2) Basic chemicals



3. Product Development Trends and Competitors:

(1) Product Development Trends

Development Trends

The Company's products are currently used by the TFT-LCD display and semiconductor, LED, solar power, green energy and food & beverage industries. Most are key specialty chemicals and basic chemicals used in downstream Company production processes. New products are developed by product adjustment, improvement and customization to respond to the ever-changing requirements of new processes developed with cutting-edge technology. Future industry development and downstream application industry are closely linked. The following is a description of the future development trends of downstream application industry for The Company's products.

(A) TFT-LCD industry

2024 is the year of correction and return for the panel industry after the early placing orders for delivery of goods due to the epidemic demand. Therefore, each customer focuses on capacity optimization and product upgrades. As the time enters 2025, the low base period operation corresponds to the new industrialization and new infrastructure construction in mainland China, the AI PC upgrade and replacement wave, and the advent of a new generation of desktop game consoles, which bring about demand growth. As a result, the prices for terminal panels have continued to rise since 2025; large/medium/small sizes have all continued to rise. At the same time, Taiwanese manufacturers have naturally become the production sites favored by brand manufacturers under this wave of geopolitical struggles between China and the United States. In summary, the off-season in the first half of 2025 is not off-season, and the peak season in the second half of the year is expected to continue. On the other hand, in the advanced packaging market, which has been hot recently due to the increase in AI computing demand, panel manufacturers are also developing FOPLP technology in the hope that in this wave, In addition to traditional panel sales, another highly growing business can be added.

(B) Semiconductor industry

Driven by the strong wave of AI high-performance computing in 2024, as previously expected by the survey, Taiwan's semiconductor output value will exceed the NT\$5

trillion mark, reaching NT\$5.3 trillion (of which semiconductor manufacturing revenue accounts for NT\$3.42 trillion, an increase of 28%), a significant increase of 22% compared to 2023, and higher than the 19% growth of global semiconductor output value in 2024. Among them, the Company and some of the Taiwan's leading semiconductor manufacturers have worked closely with leading semiconductor manufacturers in the field of advanced packaging to develop products and applications that use the inFO (integrated Fan-Out) technology and the CoWoS (Chip-on-Wafer-on-Substrate) package technology, and have borne fruit in recent years. In the future, we will move towards more advanced SoIC products and promote and develop San Fu products in front-end factories with processes below 10 nanometers.

Looking forward to 2025, also driven by AI technology, In addition to servers, electric vehicles, laptops, mobile phones, and home appliances, the AIization of various devices is unstoppable. The most anticipated is the widespread use of "AI robots" in the future, and the high-performance and sensor chips used will be several times more than existing devices. Therefore, the research estimates that in 2025, Taiwan's semiconductor output value will exceed 6 trillion, reaching 6.18 trillion, and grow by 16%. (The research estimates that the global semiconductor growth rate in 2025 will be 11%.

(C) Food industry

“Health, Happiness, Convenience and Environmental Protection & Ethics” are the four main components of demand for global consumers and the main drivers of food industry innovation and R&D. In order to respond to health demands of consumers, food companies need to strike a balance between texture, taste, healthiness and safety through technology, formulation and process improvements to lighten the burden on consumers by lowering calories, reducing allergens and downsizing packaging. Due to the series of food safety incidents such as melamine, plasticizer and tainted starch that have over recent years, consumers have a much higher awareness towards food safety so food companies are more highly concerned about raw material sources and quality.

(2) Product Competition For Business Success

Competition has been increasing in recent years due to factors such as aggressive moves by foreign suppliers to enter Taiwan’s market due to greater information transparency and ease of obtaining raw materials. However, the Company has been able to maintain its competitive advantage. Compared to foreign suppliers, the Company takes the advantages of proximity and price. As for local suppliers, the Company offers higher quality, customized services and close technical support. As a result, the Company can steadily grow year after year.

4.1.3 Technology and R&D

1. Annual R&D Expenditures in Recent Years

Unit: NT\$ Thousands

Item \ Year	2024	2023	Jan – Mar 2025
R&D Expenditures	86,710	80,609	21,588
Operating Revenue	5,324,424	4,990,961	1,163,547
R&D Expenditures As A Percentage of Revenues	1.63%	1.62%	1.86%

2. Successfully Developed Technologies or Products in Recent Years:

Year	R&D Accomplishments
2022	<ol style="list-style-type: none">1. Recycle device and method for waste solutions containing tetramethylammonium hydroxide and other nitrogen-containing compounds.2. Composition of etchant solution for transparent conductive oxide and its etching method.
2023	<ol style="list-style-type: none">1. Development of next-generation CMP abrasive silicon dioxide nano colloids.2. Completed construction of a new production facility for recycling and purifying TMAH photo resist developer to IC-grade standards, and entering the customer validation phase.
2024	<ol style="list-style-type: none">1. Synthesis of a new environmentally friendly fluorinated surfactant and completion of preliminary structural design.2. General formula of stripping agent for galvanneal and wet film for IC bumping process.

4.1.4 Long-Term and Short-Term Business Development Plan

1. Short-Term Business Development Plan

(1) Fine Chemicals

A. Marketing strategy

- (i) Strengthen customer service quality, regularly visit customers, understand and quickly handle customer reactions, established two-way communication channels between the Company and customers, resolve any difficulties, raise service quality and efficiency, strive to reach customer service system and customer satisfaction goals to establish customer reputation and build Company image.
- (ii) Consolidate and expand customer base in market, link and extend upstream and downstream chemical applications for current customers, actively develop and search for new domestic and International customers, seek out cooperation opportunities with major International companies to expand business range, increase economic effectiveness of products and reduce risk.
- (iii) Strengthen professional training for employees and improve appearance of tanker trucks, product packaging and website design to raise San Fu's brand value and customer loyalty.

B. R&D Strategy

- (i) Continue to raise process efficiency, production volume and product quality, reduce Total wastewater and waste amounts.
- (ii) In addition to satisfying the chemical quality requirements of customers and providing stable supplies, the Company will work to adjust and improve its products and develop new customized products based on the differing requirements of customers to respond to ever-changing high-tech processes.

C. Production strategy

- (i) Strengthen interactions with raw material suppliers, engage in supply chain deployment, diversify concentrated risks and continually raise technical capabilities.
- (ii) Establish a strict management system, implement stringent quality requirements and provide excellent quality products to customers.

D. Operation and management

- (i) Establish a sound management system, strengthen management performance, put Company business philosophy into practice and improve Company image in line with Company development.
- (ii) Strengthen employee education and training, make human resources the most important asset for corporate competitiveness. Combine Company organization, business development requirements and employee career planning to arrange internal and external education and training programs for each department to improve employee occupational know-hoe and management skills and upgrade mid to long-term competitiveness of the Company.
- (iii) Strengthen financial structure and health, use sound financial planning and operation management to get maximum overall benefit from Company resources.

(2) Basic Chemicals

- A. Actively consolidate current customers and gradually eliminate customers with poor credit. Then further leverage our quality and technical service advantages to win the trust of potential and current customers to increase Company revenue and expand our niche businesses.
- B. Strengthen purchasing capability, keep track on the market conditions and currency rate changes to reduce product costs, increase Company competitiveness and profit.
- C. Focus on new product R&D, raising product quality and developing sales channels. Build up corporate image and recognition to gain advantages in marketing.

2. Long-Term Business Development Plan

A. Marketing strategy

- (i) Strategic alliance: Respond to rapidly changing market environment and competitor compression by linking up with upstream suppliers and downstream customers. Develop product strategies in tandem to increase competitiveness and achieve the goals of resource sharing, cost reductions and market expansion.
- (ii) Diversification of operation risk: Respond to market demand and industry development trends, diversify product line, avoid operation risk of overconcentration on a single product or a single product being affected by economic factors.
- (iii) Seek out International opportunities: Seek out more overseas customers, expand globally, develop emerging markets and achieve market diversification goals.
- (iv) Actively cultivate professional sales talent: Encourage identification with corporate culture throughout the organization to meet the future development requirements of the Company. Build common values and solidarity around the Company. Seek up cooperative opportunities with world-class corporations to raise our Company profile and market share.

B. R&D strategy

- (i) Continue to raise process efficiency, production volume and product quality, reduce Total wastewater and waste amounts.
- (ii) In addition to satisfying the chemical quality requirements of customers and providing stable supplies, the Company will work to adjust and improve its products and develop new customized products based on the differing requirements of customers to respond to ever-changing high-tech processes.

C. Production strategy

- (i) Continue to expand production scale and capacity, reduce production cost of products.
- (ii) Raise product quality and added value to expand market share.
- (iii) Keep track of market conditions, continually innovate, develop various new products, meet market requirements, create production scale for product lines and raise

Company competitiveness.

- (iv) Long-term backbone of business is health, safety and quality, fulfill mission of offering people a healthy life and high standard of living.

D. Operation management

- (i) Execute investment plan in tandem with the growth of The Company's scale of operations in line with future Company development and market requirements.
- (ii) Create a sound and reasonable human resource and welfare system, improve employee cohesion, improve operation performance to raise overall employee efficiency and operating capacity.
- (iii) Strengthen existing and potential customer management capabilities including use of financial status and payment surveys to serve as a basis for customer credit ratings in order to gain and keep excellent customers and prevent uncollectable accounts from occurring.

4.2 Market and Sales Overview

4.2.1 Market Analysis

1. Sales Regions For Major Products (Services)

Unit: NT\$ Thousands

Year Sales Region	2024		2023	
	Net Sales	Percentage of Net Sales	Net Sales	Percentage of Net Sales
Asia	5,214,576	97.94%	4,935,293	98.88%
America	109,848	2.06%	55,667	1.12%
Total	5,324,424	100%	4,990,961	100%

2. Market Share, Future Supply and Demand Conditions and Growth Prospects

(1) Fine Chemicals

Since the fine chemicals divisions was established in 2004, our efforts have been focused on R&D and sale of chemicals to high-tech industries which has brought steady business growth. Presently, our chemicals are sold to the IC, TFT-LCD, LED, solar and other optoelectronic industries and include many major companies in high-tech industries such as TSMC, UMC, PSMC, VIS (formerly Nanya Technology Corporation), PTI, AUO, Innolux (formerly Chi Mei Optoelectronics), Hann Star, Epistar, and URE. In recent years, the Company has entered into the specialty chemical field for semiconductor wafers / packaging and testing and solar wafers and has become one of the major suppliers of electronic chemicals for the domestic TFT-LCD industry.

The Company is mainly engaged in the research and development, production and sales of precision chemicals and basic chemicals. After years of efforts, we have established a professional position in the industry.

Looking back at 2024, against the background of global supply chain restructuring and the launch of a carbon tariff system, continuing the work of previous years, the market is generally oriented toward ESG, low carbon emissions, low toxicity, environmental friendliness, and recycling and reuse. The "circular economy" is an important global development model and an important development direction for the Company. In addition to the recycling concept, the Company will improve the quality of recycled products to

semiconductor grade in 2024, and actively apply the results of our waste liquid recycling and reuse in semiconductor chemicals.

The Company's fine chemical division offers a wide range of products. It includes developers, etchants, photo resist cleaner and RGB regenerants which can fulfill the Total chemical requirements of customers.

(2) Basic Chemicals

Over the years, the Company has insisted on providing the best products to our customers to develop a healthy and high-quality image, earn customer trust and support and become a market leading brand.

The public has developed a heightened awareness of food hygiene, safety and quality due to the series of food hygiene and safety incidents that have occurred over the years and brand identity has increased as a result. So, the market for safe and high-quality products should enjoy stable growth.

3. Competitive Niche

A. Possess outstanding R&D capabilities

The Company has a professional R&D team and TAF laboratory. With regard to special customer requirements and development of Total solutions, ideal customized products are formulated based on the customer's process conditions and using technical personnel that have process experience in downstream application industries. As for customer process requirement R&D, customer certification is effectively reduced which raises the market competitiveness of our customers.

B. Provide quality and value services

The Company provides new quality and value products and services to our customers. Over the years, the Company has continued incorporated the most advanced equipment into our production facilities including ICP Mass, clean rooms and pilot plant to help customers with production process report data analysis, identify the material characteristics required for customer manufacturing processes and provide timely solutions so the Company can maintain excellent long-term cooperative relations with our customers.

C. Steady development of new products and technologies

The Company is always searching out related industry technology, keeps informed about market conditions, constantly innovates and develops a wide range of new products that meeting market requirements. In addition, the Company is actively engaged in the development specialty chemical recovery technology such as TMAH and etchant recovery. The Company is able to prosper alongside the flourishing TFT-LCD, semiconductor, LED and solar energy industries, satisfy green environmental protection requirements and strengthen its leadership position in its core qualification.

4. Advantageous and Disadvantageous Factors for Development Prospects and Countermeasures

A. Advantageous factors

With the continued growth of the global optoelectronics and green energy industries, there is high potential for overall industry development. TFT-LCD and green energy will be the mainstays supporting the growth trajectory of our Company's precision chemicals.

Firstly, in recent years, capital expenditures of TFT-LCD enterprises have shifted towards product upgrades. Meanwhile, the chemicals supplied to customers are no longer meeting the specifications required for end products. Benefiting from the advancement of its own R&D team and long-term business strategy, the company has added several next-generation chemicals to meet customer product requirements. Thanks to our in-house R&D team's continuous improvement and long-term strategic planning, our Company has successfully introduced several next-generation chemicals tailored to meet the requirements of customer products. Our offer includes a variety of etchants for metals and alloys, advanced packaging wet process chemicals, and purification of recycled products required for the circular economy. In terms of green energy, the burgeoning new energy industry in Taiwan has been thriving lately. Leveraging our extensive experience in the green energy sector and our familiarity with key materials and the chemical market domestically and internationally, we have engaged in pre-production stage R&D discussions with several manufacturers. Collaboratively, we are defining specifications for mass-produced products. This strategic move positions us to make significant contributions to our revenue growth once these enterprises commence formal operations.

The global semiconductor market is poised for significant growth, particularly in product applications such as advanced process wafer fabrication, ASIC, IP, AI consumer ICs, 5G, HPC, and heterogeneous integration in packaging and testing. The AI application segment, in particular, is experiencing tremendous growth, with future focus shifting from enterprise applications to personal AI usage, promising explosive growth beyond imagination. The Company holds a leading position in the advanced packaging sector, positioning us to benefit from customer capacity/plant expansions in the future.

B. Disadvantageous factors

(i) Competition between International and Chinese manufacturers

Most electronic specialty chemicals are supplied by foreign companies. Japanese manufacturers still lead the industry in their technical capabilities. In response to Taiwan companies breaking into supply chain, Japanese companies are working harder to hold on to their existing customers. In addition, Chinese electronic specialty chemical manufacturers have started to emerge grabbing market share with lower prices. This will intensify competition between companies.

Counter Measures:

The Company continually develops new technology and processes for chemical products to maintain our distinctness and reduce the chance of being replaced by other competitors.

(ii) Price reduction pressure from customer end users

The Company's major customers are bellwethers in the market. In order to win customers, other competitors may adopt a low-price strategy to raise customer purchasing intent. In addition, current major customers are facing a certain amount of pressure to trim overall product costs. So, these customers will ask their suppliers to cooperate by lower prices. Lower sales will decrease Company profitability.

Counter Measures:

Through development of new chemical technologies and processes, the Company can offer new products in conjunction with customer process changes to increase differentiation with competitors and maintain product unit prices and profits. The purchasing end determines supply and price negotiation strategy based on the product category to reduce the pressure of raw material price hikes and customer

price reduction requests in recent years.

- (iii) Environmental protection pressure
There is a waste solution problem with the chemicals used by our customers. As environmental awareness has risen in Taiwan in recent years, customers are not only facing protests over odors but there has been reexamination of many existing chemicals as waste reduction, discharge and transportation costs increase greatly.

Counter Measures:

The Company has shifted its thinking from viewpoint of the cyclical economy. Chemical development is done from perspective of recycle, reuse and green. The Company has confidence that this will increase the willingness of customers to cooperate with San Fu and extract us from the swamp of price reduction and red water. The Company develops odorless chemicals and chemicals that allow reuse of waste solution. In the last two years, San Fu has won over customers with IC formulated chemicals and TMAH-R that were developed using this thinking.

4.2.2 Fields of Application of Major Products and Production Processes:

1. Primary Uses of Major Products:

(1) Fine chemicals

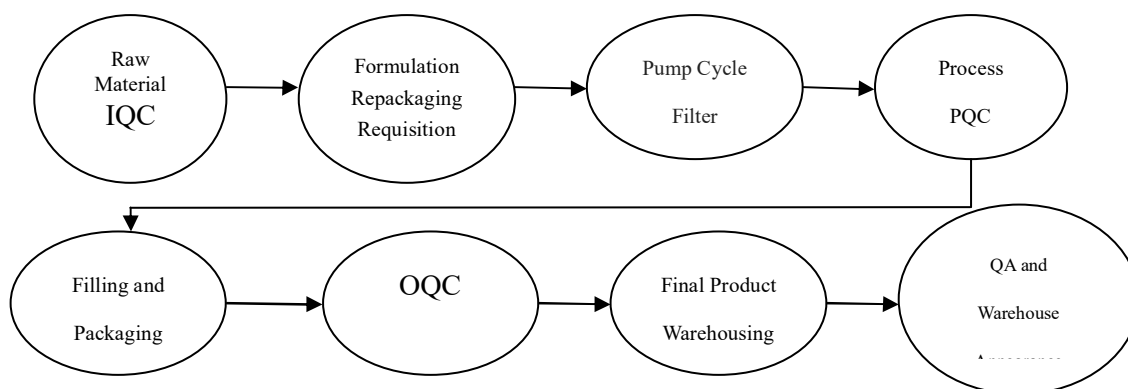
- A. Developer: Base developing solution is used to neutralize and strip away the organic acid formed after exposure of the photo resist (PR) in the semiconductor or panel process leaving the unreacted PR behind.
- B. Etchant: Acidic etchant is used to etch away the metal not protected by PR in the semiconductor or panel process leaving behind the metal circuit pattern protected by the PR.
- C. Stripper: Remove the etched away PR to expose the metal circuit pattern protected by the PR.
- D. Solvent: Use to dilute or clean the PR before PR unpolymerization.
- E. Cleaner: Restore defective glass from the panel manufacturing process to blank glass substrate.

(2) Basic chemicals:

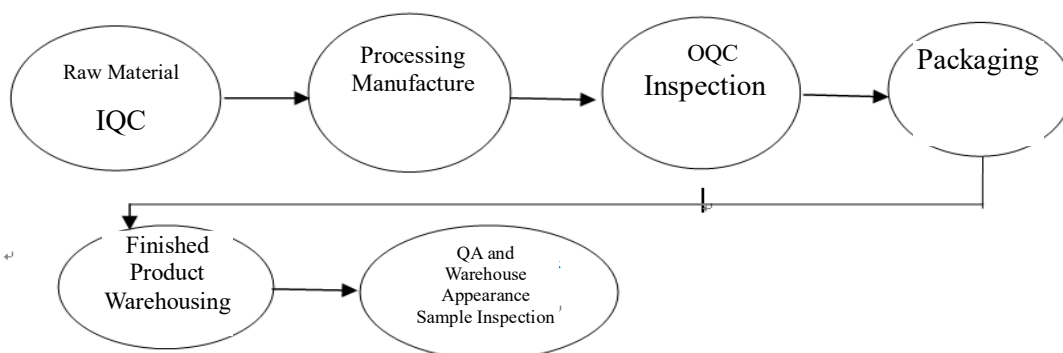
- A. Food additives: Necessary for food manufacturing and processing
- B. Paraben, sorbitol: Personal care products and cosmetics.
- C. Food raw materials: Used in the production process for processed foods.

2. Production Process of Major Products:

(1) Fine Chemicals



(2) Basic Chemicals



4.2.3 Major Raw Material Suppliers:

The Company has stable supply channels to acquire raw materials. With regard to special raw materials, the Company has adopted cooperation through shareholding approach to gain control over raw material provision. If there is a shortage of raw materials in the market, the Company is given priority. For other raw materials, two or more suppliers are kept to maintain stable delivery. Excellent relations are maintained between the Company and suppliers and a risk diversification strategy has been adopted.

Type	Major raw materials	Major supplier	Supply conditions
Fine Chemicals	Phosphoric Acid	Jui Chin	Excellent
	TMAH	Mega Union Technology Inc	Excellent
Basic Chemicals	Industrial Grade Benzoic Acid	KALAMA	Excellent
	Glucose	ROQUETTE	Excellent

4.2.4 The Name, Purchase (Sale) Amount and Ratio of The Customers That Accounted for Over 10% of Total Purchases (Sales) in one of Two Recent Years and The Reason for The Changes:

1. Major customers

Unit: NT\$ Thousands

		2024			2023				2025 Q1			
Item	Name	Amount	%	Relation-ship to Issuer	Name	Amount	%	Relation-ship to Issuer	Name	Amount	%	Relation-ship to Issuer
1	Company A	1,201,391	22.56	None	Company A	1,606,529	32.19	None	Company A	264,988	22.77	None
2	Company B	545,262	10.24	None	Company B	468,468	9.39	None	Company B	123,938	10.65	None
3	Company C	-	-		Company C	-	-		Company C	202,166	17.38	
4	Other	3,577,771	67.20		Other	2,915,964	58.42		Other	572,455	49.20	
-	Net sale amount	5,324,424	100.00		Net sale amount	4,990,961	100.00		Net sale amount	1,163,547	100.00	

There are no significant changes in our major customers for sales in 2024 compared to 2023.

2. Major suppliers

Unit: NT\$ Thousands

		2024			2023				2025 Q1			
Item	Name	Amount	%	Relation-ship to Issuer	Name	Amount	%	Relation-ship to Issuer	Name	Amount	%	Relation-ship to Issuer
1	-	-	-	None	Supplier A	330,821	11.91	None	Supplier B	90,746	13.13	None
2	Other	2,983,817	100.00	-	Other	2,446,175	88.09	None	Other	600,362	86.87	
	Purchase	2,983,817	100.00	None	Purchase	2,776,996	100.00	-	Purchase	691,108	100.00	None

4.3 Information Regarding Employees in The Past Two Years

As of April 30, 2025

Year		2024	2023	As of April 30, 2025
Number of Employees	Management	53	48	52
	Support staff	331	335	336
	Total	384	383	388
Average Age		43	41	42.8
Average Years of Service		10.28	10.5	10.4
Education	Doctorate	0.53%	0.82%	0.52%
	Masters	19.27%	19.35%	19.85%
	University	59.11%	57.22%	58.76%
	High School (Vocational)	20.31%	20.98%	20.10%
	Below high school (vocational)	0.78%	1.63%	0.77%

4.4 Environmental Protection Expenditures

4.4.1 Total Damages (including Compensation) and Disposal Caused by Environmental Pollution:

Item	Year	2024	2023	As of April 30, 2025
Date		(Note 1)	February 01, 2023	
Penalty Ref. No.		(Note 1)	Environmental Protection Bureau of Tainan City Government, Audit- No. 1120010366	
Provision of Violation of Regulations		(Note 1)	Violation of Item 4, Article 34 of the Air Pollution Control Act and Article 20 and Item 1, Paragraph 8 of Article 20 of the Regulations and Rules Governing the Establishment of the Administration unit and staffs of the Air Pollution Control Act	
Contents of Violation of Regulations		(Note 1)		
Penalty Amount		NT\$5,007,000	NT\$ 200,000	

(Note 1) Explanation of Violation of Regulations:

02.01.2023	According to the letter (Ref. No. EPAir-1111090092) issued by the Environmental Protection Agency of the Executive Yuan on July 6, 2022, concerning the list of suspected dual-role personnel responsible for air pollution prevention, the Environmental Protection Bureau of Tainan City dispatched inspectors to inspect the Shanhua Plant. Upon investigation, it was found that Ms. Chang-Xin served as the Class A air pollution prevention specialist and concurrently held the position of Class A occupational safety and health manager from March 16, 2020, to July 21, 2022. Therefore, the fact of illegal dual roles for violating the environmental regulations as stipulated for other designated personnel is confirmed
05.06.2024	According to the letter (Ref. No. EPWater-1130040078) issued by the Environmental Protection Bureau of Tainan City Government on February 2, 2024 (Friday), the Tainan City Government Environmental Protection Bureau conducted a special inspection during holidays/nighttime to strengthen enforcement. Approximately at 21:55 PM, the personnel entered into the Shanhua Plant. The security guard immediately notified the on-duty personnel, Mr. Chen, who accompanied them to the motorcycle shed for sampling. Subsequently, the head of the public utility department and the supervisor arrived at the plant around 22:20 PM. The head of the department accompanied the personnel dispatched by the Environmental Protection Bureau (Total 10 people) for a comprehensive inspection of the entire plant area and confirmed that wastewater was flowing out of the plant through the Rain Water Sewer System. As the water sample exceeded the regulatory standards, a notice to rectify or correct the violation of the Water Pollution Control Act was issued.
07.08.2024	According to the letter (Ref. No. EPWater-113070130) issued by the Environmental Management Administration (EMA), Ministry of Environment on May 16, 2024, during an inspection conducted by inspectors from the EMA of the Ministry of Environment, the following deficiencies were discovered: <ol style="list-style-type: none"> 1.The oil-water separator tank (T01-02) in the wastewater treatment facility is equipped with a steel belt oil separator, which is currently out of order. 2.The waste oil storage tank is connected to the wastewater pool (T01-01) by two pipelines. 3.A pipeline from the runoff wastewater ditch next to the cooling tower is connected to the original wastewater (WM01). 4.Wastewater from the cooling tower can be discharged through the wastewater pipe into the runoff wastewater ditch, which is not in accordance with the operations specified in the permit documents and does not comply with the permit requirements.
07.19.2024	According to the letter (Ref. No. EPWater-113070152) issued by the Environmental Protection Bureau of Tainan City Government, due to the violation of the Water Pollution Control Act on February 2, 2024, with a deadline for improvement by May 25, 2024, the Environmental Protection Bureau sent inspectors for a follow-up inspection on May 24, 2024. Water samples were taken at the discharge outlet of the Shanhua plant. The test results showed that the COD and BOD levels did not meet the discharge standards for the chemical industry.
08.07.2024	According to the letter (Ref. No. EPWaste-113073127) issued by the Environmental Management Administration (EMA), Ministry of Environment on May 16, 2024, during an inspection conducted by inspectors dispatched by the Southern Regional Environmental Management Center of the Environmental Management Administration (EMA), the following deficiency was discovered: The company has not reported the usage, storage, and disposal of waste lubricating oil from machinery maintenance, as well as waste activated carbon and other organic acids (such as phenol, D-2403) from the chemical manufacturing process, in accordance with regulations.
08.28.2024	According to the letter (Ref. No. EPWater-113080203) issued by the Environmental Protection Bureau of Tainan City Government, on July 12, 2024, during an inspection conducted by inspectors dispatched by the Environmental Protection Bureau, the following deficiencies were discovered: <ol style="list-style-type: none"> 1.The amount of chemicals listed on the wastewater discharge permit, including phosphate, urea, and ferric chloride, used from January to June 2024, was all below the minimum quantity required by the permit. 2.The sand filter (T01-10) in the wastewater treatment facility was not operated according to

the procedures specified in the permit documents.

4.4.2 Estimated Amounts and Response Measures for Current and Future Occurrences:

The potential fines that the Company may face in the future cannot be estimated reasonably due to the determination of the penalty based made by authorities on the actual circumstances of the event. The Company's currently countermeasure is to promote the drafting and preparation of ESG reports and implement stricter environmental control measures, such as lowering air pollution, improving wastewater treatment and reducing waste. In the future, we will focus on energy-saving, carbon reduction, and green environmental work to minimize pollution risks.

4.5 Labor Relations

4.5.1 List The Employee Welfare, Continuing Education, Training, Pension System and Other Measures Adopted by The Company, Labor-Management Negotiations and Measures Taken to Uphold Employee Rights:

Employee Welfare Measures

The Employee welfare items are fully promoted and implemented by the Company. The employee welfare measures being currently implemented are as follows:

Two-day weekend, competitive salary levels, employee education and training, employee medical checkup, employee proposal bonus, advance special leave system, childcare allowance, cash gifts for birthday, maternity allowance, wedding and funeral allowance, hospitalization consolation gift, community allowance, children's education allowance, cash gifts for annual festivals, outdoor activity allowance, and employee travel.

Regarding the abovementioned employee health checkup benefits, the Company places continuous emphasis on the health management and promotion for all its employees. The Company's approach is as follows:

The company provides an annual health checkup for all employees. Employee health care and promotion are jointly managed and overseen by an onsite nurse and onsite doctor. For the top ten abnormal items, such as BMI, weight, waist circumference, high-density cholesterol, Total cholesterol, blood pressure, blood glucose, triglycerides, low-density cholesterol, and SGPT (glutamic pyruvic transaminase), regular or irregular health education activities or training courses are held every month to raise employees' health awareness.

1. Regular interviews with employees to identify existing issues: a. Insufficient correct knowledge of disease prevention; b. Fear and concerns regarding chronic disease medication treatment (worried that once they start taking medication, they will need to continue long-term); c. Lack of awareness of the complications that poor chronic disease management may cause; and d. Disregard for disease management (thinking there is no need to see a doctor if there are no obvious discomforts, adopting an ostrich mentality). Correct knowledge and training are provided for each of these issues, and improvements are tracked.
2. Irregular promotion of chronic disease health knowledge and the organization of health promotion activities, such as health checkup follow-up with a revisit rate of over 98%, and a weight loss and health promotion activity evaluation within the department in 2024, which resulted in a total weight loss of 35 kilograms. The Welfare Committee has established related groups and set up exercise activity subsidies to encourage employees to participate in sports. The Health Center has installed blood pressure monitors and body fat analyzers, allowing employees

to monitor their health indicators anytime and anywhere. Nurse's track and care for employees based on their data.

Continuing Education And Training Status

Regarding the management level and management cadres, the Company introduced the Balanced Scorecard as a medium and long-term strategic operation and objective management tool since 2018, showing the determination of execution and sustainable operation. Management mechanism is enhanced every year in the management and executive training courses for strategy and business performance and regular tracking of results.

In 2024, the average time each person spent on education and training was 8.4 hours. We provide equal education and training rights to all employees regardless of gender. The Company focuses on employee continuing education and training and is committed to talent cultivation. The Company encourages employees actively to participate in various training courses, including internal and external training courses. The Company's training hours in 2024 are summarized in the following table:

Description		Male	Female	Total
Management	Actual number of people during reporting period	87	12	99
	Hours of training received during the reporting period (practical course)	266	38	304
	Hours of training received during the reporting period (on-line course)	469	98	567
	Average hours of training received during the reporting period	8.45	11.33	8.80
Non-management	Actual number of people during reporting period (practical course)	228	57	285
	Hours of training received during the reporting period (on-line course)	496	109	605
	Hours of training received during reporting period (on-line course)	1295	456	1751
	Average hours of training received during the reporting period	7.86	9.91	8.27
Total	Attendance	315	69	384
	Hrs.	2526	701	3227
Total number of employees at the end of the reporting period	Attendance	315	69	384
Average hours of training received by each employee	Hrs.	8.02	10.16	8.40

Since the launch of online learning system in the second quarter of 2018, the convenience of learning courses for colleagues has been increased, so that colleagues can continue to learn and grow, so as to expand their personal potential, enrich career planning and promote self-realization. online training is divided into six categories: basic training, functional professional skills, advanced work skills, general management functions and senior executive leadership training courses. in 2024, the effectiveness of e-learning platform can be divided into three parts:

- (1) Online new employee training: a total of 24 sessions, that is, to save the time cost of internal lecturer face-to-face teaching, a total of 192 hours.
- (2) Online face-to-face courses: there are 25 courses, including the hazard identification and risk assessment education and training in accordance with the ISO45001 Occupational

Health and Safety Standard, seven techniques of quality control, GHP food good hygiene standards, integrity operation procedures and conduct guidelines, SPC statistical process control, FMEA failure mode & effect analysis, safety and health education and training for employees, hazardous chemicals and fire general education and training, seven habits of high-performance professionals, Eight Disciplines (8D) problem solving and analysis courses, internal employee education and training, BPM basic operation/batch import teaching/DCC training, TSMC product/process change notification education and training, organizational growth and Company development, and concepts of developing correct investment and financial management, for OKR goals and key results, and workplace bullying (no one can stay out of it), hazard general education training (new personnel), RBA overview, and the ISO 50001 energy management system overview, prevention of sexual harassment and illegal infringement in the workplace.

- (3) Health promotion teaching materials: 18 courses in Total, including TCM acupoint massage, weight reduction course, heat injury and prevention, colorectal cancer, hypertension health education lecture, ergonomics concept, stroke, enterovirus and other health knowledge and promotion methods, new COVID-19 prevention guide, diabetes, emergency first aid training, noise hazard prevention, awareness of triglycerides, and awareness of thyroid, tips for maintaining mental health during COVID-19, how to cope with stress, boosting immunity and environmental immunity, and metabolic syndrome, learn how to prevent noise hazards, gastrointestinal diseases, CPR first aid course, importance of health, and dengue fever etc.

The online learning platform is fully and effectively utilized, so that the learning of all colleagues of San Fu is not limited by the environment, and the course content comprises corporate management to daily living, which fully reflects the corporate culture that San Fu Chemical attaches importance to the quality of life of its employees.

Pension System And Implementation Status

The old system retirement pension is based on the “Labor Standards Act”, while new system retirement pension is based on the “Labor Pension Act.” Employers must contribute 6% of monthly wages to the personal account established by the Labor Pension Fund. Employees may also choose to voluntarily contribute up to an additional 6% of their monthly wages to the same account. To ensure the rights and interests of employees' pension benefits, San Fu has also established the “Labor Retirement Preparation Fund Supervisory Committee” to oversee the use of employees' retirement funds, and commissioned an actuary to regularly conduct retirement fund actuarial assessments and provide evaluation reports to facilitate the Company's allocation of funds to pay employees' pension in accordance with International Accounting Standard No. 19 (IAS19R). In addition, the Labor Retirement Preparation Fund Supervisory Committee holds meetings periodically and can convene extraordinary meetings as necessary, focusing on the verification of the allocation of funds for the reserve, inspection of fund saving and usage, and ensuring accurate payment of retirement benefits to laborers. Although we have not established a labor union, we still hold regular labor-management meetings in accordance with the government's labor laws and regulations for two-way communication and collective negotiation.

Personnel System and Labor – Management Relations

(1) Personnel System

The Company has a comprehensive human resource management system that includes employee recruitment, dismissal, promotion, transfer, education, training, attendance, salary and pensions. Its content covers selection, training, fostering, use and retainment of talent and complies with Company internal controls and ISO requirements.

(2) Labor –Management Relations

The Company cares about promoting employee welfare and wellness as well as harmonious relations between management and labor and values employee opinions. Labor and management can communicate their ideas by email, opinion boxes or labor-management meetings to maintain excellent relations between both sides.

(3) Agreement Between Labor and Management and Measures for Protecting Employee Rights And Interests.

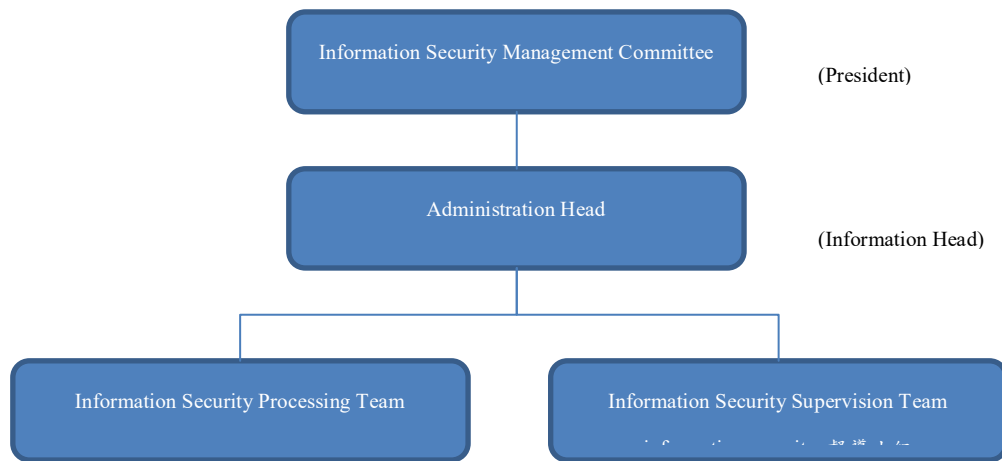
1. Employee rights and interests: The Company holds regular labor-management meetings, and encourages employees' feedbacks and communications for mutual benefits. There is also a workers' welfare committee that actively handles various employee benefits programs, providing a comprehensive range of welfare benefits for employees and their families.
2. Employee Care: Each department manager holds regular communication meetings to establish a good communication atmosphere within the department. In case of emergencies, the HR department or on-site nurse will be notified to provide assistance and care as appropriate. There is also an employee complaint box, complaint hotline, and e-mail established. If a complaint is received, it will be investigated and handled according to Company policy, and the results will be communicated back to the employee in a confidential manner.
3. The Company has consistently maintained a harmonious and cooperative labor-management relationship. Labor-management meetings are conducted smoothly and without difficulty. At present, no employees have applied to establish a labor union, and the Company adopts an open and supportive stance regarding the formation of such organizations. Accordingly, there have been no matters involving the signing of a collective agreement with a labor union.

4.5.2 Estimated Losses for Labor Disputes During the Recent Year and As of the Date of Publication, Disclose Current and Future Estimates of Potential Losses and Counter Measures: None

4.6. Information Regarding Security Management

4.6.1 Information Security Management Strategy and Structure:

An information security management committee is established to strengthen the information security management of the Company and ensure data, system and network security. The committee is convened by the president, and the head of the information center is responsible for implementation and reports to the Board of Directors once a year. This team further includes an information security processing team and an information security supervision team; the information security processing team implements the construction of information security systems, including network management and system management; the information security supervision team cooperates with the Company's Audit Unit to conduct information security audits, including internal and external audits.



4.6.2 Information Security Risk Management Mechanism

Manage and control the access to information room, the security of computer information files, networks, mails and information systems.

4.6.3 Information Security Policy

- Objectives of Information Security:
Establish a safe and reliable computerized operating environment to ensure the security of the Company's data, systems, equipment and networks and protect the Company's interests and the sustainable operation of each unit's information system.
- Scope of Information Security:
 - (1) Personnel management and information security education and training.
 - (2) Computer system security management.
 - (3) Network security management.
 - (4) System access control.
 - (5) System development and maintenance security management.
 - (6) Information asset security management.
 - (7) Physical and environmental security management.
 - (8) Management of information system sustainable operation plan.
 - (9) Auditing of information security.
- Principle and Standard of Information Security:
 - (1) Regularly conduct information security education and training and publicity, including information security policy, information security laws and regulations, information security operating procedure, and methods of properly using information technology facilities, etc., to promote employees to understand the importance of information security, various possible security risks, so as to improve employees' awareness of information security, and comply with information security regulations.
 - (2) To prevent information systems and files from being infected by computer viruses, detection and prevention measures should be taken for computer viruses, and an active intrusion detection system should be established to detect intrusions and malicious attacks and ensure the requirements of computer data security.
 - (3) To prevent the Company from encountering natural disasters or major man-made events, that may cause interruption of important information assets and major business or communication systems, a policy of sustainable operation of information systems should be planned and established.
- Relevant regulations that employees should follow:
 - (1) After receiving the account application form, the information unit creates a "user ID";

- (2) Computer data and equipment shall not be arbitrarily destroyed, taken out, borrowed, or improperly modified to maintain data integrity;
- (3) Use of non-copyrighted software shall be prohibited;
- (4) After entering the host computer, if the operation ends or the machine is not used for a long time, you should exit the machine, so as to avoid leakage of confidential information, being damaged by others or cause system down;
- (5) In addition to the principle of convenience, the placement location of computer equipment should be kept away from tea, coffee, sunlight or humid places to prolong the service life of the computer equipment;
- (6) When resigning or handing over new and old jobs, the Information Department will determine the relevance of data for appropriate disposal;
- (7) When the computer equipment fails to work normally, the user should immediately notify the Information Department for inspection or maintenance; and
- (8) Required to receive information security education and training, 2 hours per year.

4.6.4 Specific Information Security Management Plans

Information Security Management Items	Description
Firewall protection	Rules for setting the connection of firewall protection
	An additional application is required for special connection needs
User online Control Mechanism	An automatic website protection system is used to control user online behavior.
	Users' internet access to websites that may be linked to Trojans, ransom ware or malicious program will be automatically filtered
Antivirus Software	Antivirus software is used to automatically update the virus patterns to reduce the chance of virus infection.
Operating System Update	The operating system is updated automatically. The information department will assist in updating the system if not updated for some reason.
Email Security Control	There is a protection of automatically scanning emails to prevent unsafe attached files before users receive the emails.
	Expand the scope of protection against phishing emails, spams and malicious links.
	After the personal computer receives an email, the antivirus software scans the email and detects unsafe attached files.
Data Backup Mechanism	The databases of important information systems are backed up daily
Important Files Uploaded to Server.	The Important files of each department of the Company are stored on the server, which is backed up by the Information Department..
Information Security Risk	The Company's customers are mainly corporate customers, and there is no risk of the custody of consumer personal information. After evaluating the coverage of market information security insurance, applicable industries, etc., The Company does not purchase information security insurance policy for the time being, but In response to the challenges faced by information security, software and hardware for relevant information security such as firewall, anti-virus, intrusion prevention system, etc. have been introduced, and the Company continues to pay attention to the changing trend of the information environment, and strengthen our colleagues' awareness of information security crisis and the processing personnel's ability of handling information security.

4.6.5 Resources Invested in Information Security Management

In order to implement the six major information security policies, resources are invested as follows:

- (1) Network hardware devices such as firewalls, mail antivirus, spam filtering, internet behavior analysis, network management type hub, etc.
- (2) Software systems such as endpoint protection systems, backup management software, VPN authentication and encryption software, etc.
- (3) Telecommunication services such as multiple lines, cloud backup services, intrusion protection services, etc.
- (4) Investing manpower in daily system status check, weekly backup and implementation of backup media offsite, at least two information security education courses a year, annual system disaster recovery drills, annual internal audit of information circulation, auditing by accountants, etc.
- (5) Information security manpower:
The Company's Board of Directors approved the appointment of a dedicated information security manager and at least one dedicated information security staff member on November

6, 2023. At present, one part-time information security supervisor and two part-time information security staff are responsible for the structure and design of information security, the maintenance and monitoring of information security, response and investigation of information security incidents, the review and amendment of the information security policy, and the part-time information security supervisor's reports to the Board of Directors at least once a year.

4.6.6 Information Security Risk and Counter Measures:

The Company has established comprehensive network and computer-related information security protection measures, but the Company still cannot guarantee the computer systems that control or maintain important corporate functions such as the Company's manufacturing operations and accounting are able to completely avoid network attacks from any third-party's paralyzed systems.

These network attacks illegally intrude the Company's internal network system and carry out activities such as damaging the Company's operations and reputation. In worst-case scenario, The Company's important data may be lost and the production lines may be shut down.

The Company continuously reviews and evaluates its information security regulations and procedures to ensure their adequacy and effectiveness, but cannot guarantee that the Company will not be affected by the emerging risks and attacks amid the changing information security threats.

Cyber-attacks may also attempt to steal the Company's trade secrets and other confidential information, such as proprietary information of customers or other stakeholders and the personal data of the Company's employees.

Malicious hackers can also attempt to introduce computer viruses, destructive software or ransom ware into a Company's network systems to interfere with the Company's operations, extort the Company, gain control of computer systems, or spy on confidential information.

These attacks may result in damages to the Company which may have to compensate customers for delayed or interrupted orders; or require a substantial expense to implement remedial and improvement measures to strengthen the Company's cyber security systems; or may result in the Company's involvement in legal cases or regulatory investigations, and significant legal responsibility. due to the leakage of the Company's confidential information or the leakage of confidential information of the Company's employees and customers or a third-party.

The Company has not been attacked in the past for purchasing and installing devices containing malware, and may face similar attacks in the future.

In order to prevent and reduce the damages caused by attacks of this sort, the Company implements relevant improvement measures and continuously updates these measures such as strengthening network firewalls and network control to prevent computer viruses from spreading across plants; building endpoint anti-virus measures according to computer types; importing advanced solutions to detect and handle malware; design and develop security-enhanced PCs for employees' use; design and develop cloud application security policies; introduce new technologies to enhance data protection; enhance phishing email detection; build an integrated automated security, maintain and operate the platform, and regularly conduct employee alertness tests and entrust external experts to perform information security evaluations.

Although the Company continues to strengthen its information security protection measures, there is still no guarantee that the Company is free from malware and hacker attacks.

In addition, the Company needs to share highly sensitive and confidential information to some of the third-party vendors to provide services for the Company and maintain its global relationships in order to obtain related services. Although the Company has signed service contracts with third-party

service vendors, they are required to comply with the confidentiality and/or network security regulations. However, there is no guarantee that every third-party service provider will strictly abide by these obligations. For internal systems and external cloud computing networks maintained by the aforementioned service providers and/or their contractors (such as servers), there is also a risk of cyber-attacks. If the Company or its service providers are unable to resolve the technical issues caused by these cyber-attacks in a timely manner, or ensure that the data integrity and availability of the Company (and its customers or other third parties), or the control of the computer systems of the Company or its service providers, it may seriously affect the Company's commitment to customers and other stakeholders, and the Company's operating results, financial condition, prospects and reputation may also suffer. Significant adverse effects.

4.6.7 Major Information Security incidents: In The Most Recent Year and As of The Publication Date of The Annual Report, There Was No Major Information Security incident That Caused The Company to Suffer Losses or Affect Its Goodwill.

4.7 Important Contracts:

Nature of Contract	Counterparty	Contract Start Date	Major Contents	Restrictions
Lease and Rental Agreement	San Fu Global Ltd.	04.01.2023~03.31.2032	Lease the Land for Liuke Plant	None
Loan Agreement	First Commercial Bank	5.27.2024~5.26.2025	Approval for Bank Credit Loan Credit Limit	
Agreement of Project Contraction	Mega Union Technology Incorporated	10.01.2023~	Construction of Customer's Engineering Project	

5. Review of Financial Conditions, Financial Performance and Risk Management

5.1 Financial Status

Unit: NT\$ Thousands

Item	Year	2024	2023	Difference	
		Amount	Amount	Amount	%
Current assets		2,917,179	3,377,906	-460,727	-13.64%
Financial assets carried at cost, available for sale financial assets and investments accounted for using the equity method		627,154	636,582	-9,428	-1.48%
Property, Plant and Equipment		3,391,968	3,415,372	-23,404	-0.69%
Right-of-use Assets		260,584	128,246	132,338	103.19%
Other intangible Assets		121,004	139,458	-18,454	-13.23%
Other Assets		83,850	92,056	-8,206	-8.91%
Total Assets		7,401,739	7,789,620	-387,881	-4.98%
Current Liabilities		2,621,509	2,993,458	-371,949	-12.43%
Non-current Liabilities		216,483	350,365	-133,882	-38.21%
Total Liabilities		2,837,992	3,343,823	-505,831	-15.13%
Capital Stock		1,007,060	1,007,060	0	0.00%
Capital Surplus		418,027	564,657	-146,630	-25.97%
Retained Earnings		3,131,162	2,914,212	216,950	7.44%
Others		-37,489	-71,982	34,493	47.92%
Non-control Equity		44,987	31,850	13,137	41.25%
Total Shareholder Equity		4,563,747	4,445,797	117,950	2.65%

Explanations for major changes:

1. The increase in right-of-use assets was mainly due to the 124 million TWD increase in the Nanke land lease of the subsidiary International Sun East this year.
2. The change in other intangible assets was due to the decrease of 15 million TWD in amortization and 3 million NT\$ in impairment of patent rights in the current year.
3. The change in non-current liabilities was mainly due to the increase of 126 million TWD in the lease liabilities of the new International Sun Southeast Land Lease this year compared with last year.
4. The decrease in capital reserve was mainly due to the decrease of 151 million TWD in capital reserve distributed to dividends.
5. The change in non-controlling interests was mainly due to the change in ownership interests of 17 million TWD due to the capital increase and issuance of warrants by the subsidiary San Fu Biotech in the current year.

5.2 Financial Performance

5.2.1 Comparative Analysis of Financial Performance

Unit: NT\$ Thousands

Item \ Year	2024	2023	Difference	Percentage of Difference (%)
Total Revenue	5,324,424	4,990,961	333,463	6.68%
Less: Cost of Revenue	4,313,355	3,968,584	344,771	8.69%
Gross Profit	1,011,069	1,022,377	-11,308	-1.11%
Income From Operations	508,156	557,917	-49,761	-8.92%
Non-Operating Income and Expenses	59,194	23,393	35,801	153.04%
Income Before Tax	567,350	581,310	-13,960	-2.40%
Less: Income Tax Expenses	-157,732	-137,346	-20,386	-14.84%
Net Income	409,618	443,964	-34,346	-7.74%
Other Comprehensive Income	39,497	-27,874	67,371	241.70%
Total Comprehensive Income for The Year	449,115	416,090	33,025	7.94%

Analysis of Ratio Increases or Decreases in The Last Two Years:

1. The increase in non-operating income was due to an increase of 51 million in exchange gains, an increase of 8 million in financial costs, and a decrease of 5 million in other income compared with the same period last year.
2. The increase in income tax expenses was due to an increase in investment losses.
3. Other comprehensive income increased by 67 million, mainly due to the following reasons:
 - a. The exchange difference in the translation of financial statements of foreign operating institutions increased by 42 million.
 - b. The share of other comprehensive income of equity-based associates and joint ventures increased by 30 million due to the impact of mainland China's reinvestment.

5.3 Cash Flow

5.3.1 Cash Flow Analysis for the Recent Year

Unit: NT\$ Thousands

Cash Balance at the Beginning of Period	Net Cash Provided by Operating Activities	Net Cash Used for investment Activities	Net Cash Used for Financing Activities	Effect of Exchange Rate Changes	Cash Balance at End of Period
489,222	618,306	(577,505)	(14,227)	4,852	520,648

1. Operating activities: mainly due to the increase in cash inflows caused by net profit before tax, accounts receivable and payable generated by operations, changes in contract liabilities and payment of income tax in this year.
2. Investing activities: mainly due to the purchase of real estate and factory buildings, prepaid equipment and intangible assets in this year, resulting in cash outflows of 540 million
3. Financing activities: mainly due to the payment of dividends, changes in debt and repayment of loans in this year.

5.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ Thousands

Cash Balance at the Beginning of Period	Net Cash Provided by Operating Activities in the Year	Cash Outflow in the Year	Cash inflow in the year	Cash Balance (Shortfall)	Remedy for Liquidity Shortfall	
					investment Plan	Financing Plan
520,648	977,638	(487,180)	0	1,011,106	-	-

Cash inflow analysis: Mainly attributable to net income, depreciation and amortization.

Cash outflow analysis: The cash outflow is mainly from the estimated capital outflow of San Fu Chemical, San Fu Vietnam and International Nitto for the year.

Note: The Company's cash flow is currently not experiencing any liquidity issues.

5.4 Effect of Major Capital Expenditures on Finance and Business in The Recent Year: N/A

5.5 Reinvestment Policy in The Recent Year, Major Causes of Profits and Losses, Improvement Plan and investment Plan for The Coming Year

5.5.1 Reinvestment Policy

The Company's management conduct reinvestment based on the Company's operation or strategy goals. Related units submit professional information which is compiled and submitted to responsible supervisor for evaluation and recommendations. After the investment proposal is written up, an evaluation of the invested companies past and future prospects, market status and health of operations is performed and the proposal is implemented after being passed by the Board of Directors.

5.5.2 Major Cause of Reinvested Enterprise Profits or Losses and Improvement Plan

As of December 31, 2024 Unit: NT\$ Thousands

Item	Description	2024 Profit or (Loss) of Invested Company	Share-Holding (%)	Major Reason for Profit Or Loss	Improvement Plan	Other Future Investment Plans
	San Fu Specialty Chemicals investments Limited (SAMOA)	17,672	100.00	This Company's profits are considered normal.	-	None
	VinaSan Fu industrial Gas Company Limited	(43,814)	100.00	This Company's operations are considered normal.	-	None
	VinaSan Fu Material Company Limited	(31,529)	100.00	This Company's operations are considered normal.	-	None
	San Fu Biotech Co., Ltd.	(23,768)	89.59	This Company's profits are considered normal.	-	None
	International Nitto Technology Co., Ltd.	(111,451)	100.00	Mainly because the new plant's capacity utilization rate has not yet reached the maximum capacity	It needs to improve and increase production continuously to reduce losses	None
	Horng Cherng Enterprise Co., Ltd.	3,018	50.00	This Company's profits are considered normal	-	None
	Li Fu Carbonic Acid Co., Ltd.	(3,553)	87.00	This Company's operations are considered normal.	-	None
	Shian Yun Joint Stock Company	3,733	33.33	This Company's operations are considered normal.	-	
	Shanghai San Fu Ming Electronic Materials Co., Ltd	35,867	50.00	This Company's operations are considered normal	-	None
	Sino Star Holding Limited	13	100.00	-	-	None
	VinaSan Fu Materials Trading Co., Ltd.	2,114	100.00	This Company's profits are considered normal	-	None

5.5.3 Investment Plan for The Coming Year:

investment plan for the coming year: Expand the semiconductor advanced packaging plant to increase semiconductor chemical business.

5.6 Risk Management and Assessment for The Recent Year and Up to The Annual Report Publication Date

5.6.1 The Effect on Company's Profit or Loss of Interest and Exchange Rate Fluctuations and Changes in The inflation Rate and Countermeasures:

1. The effect on Company profit or loss of interest rate fluctuations in recent years and future countermeasures:

(1) Effect on profit or loss

The Company's interest income in 2024 and 2023 was NT\$10,882,000 and NT\$7,506,000 respectively, accounting for 1.92 and 1.29% of the net profit before tax in that year, and the net interest expense in 2024 and 2023 was NT\$37,232,000 and NT\$29,721,000 respectively, accounting for 6.56% and 5.11% of the net profit before tax in that year. The risk of interest income and interest expense to the Company's profit and loss is still controllable.

(2) Future countermeasures

The Company's interest rate risk is mainly from long and short-term bank credit loans and short-term funds used for operating capital requirements. For significant long-term investments, the planning will include long-term loan interest rates. As for bank credit loan interest rates, San Fu will stay in close communication with banks to understand interest rate trends in order to receive the most preferential interest rates for our loans and select multiple banks to strive for the most favorable loan interest rates.

2. The effect on Company profit or loss of exchange rate fluctuations in recent years and future countermeasures:

(1) Effect on profit or loss

The exchange gains and losses of the Company in 2024 and 2023 was NT\$39,006,000 of exchange gains and NT\$12,112,000 of exchange loss, accounting for 6.87% and 2.08% of the net profit before tax of the year respectively. Most of the Company's products are sold domestically and most of our exported products are quoted in US dollars. Additionally, some foreign purchases are also quoted in US dollars. The offset of account receivables has a certain level of natural hedging effect. So, any significant disadvantageous International exchange rate change may still have a disadvantageous effect on currency exchange.

(2) Future countermeasures:

- A. Collect market information to determine trends and evaluate risks. Stay in close communication with banks to keep informed about exchange rate trends. Adjust foreign currency positions at appropriate times to avoid current exchange risks.
- B. Consider exchange rate factors in price quotations to maintain Company profits.

3. The effect of inflation rates on Company profit and loss in recent years and future countermeasures:

The Company keeps track of fluctuations in market prices and maintains excellent relations with suppliers and customers. If inflation results in rising purchasing costs, the Company will adjust sales and purchase prices to reduce the effect of inflation on operations.

5.6.2 Company Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions, Main Reasons for The Profits or Losses and Future Countermeasures:

1. The Company focuses on our core business in line with our guiding principles of stable and practical business operation and has never engaged in high risk / high leverage investment.
2. The Company has established the "Operational Procedures for Loaning Funds to Others" to serve as basis for loaning funds to other parties. As of the publication of this Annual Report, the balance of the Company's fund loans to others is NT\$1,430,000,000. The amount used so far is NT\$576,487,000, so the balance is NT\$853,513,000.
3. The Company has established the "Procedures for Lending Funds to Other Parties" to serve as a basis for endorsement and guarantee. As of the date of publication of this Annual Report, the balance of endorsement and guarantee of the Company is NT\$1,100,000,000, and NT\$823,880,000 has been used, so the balance is NT\$276,120,000.
4. The Company's financial risk avoidance strategy is based upon avoiding exchange rate fluctuation risks. Related derivative product transactions are conducted in accordance with the Company's Acquisition or Disposal of Assets procedure and are fully disclosed in our financial statements.

5.6.3 Future R&D Programs and Expected Investment of R&D Funds

1. The Company's R&D focuses on product expansion based on existing technological advantages and material requirements of new industry trends, and we work on material synthesis, purification and formulation to ensure competitive advantages:
 - (1) Taking advantage of the market share of TMAH developer recovery and the integration of purification technology and formulation knowledge, we develop IC-grade developer so that recycled products can be reused by IC customers and implement a circular economy.
 - (2) With the development of the IC industry, there is a demand for localization of key materials, and we develop related special additives for formula improvement.
 - (3) Formula development of electronic chemicals to meet the product needs of LCD, IC packaging, and IC manufacturing customers.
 - (4) Cooperate with various universities to develop conductive polymers for lithium batteries, cultivate battery-related talents and strengthen R&D capabilities.
 - (5) As the IC industry moves towards advanced processes, the demand for high-purity chemicals has increased significantly, and we use purification technology to develop high-purity chemicals required by customers.
 - (6) Research on carbon dioxide absorption and recovery to improve energy efficiency and reduce recycling costs. and strengthen the carbon dioxide recovery and purification business.
 - (7) Continue to actively engage in process improvement of existing products PHBA, CHA, DCHA, TMAH, making the process more energy-efficient to reduce costs and create profits.

For the purchase and update of R&D equipment and analytical equipment, the Company continues to expand more advanced equipment, including: oxygen-free and water-free atmosphere glove box, ICP MS/MS (inductively coupled plasma tandem mass spectrometer), LC-MS Q-TOF (liquid chromatography-quadrupole column-time of flight mass spectrometer), ion chromatography (Ion Chromatography, IC), TGA-DSC (Thermo gravimetric Analyzer, Differential Scanning Calorimetry), etc. to meet the ppt level detection limit required by IC customers, and as a tool for application development and analysis of new chemicals.

2. The research and development investment in 2025 is about NT\$60,000,000. Please refer to the following table for research and development program and plan description:

Recent Annual Plan	Current Progress	Reinvested R&D Funds (NT\$ Thousands)	Mass Production Completion Date	Major Factors Affecting Success of Future R&D
The recycled TMAH developer solution is used for purification applications at the semiconductor level.	The IC-grade production plant has been completed and is currently undergoing trial runs and optimization.	16,000	End of 2026	Purified resin and equipment stability
Development of conductive polymers to reduce internal resistance of solid-state batteries	Gel Polymer Electrolyte Separator Production	4,000	End of 2027	Compatibility of gel polymer electrolyte with positive and negative electrode materials and establishment of testing methods.
Hydrogenation reaction for production of new solvents	Suitable hydrogenation catalyst found	8,000	End of 2026	Finding suitable catalysts and controlling the recovery rate.
Synthesis and development of new environmentally friendly fluorinated surfactants	Molecular structure design and synthesis conditions established	10,000	End of 2025	Finding suitable reaction mechanisms and catalysts.
Development of phosphorus-free etching solution for soIC packaging process	Preliminary formula has already been established	10,000	End of 2028	Durability and stability of the oxidizing agent.
Development of universal stripping agent formula for CoWoS advanced packaging	Customer validation completed, developed based on customer needs	12,000	End of 2028	Collection of customer validation data.

5.6.4 Effect of Domestic and International Policy and Legal Changes on Company Finances and Countermeasures:

The Company's finances and business has not been recently affected by domestic or International policy and legal changes. Appropriate measures are taken when there are domestic or International policy and legal changes so they will not have an effect on the Company finances or business.

5.6.5 Effect of Changes of Technology (including Information Security Risk) and industry on Company Finances and Countermeasures:

The Company keeps informed of industry technology, developments and changes, closely monitors industry activity and constantly improves its R&D capabilities. In the future, San Fu will actively develop application fields in related markets. Therefore, technology and industry changes will not have a significant effect on Company finances and business. As to information security, we continue investing manpower and resources to strengthen the protection, preservation and prevention of improper and illegal access of customer data.

Please refer to Pages 108~110 of the annual report for information on the impacts of information security risks on the Company's financial operations and their countermeasures.

5.6.6 Effect of Changes in The Corporate Image on Company Crisis Management and Countermeasures:

The Company does not seek illicit profit. The business operation model of our professional R&D team is to establish a fresh image in the industry and promote socio-economic development, improve the environment and guarantee employee rights. The Company strictly follows the laws and regulations of competent authorities. As of now, the Company has maintained an excellent corporate image and no major changes has caused a crisis in corporate management.

5.6.7 Expected Benefits and Possible Risks of Mergers and Acquisitions: N/A

5.6.8 Expected Benefits and Possible Risks of Plant Expansions:

In recent years, with the thriving development of Taiwan's IC industry, the overall demand for TMAH in this industry has far exceeded that of the panel industry. Since the year before last, the proportion of raw materials from the IC industry in TMAH recycling plants has exceeded 80%. In order to implement the goals of recycling and reuse and sustainable circulation, San Fu renovated the International Nitto in Southern Taiwan Science Park in 2020, adding a dedicated plant to receive developer waste liquid from the IC industry, and further refined it into IC-grade TMAH products. According to last year's data, the metal ions of 25% of the TMAH products produced by Nitto can be stabilized below 10ppt, and the quality after 2.38% dilution is now roughly in line with the detection specifications of metal ions are all less than 1ppt. In addition to the verification of T Company, it is also actively promoting high-purity and low-carbon footprint TMAH recycling products in the market.

With the increasing expansion of the IC industry, the development of IC-grade TMAH recycling solution has become imperative. Therefore, whether the recycled products can successfully pass Company T's verification threshold is the biggest challenge. The time required for verification also affects the profit timeline of the group. Currently, the IC-grade 25% TMAH produced by International Nitto Technology Co., Ltd. is sold to the panel industry at a lower price than expected, resulting in lower profits. Therefore, besides Company T, although many IC customers are interested in Nitto's products, accelerating their verification process is crucial to have the opportunity to increase the Nitto's profits.

5.6.9 Risks Associated With Business Concentration:

1. Purchase: The Company has stable supply channels to acquire raw materials. The supplier that San Fu cooperates with maintain high standards with regard to quality and quantity. In addition to supplying San Fu, our suppliers supply different customers at various locations. With regard to special raw materials, San Fu has adopted cooperation through shareholding approach to gain control over raw material provision. If there is a shortage of raw materials in the market, the Company is given priority. For other raw materials, two or more suppliers are kept to maintain stable delivery. Excellent relations are maintained between the Company and suppliers and a risk

diversification strategy has been adopted. Due to this strategy, the Company has not yet experienced raw material shortages or supply disruption.

2. Sale: At present, the Company mainly supplies its fine chemicals to the display industry. in order to avoid overconcentration on display industry customers and bearing its greater effects and risk. The Company has steadily increased its percentage of sales to the solar industry and is actively crossing over into the wafer foundry and LED industries. in the futures, our sales will be spread across the wafer foundry, display, solar energy and LED industries. With respect to export sales, the Company has sales customers in China, India and Singapore. As the demand for chemicals rise sharply in China and other regions, this business will make up an increasingly higher percentage of Total sales. In the future, San Fu will greatly increase our business to other industries and countries to effectively diversify sales risk.

5.6.10 Impact or Risk Associated With Large Transfers or Changes in Shareholdings by Directors or Major Shareholders With Holdings Over 10%:

There has been no large transfer of shareholdings by the Company's directors, supervisors or major shareholders with holdings over 10%, so there has been no major impact on operations due to large transfers or changes in shareholdings.

5.6.11 The Effect of Ownership Changes on The Company and Its Risk:

There is no change in the Company's management rights

5.6.12 Litigious and Non-Litigious Matters That Could Have A Major Effect on Shareholder Equity or Security Prices:

No such events have occurred at the Company in 2024 and as of the publication date.

5.6.13 Other Important Risks:

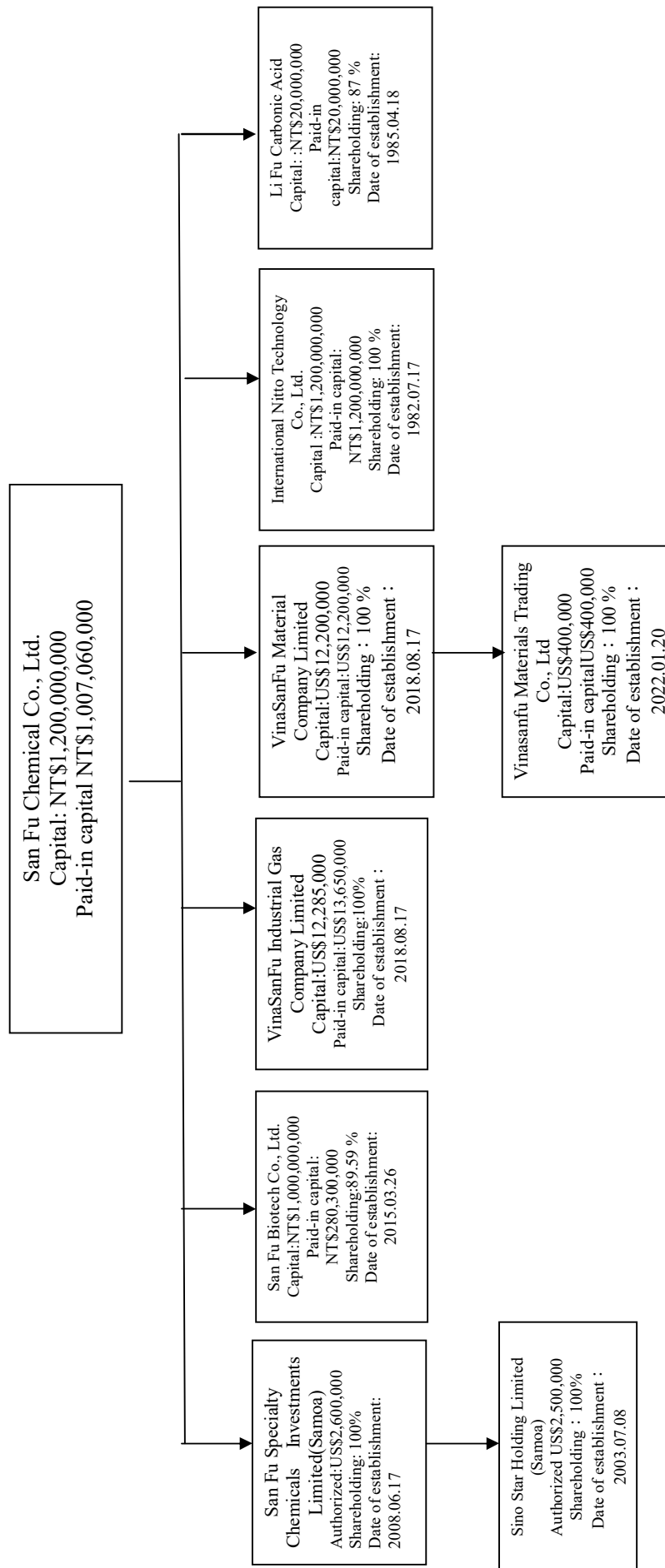
In the most recent year and up to the date of publication of the annual report, there were no major information and communications security incidents that caused the Company to suffer losses or affected its goodwill.

5.7 Other Significant Events: None

6. Special Disclosures

6.1 Information Regarding Affiliated Companies

6.1.1 Affiliated Company Organization Chart



6.1.2 Summary of Affiliated Companies

Company	Date of Establishment	Address	Currency	Paid-in Capital	Main Business or Items Produced	Shareholder percentage	Exchange Rate
San Fu Specialty Chemicals investment s Limited	2008	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, SAMOA	USD	2,350,840	General investment	100%	30.785
Sino Star Holding Limited	2008	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, SAMOA	USD	1,867,838	General investment	100%	30.785
San Fu Biotech Co., Ltd.	2015	7F, No. 21 Zhongshan N. Rd. Sec. 2, Taipei City	NTD	280,300,000	Manufacturing and sales of food additives	89.59%	1
VinaSan Fu industrial Gas Company Limited	2018	609 Room, 6F, DMC tower, No 535, Kim Ma street, Ba Dinh district, Ha Noi city, Vietnam	USD	13,650,000	Manufacturing and sales of industrial gases	100%	0.001265
VinaSan Fu Material Company Limited	2018	609 Room, 6F, DMC tower, No 535, Kim Ma street, Ba Dinh district, Ha Noi city, Vietnam	USD	12,200,000	Manufacturing and sales of electronics chemicals	100%	0.001265
International Nitto Technology Co., Ltd.	2002	No. 26 Huandong Rd. Sec. 2 Sanhua District, Tainan City Southern Taiwan Science Park	NTD	1,200,000,000	Recycle and re-manufacturing of TMAH	100%	1
Li Fu Carbonic Acid Corp..	1985	No. 447, Zhonghua Rd, 16 th Neighborhood, Luzhu, Toufen City, Miaoli County	NTD	20,000,000	Manufacturing of Carbon dioxide gas and dry ice	87%	1
VinaSan Fu Materials Trading	2023	144 No, Phung Phap St., Dang Giang Ward,	USD	400,000	Trading of electronics chemicals	100%	0.001265

Co., Ltd.		Ngo Quyen Dist., Hai Phong city, Viet Nam					
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Note 1: All affiliated companies regardless of their size have been disclosed.

Note 2: The plant name, establishment date, address and major product items manufactured by the Company should be listed if the affiliated company has plants and the sales value of the products manufactured by the plants exceeds 10% of Company revenues.

Note 3: If the affiliated Company is a foreign company, the company name and address should be stated in English, the Western calendar should be used for the establishment date and paid-in capital should be listed in the foreign currency (but the exchange rate on the reporting date should be included).

6.1.3 Companies Presumed to Have A Relationship of Control and Subordination Under Article 369-3 of The Company Act:

There are no affiliated companies that the Company has a presumed relationship of control and subordination.

6.1.4 If Affiliated Companies Have interlocking Businesses, Describe Their Division of Work:

1. International Nitto Technology Co., Ltd., VinaSan Fu Material Company Limited and VinaSan Fu Materials Trading Co., Ltd: Production and sales of specialty chemicals and electronic chemicals.
2. Li Fu Carbonic Acid Corporation and VinaSan Fu industrial Gas Company Limited: Production and sales of food additives.
3. San Fu Biotechnology Company: Production and sales of food additives.
4. San Fu Specialty Chemicals investments Limited and Sino Star Holding Limited: investment holding.

6.1.5 Name of The Directors, Supervisors, Presidents At Each Affiliated Enterprise, Their Shareholding and investment:

Company	Title	Name or Representative	Shareholding	
			Shares	%
San Fu Specialty Chemicals investments Limited	Director	San Fu Chemical Co., Ltd. Representative – Wu, Hsin-Hung	2,350,840	100%
Sino Star Holding Limited	Director	San Fu Specialty Chemicals investments Limited Representative – Wu, Hsin-Hung	1,867,838	100%
San Fu Biotech Co., Ltd.	Director	San Fu Chemical Co., Ltd. Representative – Wu, Hsin-Hung	25,111,793	89.59%
VinaSan Fu industrial Gas Company Limited	President	San Fu Chemical Co., Ltd. Representative – Chen, Chun-Fu	-(note)	100%
VinaSan Fu Material Company Limited	President	San Fu Chemical Co., Ltd. Representative –Chen, Chun-Fu	-(note)	100%
International Nitto Technology Co., Ltd.	Director	San Fu Chemical Co., Ltd. Representative- Tsai, Chieh Jung	120,000,000	100%
Li Fu Carbonic Acids Corp.	Director	San Fu Chemical Co., Ltd. Representative – Wu, Hsin-Hung	1,740	87%
VinaSan Fu Materials Trading Co., Ltd.	President	San Fu Chemical Co., Ltd. Representative – Chen, Chun-Fu	-(Note)	100%

Note: Indirect investment by the Company in companies in Vietnam is companies with limited liabilities, so the Company does not hold any share.

6.1.6 Operational Highlights of Affiliated Companies

Company Names	San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	San Fu Biotech Co., Ltd.	Vinasan Fu Industrial Gas Company Limited	Vinasan Fu Material Company Limited	International Nitto Technology Co., Ltd.	Li Fu Carbonic Acids Corp.	Vinasan Fu Materials Trading Co., Ltd
Currency	USD	USD	NTD	VND	VND	NTD	NTD	VND
Paid-up Capital	2,350,840	1,867,838	280,300,000	317,573,525,000	283,445,300,000	1,200,000,000	20,000,000	9,309,600,000
Total Assets	19,470,680	1,947,241	622,496,012	397,697,807,251	297,390,041,570	1,590,589,901	18,888,880	71,321,406,265
Total Liabilities	0	0	311,293,254	198,056,847,2025	108,560,638,243	571,222,868	5,253,599	50,461,651,143
Net value	19,470,680	1,947,241	311,202,758	199,640,960,137	188,829,403,327	1,019,367,033	13,635,281	20,859,755,122
Operating Revenue	0	0	375,772,516	106,018,042,355	50,041,949,820	149,789,005	77,646	62,014,194,233
Net Income	0	0	(21,580,878)	(23,275,052,476)	(22,725,841,628)	(104,327,427)	(3,520,068)	1,669,404,307
Profit & Loss Current Period (After Tax)	550,316	398	(23,767,755)	(34,635,043,124)	(26,595,922,747)	(111,450,650)	(3,553,339)	1,671,392,266
Earnings per Share	0.23	0.00	(0.09)	—(Note 1)	—(Note 1)	(0.93)	(1,776.67)	—(Note 1)

Note: Indirect investment by the Company in Mainland China is companies with limited liabilities, so the Company does not hold any share.

6.1.7 Consolidated Income Statements of Affiliated Companies

The list of companies required to be included in the consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" prepared for by the Company in 2024 (January 1, 2024 to December 31, 2024) is identical to the list of companies already included in the consolidated financial statements, prepared in accordance with IFRS 27. Since all information required above has already been disclosed in the consolidated financial statements, the Company would not prepare separate consolidated financial statements for affiliated enterprises.

6.1.8 Affiliated Company Reports: N/A

6.2 Private Placement Securities During The Last Fiscal Year and Until The Publishing Date of The Annual Report: None

6.3 Other Necessary Supplementary Explanations: None

7. Any Matter That Has Material Effect on The Shareholders' Equity or The Price of Securities As Set Out in Section 2, Paragraph 3, Article 36 of The Company Act During The Last Fiscal Year and Until The Publishing Date of The Annual Report: None

San Fu Chemical Co., Ltd.



Responsible Person: Wu, Hsin-Hung



April 30, 2025