

TSE: 4755



SAN FU CHEMICAL Co., Ltd.

Annual Report 2025



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

Taiwan Stock Exchange Market Observation
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SAN FU

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1. Letter to Shareholders

Dear Shareholders,

Looking back at 2025, driven by easing global interest rate pressures, deepening supply chain restructuring, and the explosive growth of AI applications, economies around the world exhibited structurally divergent growth patterns. However, tariff policies, geopolitical volatility, the impact of extreme weather, the cost pressure of net-zero transition, and the reshaping of industrial competition brought about by generative AI continue to test the resilience and agility of global enterprises. Facing multiple shifts and an uncertain environment, San Fu Chemical Co., Ltd. leveraged its solid operational foundation and flexible adaptability to continuously drive process optimization, technological innovation, and operational transformation. By strengthening its core competitive advantages, the Company demonstrated corporate resilience and momentum for sustainable development. The following is an overview of the Company's operating results in 2025 and the business plan for 2026:

Operating Results of 2025

(1) Business Plan Implementation Results in 2025

1. The Company's achievements in developing new customers and expanding new chemical products and precision chemicals are summarized as follows:

The production situation of the electrolysis plants is summarized as follows:

Due to MEA issues in the customer's raw materials, the average lifespan of the electrolytic membranes was reduced to just two months. As a result, Shanhua and Nitto plants frequently had to shut down production to replace the electrolytic membranes, leading to a slight decrease in production line utilization. However, after successful communication with customers, the issue was resolved in the raw materials supplied during the fourth quarter, thereby eliminating the need for production line shutdowns.

Both purification lines at the Nitto Refining Plant are operating stably, with all metal ions in the 25% TMAH finished product consistently maintained below 10 ppt. The facility is currently focused on converting all electrolytically produced TMAH into IC-grade inventory, which not only facilitates data collection but also ensures the ability to meet customer demand at any time.

Last year, the high-purity dilution production line yielded 2.38% of finished products, with the metal concentration in nearly all of them falling below 1 ppt. Although a very small number of tests still show fluctuations in individual metal ions between 1 and 3 ppt, it is estimated that such issues will be significantly reduced once stable, large-scale shipments begin.

In the semiconductor sector, specialty chemicals benefited from the AI boom in 2025. With customers' advanced packaging processes continuing to scale up, new factories being established, and new front-end customers and products gradually ramping up production, the semiconductor division as a whole maintained its pattern of year-over-year revenue growth.

In 2025, the focus was on two major categories of IC chemicals: the first category involves the development of formulation-based products, such as stripping solutions, etching solutions, and cleaning agents; the second category involves the promotion of chemicals for recycling and reuse, such as TMAH and EBR. In addition to these two key development areas, the approaching timeline for customers' overseas plant construction is expected to become the third growth driver for IC chemicals.

In 2025, the optoelectronic panel industry continued to face challenges due to factors such as insufficient momentum in the global consumer recovery, conservative end-market demand, and intensifying price competition among peers. As a result, the overall market environment remained challenging, leading to a decline in the Company's revenue from panel-related products compared to the previous period. However, the Company continued to deepen its cooperative relationships with key customers. In addition to maintaining stable supply and continuously improving existing chemical products, the Company shifted its operational focus to the specialty gas sector, actively promoting the introduction, validation, and

commercialization of related products. By positioning its product portfolio to capture relevant process applications, the Company has laid the foundation for future operational growth and strengthened its overall competitiveness and long-term growth momentum.

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 Liuying plant areas, and the Company is actively developing markets for products with small packaging.

Overseas Sales Department:

The market demand of pHBA market remained strong, with the Shanhua Plant operating at full capacity. In addition to existing customers such as the United States, Japan, and China, Japanese clients with factories in Taiwan have already commenced full-scale production and will provide a stable supply to global customers in the future. The Kaohsiung plant will focus its exports on the U.S. market to expand its market share of CHA and DCHA products in the United States.

(2) Analysis of financial revenue and expenditure and profitability

		Unit: Thousand NT dollars	
Item		2025	2024
Financial revenue and expenditure	Operating income	4,836,222	5,324,424
	Operating margin	1,050,749	1,011,069
	Operating income	498,710	508,156
	Non-operating income and expenditure	(12,333)	59,194
	Net profit before tax	486,377	567,350
	Net profit after tax	362,201	409,618
Profitability	Return on assets (%)	5.01	5.78
	Return on equity (%)	7.28	9.09
	Ratio of net profit before tax to be paid in capital	48.30	56.34
	Net profit rate (%)	7.49	7.69
	Earnings per share (NT\$)	3.70	4.10

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

(3) Research and development

The Company's R&D focuses on product expansion with existing technical advantages and material demand of new industry trends. We take a comprehensive approach encompassing material synthesis, purification, and formulation to ensure a competitive edge:

1. By leveraging our market share in TMAH developer recycling and integrating purification technology and formulation knowledge, we develop IC-grade developer so that recycled products can be returned to IC customers and implement a circular economy.
2. With the rapid development of the 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, 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, 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 (Ion Chromatography, IC), 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.

2026 Business Plan

(1) 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 Tetramethylammonium Hydroxide (TMAH) green recycling is actively engaged in production and operation, optimizes production process, stabilizes quality, actively promotes customer use, and especially target T company recycling.
2. Vietnam gas company and material company business development, 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 Taiwan.
5. Continuous improvement in Para Hydroxybenzoic (PHBA) acid 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 San Fu Group and its affiliates in order to build a more professional and rigorous food and biotech related industry.
7. The Company plans to establish a branch plant in Qiaotou, South Taiwan Science Park to meet Company T’s chemical needs, strengthen production capacity, and ensure an adequate supply of chemicals.
8. We continue to seek international technical cooperation for working together to improve technical standards.

(2) Expected Sales Volume and Its Basis

1. Expected Sales Volume Basis

Product Category	Expected Sales Volume (ton)
Precision Chemicals	104,656
Basic Chemicals	103,270
Total	207,926

2. 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.

(3) Production and marketing policies

1. Balancing sales and production: Maintain a certain amount of inventory, and prepare more inventories when price is low.
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.

Developer (TMAH) Recycling Division:

Validation at Company T's 8-inch fab began in Q3 of 2025. PRS has completed the validation at the end of last year, and the first data review for STR, including yield rates, is expected to be completed in Q1 of 2026. This paves the way for the start of burn-in testing in Q2 of 2026, with the goal of completing testing at the 8-inch fab by the end of next year.

Regarding the validation at Company U, testing using pump carts for 22nm and 28nm processes at the 12-inch fab is ongoing. We expect to complete the validation, including application yield (Level 1) for customer products, by the end of the year. At the 8-inch fab, the feed-in validation using the "Coke bottle" method for the 8S and 8C processes at the 28nm end is still ongoing, and testing for the 8A/B processes will be gradually added.

We remain committed to our efforts in the IC sector of the TMAH business. Through our efforts throughout the year, we hope that starting the year after next, Company U will enter its harvest phase, and Company T will successfully begin validation at its 12-inch fab.

Regarding the SOE of the recycling plant, driven by Company T's simultaneous expansion across the north, central, and southern regions, as well as new plant demand from the DRAM industry, which is expanding due to the recovery of the AI market, profits are expected to increase significantly in the second half of the year compared to the same period last year.

Specialty Chemicals Division:

In 2026, the Company will continue to focus on the development of next-generation chemicals, driven primarily by the adoption of high-end products by customers and growing demand resulting from ongoing improvements in process specifications. As panel-level packaging technologies evolve, related processes are gradually giving rise to diverse and differentiated new demands for chemicals, presenting new opportunities for expanding the applications of the Company's products.

These developments have been driven by the long-standing and close technical collaboration between the Company's in-house R&D team and its clients. Through the design of customized chemicals and joint participation in the development of panel-level packaging processes - with the most tangible results coming from collaboration on glass substrate technology - we have gradually established a mutually beneficial partnership model. In addition, the Company continues to strategically position itself in the field of silicon photonics applications, laying a solid foundation for future operational growth and technological advancement.

As mentioned earlier, driven by the significant growth trend in the AI industry, capacity for 5nm and below front-end foundry services and HBM-related memory remains tight. Analysts project that Taiwan's semiconductor industry will continue to see double-digit growth in 2026, with an estimated 10% increase to

NT\$7.1 trillion. In 2026, San Fu's focus in the semiconductor chemicals market will be divided into three key areas: First is the ongoing development plan for "key customers." This year, the Company will introduce new formulations and product lines, aligning with customers' new production capacities and emerging technologies (e.g., WMCM, CoPoS, SoIC). San Fu will progressively allocate resources to hardware, software, and plant expansions, prioritizing applications for advanced packaging processes related to AI; Second is the "developer solution product". In response to Nitto's new plant coming online, an estimated 3–4 key IC clients are expected to initiate certification processes. It is anticipated that domestic and international 8-inch and 12-inch clients will begin using these products in the first half of the year. In 2026, this will be complemented by EBR's recycling solution portfolio and San Fu's proprietary recipe product development, forming San Fu's core product portfolio; Third, business opportunities arising from "domestic clients establishing overseas facilities," including 12-inch fab projects in Singapore, India, and the U.S. Shipments to Singapore began in early 2026, with additional product lines expected to be added by mid-year. Additionally, discussions regarding chemical shipments to India and the U.S. have already commenced.

Domestic Sales Unit of Basic Chemicals Division:

Continuing the market expansion initiated in 2025 through the development of new products such as stevia 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 government regulations on food safety management, a new food additives plant has been rebuilt in the Tainan County Environment Science Park, 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.

Export Unit of Basic Chemicals Division:

The Company will stabilize the order of Taiwan pHBA key customers, through RD's research and development results, under the guidance and assistance of the consultant team, and constantly strive to improve the production equipment, hoping to optimize the process to reduce the unit cost, and to strengthen the existing operating profit and product competitiveness, that is, to increase the capacity of the equipment with the minimum investment, to improve and stabilize the quality, to enhance the efficiency of by-product recycling, to reduce the unit consumption of raw materials, and to create more profits for the Company. We also reduce the consumption of raw materials to create 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 Members

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
Chairman	Taiwan	Wu, Hsin-Hung	Male 81-85	06/12/2025	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 General Manager and Vice Chairman, San Fu industrial Gas Co., Ltd. Chairman, industrial Gas Association of ROC	Director International Nitto 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	06/12/2025	3 years	06/22/2017	0	0	184,400	0.1834,000	0.03	0	0	0	M.S. Georgia institute of Technology General Manager and General Manager, San Fu industrial Gas Co., Ltd.	Chairman, International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd. Director, Li Fu Carbonic Acid Corp. Director, San Fu Biomedical Co., Ltd.	-	-
Institutional Director	Taiwan	San Fu Global Ltd.		06/12/2025	3 years	10/22/2012	22,116,689	27.65	31,834,315	31.61	0	0	0	0	-	-	-	-

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
	Taiwan	Representative - Chang, Xi-Wen	Male 46-50	02/12/2026	3 years	03/20/1026	3,569,286	3.54	3,569,286	3.54	0	0	0	0	Director, Fangda Investment Co., Ltd. Chairman, Fangda Corporation Director, Fangchun Trading Corporation Director, San Fu Global Ltd Director, San Fu industrial Gas Co., Ltd. Director, Real Green Foods Corporation Director, Versum Materials Taiwan Co., Ltd.	Director, Fangda Investment Co., Ltd. Chairman, Fangda Corporation Director, Fangchun Trading Corporation Director, San Fu Global Ltd Director, San Fu industrial Gas Co., Ltd. Director, Real Green Foods Corporation Director, Versum Materials Taiwan Co., Ltd.		
Director	Taiwan	Su, Tien-Pao	Male 66-70	06/12/2024	3 years	10/22/2012	50,000	0.06	270,752	0.27	0	0	0	0	Ph.D. Chemical Engineering, National Taiwan University Asst. General Manager, San Fu Chemical Co., Ltd.	General Manager 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 51-55	Male 51-55	06/12/2024	3 years	04/18/2011	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, Jinmingcheng Corp. Director, Fulu Culture Foundation Director, San Fu Global Ltd. Director, San Fu industrial Gas Co., Ltd. Director, Li Fu Carbonic Acid Corp. Director, Beaming Co., Ltd. Director, Biorich Biotech Technology Co., Ltd. Director, Green TFL 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	Relation
Director	Taiwan	Liang, Guo-Yuan	Male 71-75	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 66-70	06/12/2024	3 years	06/12/2024	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 Corporation Chairman and General Manager of MA-Tek inc.	Chairwoman of the following companies: MA-tek inc., Technology Airtech Co., Ltd. Hongzhou Technology Co., Ltd. Yak Technology Consultants Co., Ltd. Independent Director, Innolux Corporation	-	-
Independent Director	Taiwan	Wu, Tung-Ming	Male 76-80	06/12/2024	3 years	06/24/2013	0	0	0	0	0	0	0	0	M.A. Accounting Western Illinois University Accounting Department, Soochow University	Chairman of Fulin Systems Integration Co., Ltd. Director of Shin Kong Industrial Co., Ltd. Director of Shin Kong Marine Enterprise 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	Relation
Independent Director	Taiwan	Yang Hong-Zhi	Male 76-80	06/12/2024	3 years	07/05/2022	5,440	0.01	5,440	0.01	0	0	0	0	Director, Formosa Chemicals & Fibre Corp.	Supervisor of Shim Kong Entertainment Co., Ltd..		

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 14, 2026

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders
San Fu Global Ltd.	Chang, Chun-Ming (23.59%), Chang, Dan-Liang (19.26%), Chang, Xi-Wen (19.17 %), Fang, Hong-Yuan (11.28%), Chang Chen, Shu-Li (10.86%), Chang, I-Tsung (4.95%), Chang, Ya-Ping (3.76%), Chang, Ya-Chin (3.55%), , Chen, I-Hui (0.47%), Kao, Kung-Ping (0.29%)
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 24 years Director, International Nitto Technology Co., Ltd. for 14 years Director, Hong Cheng Enterprise Corp. for 23 years Chairman, Li Fu Carbonic Acid Corp. for 5 years Director, San Fu Global Ltd. for 22 years	(6) 、 (7) 、 (8) 、 (9) 、 (10) 、 (11) 、 (12)	-
San Fu Global Ltd. Company Representative: Chang, Xi-Wen	Director, Fangda Investment Co., Ltd. Chairman , Fangda Corporation Director, Fangchun Trading Corporation Director, San Fu Global Ltd Director, San Fu industrial Gas Co., Ltd. Director, Real Green Foods Corporation Director, Versum Materials Taiwan Co., Ltd.	(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 General Manager, San Fu industrial Gas Co., Ltd. for 17 years Chairman, International Nitto Technology Co., Ltd. for 4 years San Fu Biotech Co., Ltd for 8 years Director, Li Fu Carbonic Acid Corp. for 4 years General Manager, San Fu Chemical Co., Ltd. for 6 years Vice Chairman, San Fu Chemical Co., Ltd. for 1 year	(3) 、(4) 、(5) 、(6) 、(7) 、(8) 、(9) 、(10) 、(11) 、(12)	-
Su, Tien-Pao	Assist General Manager & General Manager, San Fu Chemical Co., Ltd. for 36 years General Manager, International Nitto Technology Co., Ltd. for 4 years Director, International Nitto Technology Co., Ltd. for 14 years Director, San Fu Biotech Co., Ltd. for 10 years Director, Shanghai San Fu Ming Electronic Materials Co., Ltd. for 16 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 11 years Li Fu Carbonic Acid Corp. for 21 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 5 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 General Manager of Hong Kang Technology Co., Ltd. for 22 years Chairman of Hongkang Technology Testing (Shanghai) Co., Ltd. for 18 years Chairman of Yak Technology Consulting Co., Ltd. for 22 years Chairman of Hongkang Technology (Xiamen) Co., Ltd. for 7 years Chairman of Hongkang Education Consulting (Xiamen) Co., Ltd. for 6 years Chairman, MA-TEK USA for 13 years Chairman of Hongzhou Technology Co., Ltd. for 3 years Chairman of Yashi Technology Co., Ltd. for 2 years Chairman of Hongkang Technology Testing (Suzhou) Co., Ltd. for 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	3
Wu, Tung-Ming	Chairman, Taiwan Fuhbic Corporation for 34 years Vice Chairman, Shinkong Synthetic Fibers Corporation for 21 years Chairman, Xinming Enterprise Corporation for 21 years Chairman, Xinli Enterprise Corporation for 8 years Director, Shin Kong Life insurance Co., Ltd. for 43 years Independent Director, Tairoun Products Co., Ltd. for 8 years	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	1
Yang Hong-Zhi	General Manager, Formosa Ho Tinh Steel (Vietnam) for 3 years Consultant, Formosa Chemicals & Fibre Corp. for 10 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 40 ~ 41 of this Annual Report

2.1.2 General Manager, General Manager, Assistant General Manager, and Heads of Departments and Branches

As of April 14, 2026

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
General Manager	Taiwan	Su, Tien-Pao	Male	09/01/2024	270,752	0.27	0	0	0	0	Ph.D. Chemical Engineering, National Taiwan University Asst. General Manager, San Fu Chemical Co., Ltd.	Director & General Manager, International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd Director & General Manager Shanghai San Fu Ming Electronic Materials Co., Ltd.	-	-
General Manager	Taiwan	Huang, Jun-Yu	Male	03/01/2007	158,492	0.16	0	0	0	0	M.S. Chemistry, National Tsing Hua University Special Assistant to the General Manager, San Fu Industrial Gas Co., Ltd.	-	-	-
Asst. General Manager	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 General Manager of Shanghai San Fu Ming Electronic Materials Co., Ltd.	-	-
Asst. General Manager	Taiwan	Lo, Chu-Chen	Male	11/06/2024	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 Technology Co., Ltd. Chief Accountant, Alpha	Supervisor, Shanghai San Fu Ming Electronic Materials Co., Ltd. Supervisor, Hong Cheng Enterprise Corp. Director, International Nitto Technology Co., Ltd. Supervisor, San Fu Biochemical Co., Ltd. Director, Li Fu Carbon	-	-

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. Chairman of Hongkang Technology Testing (Suzhou) Co., Ltd.	Dioxide Co., Ltd.		
Asst General Manager	Taiwan	Huang Chih-Ming	Male	10/01/2020	0	0	0	0	0	0	M.S. Chemical engineering, National Tsing Hua University	Director and Vice General Manager of International Nitto Technology Co., Ltd.		
Asst General Manager	Taiwan	Chen Jie-Yu	Male	03/01/2019	0	0	0	0	0	0	M.A. Accounting, National Cheng Kung University <i>Special Assistant to the General Manager, San Fu Industrial Gas Co., Ltd.</i> General Manager, San Fu Industrial Gas Co., Ltd. (Vietnam) General Manager, San Fu Electronic Materials Co., Ltd. (Vietnam)			
Asst. General Manager	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, General Manager and Vice Director General Manager in Last Fiscal Year

2.2.1 Remuneration Paid to Directors and Independent Directors in the Most Recent Year

Unit: NT\$ 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)			(A+B+C+D) as a % of Net Income (%)												
		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		The Company	All consolidated entities	The Company	All consolidated entities									
Chairman	Wu, Hsin-Hung Representative of San Fu Global Co., Ltd. Chang Chun-Ming	6,409	6,409	-	-	7,070	7,070	665	665	14,144	14,144	10,861	12,040	216	273	-	-	25,221	26,457	6.78	7.11	None					
Independent Director	Hsich, Yong-Feng Wu Tung-Ming Yang Hong-Zhi	-	-	-	-	3,630	3,630	410	410	4,040	4,040	-	-	-	-	-	-	4,040	4,040	1.08	1.08	None					

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	The Company	All Consolidated Entities
Under NT\$1,000,000	-	-	-	-	-	-
NT\$1,000,000~NT\$2,000,000	San Fu Global, Su, Tien-Pao, Chang, I-Tsung, Liang, Guo-Yuan, Hsieh, Yong-Feng, Tsai, Chieh Jung, Wu, Tung-Ming, Yang, Hong-Zhi	San Fu Global, Su, Tien-Pao, Chang, I-Tsung, Liang, Guo-Yuan, Hsieh, Yong-Feng, Tsai, Chieh Jung, Wu, Tung-Ming, Yang, Hong-Zhi	San Fu Global, Chang, I-Tsung, Liang, Guo-Yuan, Wu, Tung-Ming, Yang, Hong-Zhi Hsieh, Yong-Feng,	San Fu Global, Chang, I-Tsung, Liang, Guo-Yuan, Wu, Tung-Ming, Yang, Hong-Zhi Hsieh, Yong-Feng,	San Fu Global, Chang, I-Tsung, Liang, Guo-Yuan, Wu, Tung-Ming, Yang, Hong-Zhi Hsieh, Yong-Feng,	San Fu Global, Chang, I-Tsung, Liang, Guo-Yuan, Wu, Tung-Ming, Yang, Hong-Zhi Hsieh, Yong-Feng,
NT\$2,000,000~NT\$3,500,000	-	-	-	-	-	-
NT\$3,500,000~NT\$5,000,000	-	-	-	-	-	-
NT\$5,000,000~NT\$10,000,000	Wu, Hsin-Hung	Wu, Hsin-Hung	Wu, Hsin-Hung Tsai, Chieh Jung, Su, Tien-Pao	Wu, Hsin-Hung Tsai, Chieh Jung, Su, Tien-Pao	Wu, Hsin-Hung Tsai, Chieh Jung, Su, Tien-Pao	Wu, Hsin-Hung Tsai, Chieh Jung, Su, Tien-Pao
NT\$10,000,000~NT\$15,000,000	-	-	-	-	-	-
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	9 persons	9 persons	9 persons	9 persons	9 persons	9 persons

2.2. General Manager and General Manager Remuneration in 2025

2.2.1 Compensation paid to General Manager and General Manager

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	The Company	All Consolidated Entities	Cash	Stock	The Company		All Consolidated Entities
Vice Chairman	Tsai Jie-Rong	7,818	7,818	216	216	2,197	2,197	-	-	-	-	10,231	10,231	None
General Manager	Su, Tien-Pao											2,75	2,75	

Ranges of Compensation

Ranges	Names of General Managers and General Managers	
	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	Tsai, Chieh Jung	Tsai, Chieh Jung
NT\$5,000,000~NT\$10,000,000	Su, Tien-Pao,	Su, Tien-Pao,
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 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, General Managers, and General Managers / 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, General Manager and Vice-General Manager As A Percentage of Net Profit

Unit: NT\$ Thousands

Compensation Paid to General Manager and Vice-General Manager		2025	2024
The Company	Compensation amount	29,261	31,561
	As a % of net profit	7.86%	7.65%
All Consolidated Entities	Compensation amount	30,491	31,561
	As a % of net profit	8.19%	7.65%

The total remuneration of Directors, General Manager and Vice-General Managers in 2025 was decreased over that of 2024 due to the slight decrease of net profit after tax in 2025.

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 General Manager'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 six (6) times (A) in 2025 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	6	-	100.00	-
Director	San Fu Global Ltd. Representative – Chang, Xi-Wen	3	3	50.00	-
Director	Tsai, Chieh Jung	6	-	100.00	-
Director	Su, Tien-Pao	6	-	100.00	-
Director	Chang, I-Tsung	5	1	83.00	-
Director	Liang, Guo-Yuan	6	-	100.00	-
Independent Director	Hsieh, Yong-Feng	6	-	100.00	
Independent Director	Wu, Tung-Ming	5	1	83.00	-
Independent Director	Yang, Hong-Zhi	6	-	100.00	-

Independent Director Attendance in 2025 was as follows:

Name	The First Meeting	The Second Meeting	The Third Meeting	The Fourth Meeting	The Fifth Meeting	The Sixth Meeting
Hsieh, Yong-Feng	Attendance in Person	Attendance in Person	Attendance in Person	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 by proxy	Attendance in Person
Yang, Hong-Zhi	Attendance in Person	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 30 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 2025, a total of six board meetings were held. The resolutions were as shown on pages 80~81 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
02/26/2025 (the 4th meeting of the 9th Term)	General Manager Su, Tien-Pao; Vice-Chairman Tsai, Chieh Jung and Chairman Wu, Hsin Hung	1. Performance evaluation targets and bonus changes for the Company's General Manager, Vice Chairman and Chairman. 2. Bonus distribution to the General Manager, 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.
08/08/2025 (the 6th meeting of the 9th Term)	General Manager Su, Tien-Pao; Vice-Chairman Tsai, Chieh Jung and Chairman Wu, Hsin Hung	Bonus distribution to the General Manager, 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	01.01.2025 ~12.31.2025	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
		Audit 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
		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 4.92 points, still considered [Excellent].
2. Self-assessment of Director Members' Performance: The average evaluation score is 4.95 points, 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. Please refer to the "Professional knowledge and independence of the Board of Directors" (pages 12~14) 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 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			1
Independent Director	Yang Hong-Zhi			0

2.3.2.2. The Audit Committee of the Company held six meetings (A) in 2025 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	6	0	100.00	Re-elected
Independent Director	Hsieh, Yong-Feng	6	0	100.00	Newly elected on June 12, 2024
Independent Director	Yang Hong-Zhi	6	0	100.00	Re-elected

Annotations:

1. The 2025 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
02.26.2025 (4 th Meeting of 2nd Term)	<ol style="list-style-type: none"> Approving the Company's 2024 non-consolidated financial statements and the Company's and its subsidiaries' consolidated financial statements and business reports. Approving the profit distribution proposal for 2024. Approving the application for increasing the shareholding percentage for the subsidiaries of the Company. Approving for proposal to increase the Company' shareholding rate with its subsidiaries. Approving the application for new and renewal of capital credit loan in 2025. 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. Approving the proposal to appoint the members and chief commissioner of the ESG Committee. Approving the evaluation of the independence and qualification of the CPAs appointed to certify financial reports. Approving the statement on the design and effectiveness of the implementation of the Company's internal control system in 2024. 	All present committee members agreed to adopt the proposals without objection and submit a report to the Board of Directors for approval
04.29.2025 (5 th Meeting of 2nd Term)	<ol style="list-style-type: none"> Approving the consolidated financial statements of the Company and its subsidiaries for 2025 Q1. Approving the distribution of earnings for 2025 Q1. Approving the proposal for application for increasing the capital expenditures for building plants. Approving the proposal for re-investing the Hubei Xing Fu Electronic Material Co., Ltd. Approving the proposal to sign a house rental agreement with San 	

	Fu Global Investment Co., Ltd. 6. Approving the proposal for increasing the Pre-approved List of Non-Assurance Services 7. Approving the revisions to the Articles of Incorporation	
08.08.2025 (6 th Meeting of 2nd Term)	1. Approving the consolidated financial statements of the Company and its subsidiaries for 2025 Q2. 2. Approving the distribution of earnings for 2025 Q2. 3. Approving the proposal for increasing the capital expenditure for the subsidiaries San Fu (Vietnam). 4. Approving the proposal for increasing the capital expenditure of the CMP Slurry Contract Manufacturer 5. Approving the proposal for Subsidiary's Capital Reduction to Offset Accumulated Losses	
09.12..2025 (7 th Meeting of 2nd Term)	1. Approving the proposal to comply with the application for IPO of the common stocks to be issued by the Company's subsidiary – the Bio Phoenix Co., Ltd. – for trading on the Taiwan TWSE/TPEX stock exchange market, the Company may dispose of its shares held with the Bio Phoenix Co., Ltd. in San Fu Biotech Co., Ltd. in installments.	
10.31.2025 (8 th Meeting of 2nd Term)	1. Approving the proposal to facilitate the future application of the Company's subsidiary – Bio Phoenix Co., Ltd. for trading on the Taiwan TWSE/TPEX stock exchange market, the Company has resolved to waive participation in the said subsidiary's cash capital increase	
11.10.2025 (9 th Meeting of 2nd Term)	1. Approving the consolidated financial statements of the Company and its subsidiaries for 2025 Q3. 2. Approving the distribution of earnings for 2025 Q3. 3. Approving the 2026 Annual budget report. 4. Approving the 2026 Annual Audit Plan. 5. Approving the proposal for application for extending the capital credit loan and contract for 2026. 6. Approving the proposal for application for extending the endorsement guarantee limit for 2026. 7. Approving the proposal on the Definition of Non-Managerial Employees and the Revision of Internal Control and Internal Audit Systems. 8. Approving the proposal to sign a house rental agreement with the related parties of the Company.	

(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 with the independent directors, officer of the internal audit and CPA held in February 2026 were summarized as follows:

1. In the communication regarding to the 2025 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	Summary	
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 directors. in order to strengthen corporate governance and promote the	None

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
			<p>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 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,</p>	

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
(2) Does the Company voluntarily establish other functional committees In addition to the Remuneration Committee and the Audit Committee?	✓		<p>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.</p> <p>3.The current diversity policy of the board members and its implementation are shown on Pages 40~41 of the attached table below.</p> <p>(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</p>	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 the Board of Directors for reference in the salary and remuneration of individual Directors and nomination for re-appointment?	✓		<p>(3) The Company has formulated the performance evaluation method of the Board of Directors and its evaluation method, and is expected to report the results of the performance evaluation to the Board of Directors in February 2026. 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</p>	None

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
(4) Does the Company regularly evaluate the Independence of CPAs?	✓		renewal. (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 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 25, 2026, and reported to the Board of Directors on February 25, 2026 for	None

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
			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 meetings of the Board of Directors and shareholders' meeting, etc.)?	✓		<p>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:</p> <ol style="list-style-type: none"> 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 supervisors to implement the internal audit system. 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. 4. Hold registration before the shareholders' meeting date in accordance with law, prepare the shareholders' meeting notice, meeting 	None

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
			handbook and within the legally stipulated time limit and meeting minutes and change registrations after article amendments or director elections.	
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?	✓		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.	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		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	None
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(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 .	None
(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)?	✓		(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.	

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
(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?	✓		(3) The Company has announced and filed its annual financial reports within the prescribed time limit, as well as its first, second, and third quarter financial reports..	
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>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 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</p>	None

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
			<p>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 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>	

Assessment Item	Implementation Status (Note)			Non-implementation and its Reason(s)
	Yes	No	Summary	
			<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 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	Summary	
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 made in 2026 as follows: The English version of the sustainability report will be uploaded to the Company's website and the Market Observation Post System by the end of the year.				

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		
Name	Wu, Hsin-Hung	Chang, Xi-Wen	Tsai, Chieh Jung	Su, Tien-Pao	Chang, I-Tsung	Liang, Guo-Yuan	Hsieh, Yong-Feng	Wu Tung-Ming	Yang Hong-Zhi
Gender	Male	Male	Male	Male	Male	Male	Female	Male	Male
Nationality	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan
Age	81-85	45-50	71-75	66-70	51-55	76-80	66-70	76-80	76-80
Currently Serving As An Employee of the Company			√	√					
Professional Knowledge and Skills									
Business	√	√	√	√	√	√	√	√	√
Biotechnology	√		√	√	√		√		
Chemical Industry	√	√	√	√	√				√
Economy/Insurance						√	√	√	
Gas Industry	√	√	√						
Financial Accounting						√	√	√	
Other Industries						Education	Semi-conductor		Steel
Ability and Experience									
Business Economics	√	√	√	√	√	√	√	√	√
Leadership Decision-Making	√	√	√	√	√	√	√	√	√
International Market View	√	√	√	√	√	√	√	√	√
Industry Knowledge	√	√	√	√	√	√	√	√	√
Financial Management						√	√	√	

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 members of the Company's Board of Directors have all met the management objectives, namely that directors who also serve as company executives do not exceed one-third of the total number of directors, and that independent directors serve for no more than three consecutive terms. Furthermore, in order to continuously enhance the Board's functions and promote gender equality in its composition, with the goal of increasing the proportion of female directors to one-third, the Company will seek recommendations from various sources to increase the number of female directors, with the aim of meeting the requirement that no single gender constitute less than one-third of the Board of Directors of publicly listed/OTC companies.

2.3.4 Composition, Responsibilities and Operation of the Remuneration Committee :

2.3.4.1 Information on Remuneration Committee Members

Title	Name	Criteria	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 Compensation Committee is composed of three independent directors. Please refer to the "Professional Qualifications and Independence Analysis of Directors" (pages 12~14) 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				1
Independent Director	Yang, Hong-Zhi				0

2.3.4.2 Operation Status of the Remuneration Committee

1. The Company's Remuneration Committee has 3 members.
2. Tenures of the current Remuneration Committee Members: June 21, 2024 to June 11, 2027.
The Committee held two meetings in 2025 (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

Remarks:

1. Any suggestion of the Remuneration Committee which was not adopted or modified by the Board of Directors: None
2. Any written or otherwise recorded resolution on which a member of the Remuneration Committee has a dissenting opinion or qualified opinion: None

3. The Remuneration Committee meeting resolutions are described below:

Date	Proposals	Resolution
02/26/2025 (The 2nd 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 General Manager, Vice Chairman and Chairman of the Company in the second half of 2024. 3. Review the 2025 performance assessment targets and proposals for changing the bonus paid to General Manager, Vice Chairman and Chairman of the Company 	All proposals are adopted by the Remuneration Committee and submitted to the Board of Directors for approval.
08/08/2025 (The 3rd Meeting of 5thTerm)	<ol style="list-style-type: none"> 1. Review the amount of change bonuses paid to General Manager, Vice Chairman and Chairman of the Company for the first half year of 2025. 	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	Summary	
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>To address the high degree of uncertainty surrounding climate conditions, as well as the rapid changes in policies and markets, the Company actively monitors and evaluates the potential impacts of climate change. In addition to tracking international trends, we further assess the physical risks posed by floods, droughts, typhoons, and extreme heat to our operating sites, with the aim of comprehensively understanding environmental developments and strengthening the resilience of our operational strategies.</p> <p>At San Fu Chemical, the Board of Directors serves as the highest decision-making and supervisory body for climate change response. Under the Board, the “Corporate Sustainability Development Committee,” composed of three directors, is responsible for formulating sustainability and climate-related policies, strategies, and annual plans, as well as supervising and evaluating implementation performance and reviewing the contents of sustainability reports. The Committee convenes at least once a year and may hold additional meetings whenever necessary.</p> <p>Under the Committee, a “Sustainability Promotion Task Force” has been established, with the General Manager serving as the chief supervisor. Together with the Chief Sustainability Officer and leaders of various task groups, the team jointly advances ESG initiatives. The Chief Sustainability Officer regularly reports implementation results and future plans to the Committee, covering carbon reduction projects, resource recycling initiatives, and climate risk response strategies.</p> <p>In addition, the Board of Directors regularly receives reports from the management team on a quarterly basis, including ESG progress updates,</p>	None

Evaluation item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Summary	
			in order to fulfill its evaluation and supervisory responsibilities. To encourage management's focus on climate-related goals, the Company has incorporated ESG performance into the performance evaluation and compensation system for senior executives. The Compensation Committee reviews and discusses these matters semiannually to ensure that, while pursuing profitability, the Company can also effectively achieve its sustainability governance objectives.	
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to Company operation, and establish risk management related policy or strategy?	✓		<p>The Company identifies material topics through a five-step process:</p> <ol style="list-style-type: none"> 1. In compliance with General Manager 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, employees, and nearby communities. 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. 3. Materiality Analysis: A Total of 45 copies of ESG materiality assessment questionnaires were completed by stakeholders to identify topics of concern. In addition, 14 copies of the internal department heads assessed the positive and negative impacts and likelihood of each topic. A Total of 59 copies of the valid responses were collected. 4. Identification of Material topics: A materiality matrix was created. topics scoring 4 or higher in stakeholder concern and scoring 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. 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. 	None

3. Environmental topics			
(1) Has the Company set an environmental management system designed to industry characteristics?	✓	(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.	None
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓	(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. 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 2025 was approximately 183,000 metric tons.	
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take Procedures related to climate related topics?	✓	(3) The Company conducts scenario analysis and assessment in accordance with the TCFD framework. The 1.5°C scenario and Taiwan's "2050 Net-Zero Emissions Pathway and Strategy" are adopted as the transition risk scenarios, while the worst-case global warming scenario (SSP5-8.5) from the IPCC AR6 report is used as the physical risk scenario reference. Based on these scenarios, the Company identifies and evaluates climate-related risks and opportunities associated with physical impacts and transition risks such as regulatory changes. For material climate risks and opportunities that may be encountered, the Company conducts identification, financial impact assessments, and the development of response strategies.	

<p>(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?</p>	<p>✓</p>	<p>(4) Our greenhouse gas emissions were certified by a Third-Party Verification Body as 32,468.094 (metric tons CO₂-e/year) and 32,994.502 (metric tons CO₂-e/year) in 2024 and 2025 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.</p>	
<p>4. Social topics (1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	<p>✓</p>	<p>(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 maintains the human rights of full-time employees, part-time employees, and interns, and the implementation results in 2025 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</p> <p>(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 	<p>None</p>

<p>(2) Has the Company established appropriately managed employee welfare Procedures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p>	<p>✓</p>	<p>saving and utilization status and labor pension payment amounts.</p> <p>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> <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 consolation community allowance, children education allowance, annual festival gifts, outdoor activities allowance and employee travel 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. 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). Generally speaking, women are less willing to engage in chemical 	
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(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?

✓

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 2025 is as follows:

	Female		Male		Total	
	%	Average Age	%	Average Age	%	Average Age
Non-managerial position	17.12%	40	82.88%	41	86.49%	40
Managerial position	19.23%	48	80.77%	51	13.51%	50
Total	17.40%	44	82.60%	46	100%	45

Nationality	Percentage
(3) T.C. (Taiwan)	98.7%
(4) Indonesia	0.78%
(5) Vietnam	0.52%

(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;

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. 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 implement medical tracking and management.

<p>(4) Has the Company established effective career development training plans?</p>	<p>✓</p>	<p>In 2025, there was zero recorded employee occupational accident and zero fire accident. The Company follows the Fire and Explosion Emergency Response Standard (SH-ES-003-0004) to prevent and minimize risks to human life.</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>(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</p>	
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<p>(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?</p>	<p>✓</p>	<p>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 2025, the number of people who accepted performance appraisal accounted for 100% of the Total number that should be assessed.</p> <p>(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. All product labeling of our Company complies with relevant laws, regulations, and guidelines.</p>	
<p>(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?</p>	<p>✓</p>	<p>(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.</p>	
<p>5. Does the Company refer to International reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company?</p>	<p>✓</p>	<p>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;</p>	<p>None</p>

<p>Has the said Report acquired third party verification or statement of assurance?</p>		<p>The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies: - A GRI Standards index and a SASB Chemical industry Standards index are included as appendices.</p> <ol style="list-style-type: none"> 1. Financial Data The financial information disclosed in this report is based on the audited consolidated financial statements verified by Deloitte Taiwan in accordance with the International Financial Reporting Standards (IFRS). 2. Environmental and Social Data The company has established and maintains the following management systems: ISO 14001 Environmental Management System ISO 45001 Occupational Health and Safety Management System The San Fu plant has been certified by the British Standards institution (BSI), Taiwan Branch, while International Nitto Corp. has been certified by Intertek Taiwan. The sites disclosed in this report include: Taipei Head Office, Zhubei office, Shanhua Plant, Liuying Plant, Kaohsiung Plant, and International Nitto Corp., all of which have received the ISO 14064-1 Greenhouse Gas inventory Statement from Intertek Certification Ltd. Taiwan. 3. Product and Service Quality Data The company has established and maintains: ISO 9001 Quality Management System (certified by BSI Taiwan) ISO 22000 / HACCP Food Safety Management Systems (certified by Intertek Taiwan) Additionally, the quality control laboratory is certified under the ISO/IEC 17025 Laboratory Quality Management System by the Taiwan Accreditation Foundation (TAF). 4. Independent Assurance In accordance with the Standards for Assurance Engagements No. 1 on "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," the report has obtained a limited assurance statement issued by PwC Taiwan (Pricewaterhouse Coopers). 	
<p>6. For companies having developed independent corporate social responsibility practices in accordance with “Corporate Governance Best Practice 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>			

7. Other critical information that helps understand the operation of corporate social responsibility:

- Provided scholarships and bursaries for needy students in public and private universities (National Taiwan University, Tunghai University, National Cheng Kung University etc.);
- Sponsored the promotion of chemical activities (sponsoring the 2025 China Chemistry Annual Conference, the 70th Anniversary Celebration of the Taiwan Chemical Engineering Society, and the 2025 Chemical industry Talent Recruitment Expo);
- Sponsored the Council of Indigenous Peoples' online safety education and awareness campaigns.
- Cooperate with the blood donation center to organize blood donation activities in the plant twice a year.

TCFD Report

Climate-related Information of TWSE/TPEX Listed Companies

Climate Change Governance

In response to climate change and to ensure long-term operational performance, San Fu Chemical Co., Ltd. refers to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued in 2017 by the Financial Stability Board (FSB). Based on the four core elements of the framework - “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets” - the Company has established a foundation for its future climate change governance structure. By identifying material risks and opportunities that may affect its operations, the Company formulates future strategies and plans to address climate-related risks and reduce carbon emissions.

San Fu Chemical Co., Ltd. Climate Change Management Framework

Governance	Risk Management
<ul style="list-style-type: none"> The Board of Directors has established a “Corporate Sustainability Development Committee” responsible for supervising sustainability and climate-related issues. 	<ul style="list-style-type: none"> Risk and opportunity management system.
<ul style="list-style-type: none"> Committee members are appointed by resolution of the Board, with three directors designated as committee members. 	<ul style="list-style-type: none"> Risk and opportunity management process.
<ul style="list-style-type: none"> A “Sustainability Implementation Task Force” has been established to plan and formulate sustainability development strategies and execute climate-related plans and action programs. 	<ul style="list-style-type: none"> Climate-related risk and opportunity identification and assessment process.
<ul style="list-style-type: none"> Sustainability development strategies and plans are reported annually by the Sustainability Implementation Task Force to the Committee for review, and subsequently submitted to the Board of Directors. 	
Strategy	Metrics and Targets
<ul style="list-style-type: none"> Application of climate-related scenarios. 	<ul style="list-style-type: none"> Greenhouse gas emission reduction targets.
<ul style="list-style-type: none"> Results of climate-related risk and opportunity identification. 	<ul style="list-style-type: none"> Progress toward net-zero emissions targets.
<ul style="list-style-type: none"> Assessment of significant climate-related risks and corresponding strategies. 	<ul style="list-style-type: none"> Emission reduction actions.
<ul style="list-style-type: none"> Assessment of significant climate-related opportunities and corresponding strategies. 	
<ul style="list-style-type: none"> Overall assessment of significant climate-related risks, opportunities, and strategies 	

Governance Structure

In response to the high level of uncertainty surrounding climate change, as well as the rapid changes in policies and markets, San Fu Chemical Co., Ltd. closely monitors and assesses the potential impacts caused by climate change in a timely manner. The Company also further evaluates the risks that floods, droughts, typhoons, and extreme heat may pose to its operational sites. Through these efforts, the Company aims to better understand climate changes in the external environment and market trends, enabling more comprehensive consideration in overall operational strategy planning.

Governance Level	Responsible Unit	Key Responsibilities in Climate Governance
Highest Governance Level	Board of Directors	<ul style="list-style-type: none"> Serves as the highest decision-making body for climate change and sustainable development, responsible for the final approval of ESG policies and climate risk response strategies.
		<ul style="list-style-type: none"> Links ESG performance to executive compensation, with reviews conducted semi-annually by the Compensation Committee.
		<ul style="list-style-type: none"> Receives regular annual project reports from the Chief Sustainability Officer (CSO). The most recent approval of the climate change management and sustainability report was on April 29, 2026.
		<ul style="list-style-type: none"> In 2025, directors completed an average of 7.67 hours of climate-related training.
Implementation Promotion Level	Corporate Sustainability Development Committee	<ul style="list-style-type: none"> Composed of three directors, responsible for substantive review of climate policies proposed by the CSO, risk assessment results (including the reasonableness of financial impact assessments), and annual plans, while also providing guidance for revisions.
		<ul style="list-style-type: none"> Holds at least one meeting annually. The most recent review meeting was held on April 20, 2026. Following confirmation that the content was complete, it was then submitted to the Board of Directors for approval.
Execution Level	Sustainability Implementation Task Force	<ul style="list-style-type: none"> Led by the General Manager as the highest supervising executive, with the CSO overseeing overall operations and coordinating cross-departmental carbon reduction projects.
		<ul style="list-style-type: none"> Responsible for carrying out TCFD risk identification, greenhouse gas inventory management, and supply chain communication.
		<ul style="list-style-type: none"> Each year, the CSO represents the task force in reporting annual implementation results to the Corporate Sustainability Development Committee and subsequently to the Board of Directors.

Climate Change Governance Capabilities

In accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, San Fu Chemical Co., Ltd. explicitly stipulates that the selection of directors shall take into consideration the overall composition of the Board of Directors, ensuring that it possesses the comprehensive capabilities required to promote corporate governance and sustainability-related issues. Collectively, the Board members possess expertise in

operational judgment and management, accounting and financial analysis, crisis management, industry knowledge, international market perspectives, leadership, and decision-making capabilities, thereby strengthening governance effectiveness in addressing long-term challenges such as climate change.

The Board of Directors also follows the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies by conducting annual continuing education programs for directors. These programs aim to enhance directors' overall understanding and judgment regarding economic, environmental, and social issues. In 2025, directors completed a total of 69 training hours, with an average of 7.67 hours of training per director. The Board of Directors diligently fulfills its corporate governance responsibilities by regularly reviewing corporate operating performance and discussing major strategic issues, including economic, environmental, and social impacts, as well as related risks and opportunities.

Climate Change Representative at the Board Level

At San Fu Chemical Co., Ltd. , the Chief Sustainability Officer (CSO) serves as the key representative of the Sustainability Implementation Task Force and is responsible for cross-departmental coordination and integration of climate change management activities. The CSO's responsibilities include supervising implementation progress, identifying climate-related risks and opportunities, and preparing management reports. Regarding the reporting mechanism, each year the CSO, on behalf of the task force, first submits reports to the "Corporate Sustainability Development Committee" for substantive review. After the content is confirmed and revisions are completed, the reports are then formally submitted to the "Board of Directors" for resolution, ensuring substantive participation by the highest level of governance.

Management of Climate-Related Risks and Opportunities

Procedures For Managing Climate-Related Risks And Opportunities

San Fu Chemical Co., Ltd. 's sustainability risk management mechanism is led by the General Manager as the highest supervising executive. Through the "Sustainability Implementation Task Force," department heads are convened to consolidate and assess risk-related issues. Task force members analyze the likelihood and potential impacts of various risks and formulate response strategies based on the Company's risk tolerance capacity. Relevant actions are incorporated into annual work plans and are subject to ongoing review and revision to ensure management effectiveness.

To strengthen management quality, the Company has established comprehensive "Internal Control" and "Internal Audit" systems. In response to regulatory requirements, the Company's Board of Directors resolved in 2024 to formally incorporate the "Procedures for Preparation and Verification of Sustainability Reports" into the internal control system, and designated it as a key item in the annual audit plan.

Through this mechanism, the Company ensures that the disclosure of climate risk-related information is prepared and reviewed in accordance with internal control procedures. The sustainability report covers risk assessments of material topics related to Environmental, Social, and Governance (ESG) issues, and establishes specific performance indicators for tracking and management, thereby fulfilling the Company's commitment to information transparency for stakeholders.

Risk Management Organizational Structure and Related Responsibilities

Responsible Party	Responsibilities
Board of Directors	Serves as the highest decision-making and supervisory body, responsible for approving risk management policies, material sustainability issues, and climate risk response strategies, while overseeing the implementation and effectiveness of the overall risk management framework.
Corporate Sustainability Development Committee	Responsible for reviewing the risk assessment results and the reasonableness of financial impact assessments submitted by the “Sustainability Implementation Task Force,” monitoring the progress of various strategies, and submitting reviewed items to the Board of Directors for approval.
General Manager	Serves as the highest supervising executive for risk management, overseeing the operation of the risk management mechanism and resource allocation, making decisions on risk issues raised by various departments, and approving specific carbon reduction projects and related resource investments.
Sustainability Implementation Task Force	<ul style="list-style-type: none"> • Assists in identifying Company-level risks and climate-related issues, conducts TCFD identification questionnaires, consolidates assessment results for management reference, and is responsible for advancing and periodically reviewing annual actions. • Integrates risk-related issues across departments, assesses the likelihood and potential impacts of risks, proposes response strategy recommendations, and implements necessary control measures.

Climate-Related Risk and Opportunity Identification and Assessment Process

Climate change has significant impacts on both businesses and society. To better understand the specific impacts of climate change and strengthen climate-related issue management, San Fu Chemical Co., Ltd. evaluates the likelihood and severity of impacts associated with various risk factors according to functional responsibilities. The Company adopts the 1.5°C scenario and Taiwan’s “2050 Net-Zero Emissions Pathway and Strategy” as the basis for transition risk scenarios, while using the worst-case global warming scenario (SSP5-8.5) from the IPCC AR6 report as the basis for physical risk scenarios. Based on these scenarios, the Company identifies and assesses climate-related risks and opportunities associated with physical impacts and transition risks such as regulatory changes. Finally, the Sustainability Implementation Task Force coordinates the climate risk identification mechanism by convening department heads to participate in “Climate Risk and Opportunity Assessment Meetings.” These meetings follow the TCFD framework for scenario analysis and assessment, and focus on identifying significant climate-related risks and opportunities, evaluating their financial impacts, and developing corresponding response strategies.

Climate-Related Risk and Opportunity Identification and Assessment

Time Horizon	Time Short term (1–3 years): 2025–2027
	Medium term (3–6 years): 2028–2030
	Long term (6+ years): 2031 onwards
Risk and Opportunity Assessment Scale	Likelihood of occurrence
	Financial impact level
Scope of Risks and Opportunities	Transition Risks: Policy and regulatory, Technology, Market , Reputation
	Physical Risks: Acute (immediate) , Chronic (long-term)
	Opportunities: Resource efficiency, energy sources, products and services, markets, resilience
Climate Scenario Setting	IPCC AR6 report
	Worst-case global warming scenario: SSP5-8.5

Climate-Related Risk and Opportunity Management Process

The Sustainability Implementation Task Force serves as the dedicated unit responsible for climate change-related management. Based on the TCFD-recommended lists of transition risks, physical risks, and opportunities, each department identifies key short-, medium-, and long-term risk and opportunity items through meetings. Departments then conduct corresponding strategy development and financial impact assessments. At the same time, considerations are given to the impacts on the Company’s business and strategy, including products and services, supply chains, adaptation and mitigation activities, research and development investments, and business operations (including business types and facility locations).

Likelihood Scale

Level	Probability of Occurrence	Likelihood Level
1	Expected not to occur within 10 years	Very low
2	Expected not to occur within 5 years	Low
3	Expected to occur within 3 years	Moderate
4	Occurs annually	High
5	Has already occurred	Very high

Financial Impact Scale

Level	Financial Impact (NTD)	Impact Severity
1	Below 50,000	Very low
2	500,000	Low
3	1,000,000	Moderate
4	5,000,000	High
5	10,000,000 and above	Very high

The identification and assessment of climate-related transition risks and physical risks include evaluating both the potential operational impact on the Company and the likelihood of occurrence. After risk identification, a matrix analysis is conducted. The Sustainability Implementation Task Force of the San Fu Chemical Co., Ltd. convenes a risk management working group composed of department heads and representatives to hold discussion meetings. Through this process, 12 climate-related risks and 8 climate-related opportunities were identified. In 2025, the Company highlighted 2 key climate-related risks and 1 key climate-related opportunity for focused attention.

Climate Scenario Resilience Assessment

In accordance with the TCFD framework, San Fu Chemical Co., Ltd. analyzes transition risks, physical risks, and climate-related opportunities to assess the potential impacts on its operations and supply chain under different global greenhouse gas emission control scenarios. The results are incorporated into strategic and financial planning considerations. The Company refers to the latest scientific assessment reports published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to construct climate scenarios. A worst-case scenario approach is adopted to evaluate the potential financial and operational impacts of climate risks and opportunities. Given the high uncertainty of future climate change, San Fu Chemical Co., Ltd. further incorporates data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), the National Science and Technology Council (NSTC), and the National Science and Technology Center for Disaster Reduction (NCDR). Multiple climate models are used for scenario simulation to more comprehensively understand medium- and long-term climate trends.

Climate Scenario Setting

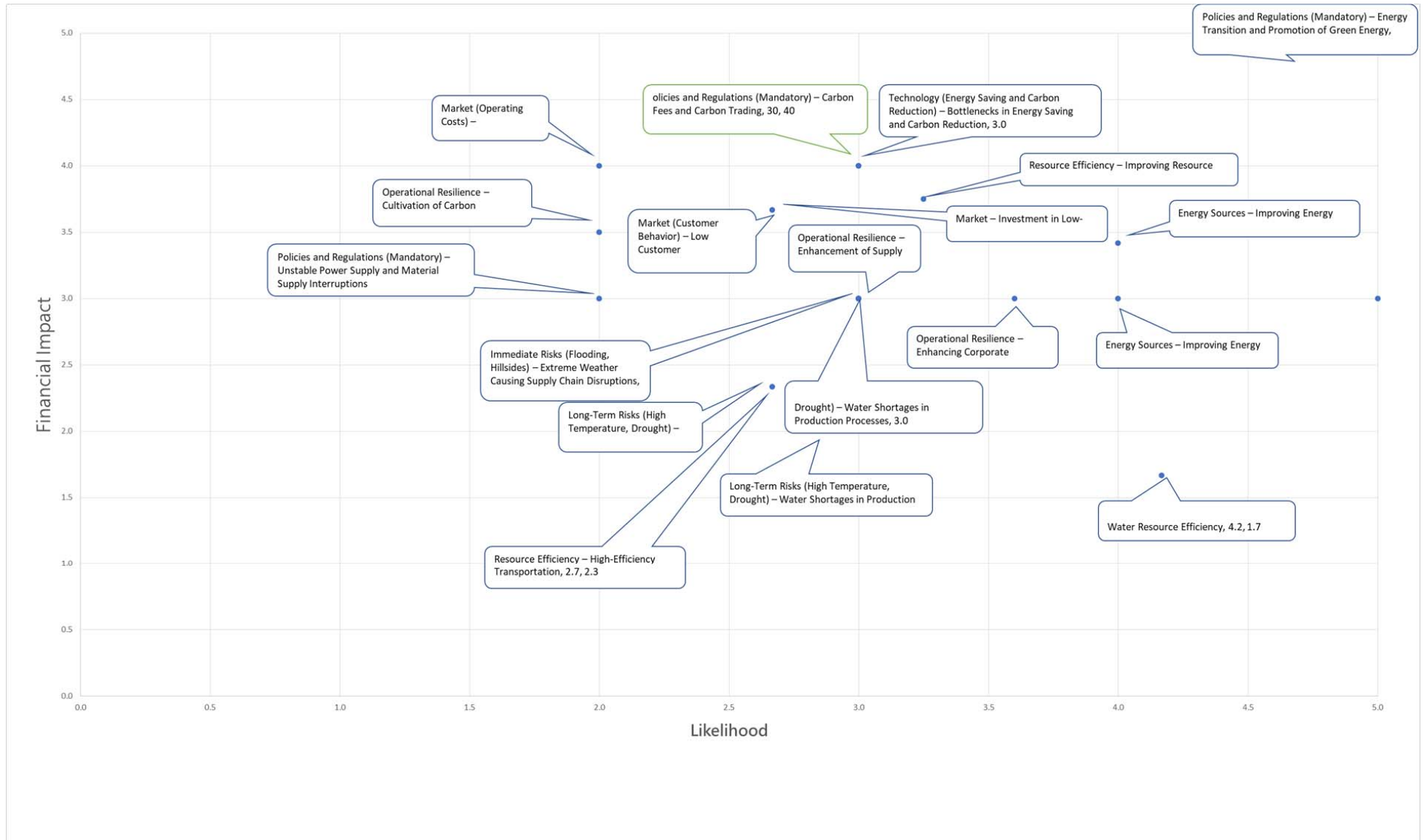
Type of Climate-Related Risk and Opportunity	Scenario for Assessment Strategy	Scenario Description
Transition Risks & Opportunities	1.5°C Scenario Taiwan’s “2050 Net-Zero Emissions Pathway and Strategy”	Achieving net-zero carbon emissions by 2050 has become a global trend. Taiwan released its “2050 Net-Zero Emissions Pathway and Strategy” in March 2022, which is structured around four major transitions - energy transition, industrial transition, lifestyle transition, and social transition - as well as two governance foundations: technological R&D and climate legislation. These measures impose stringent control over greenhouse gas emissions and may significantly affect corporate operations and value chains.
Physical Risks	IPCC AR6 worst-case global warming scenario (SSP5-8.5)	Under a very high greenhouse gas emission scenario (SSP5-8.5), climate change is expected to intensify, leading to increases in average temperature, extreme heat events, total annual precipitation, maximum one-day rainfall intensity, consecutive dry days, and the proportion of strong typhoons. These changes may have significant operational impacts on the Company and its supply chain.

Climate Change-Related Strategy

Climate Change Risk And Opportunity Identification Results

The identification and assessment of climate-related transition risks and physical risks include evaluating both the potential impact on the Company’s operations and the likelihood of occurrence. A matrix analysis is conducted following the identification process. The Sustainability Implementation Task Force convenes department heads for discussion. As a result, the Company identified 8 climate-related risks and 12 climate-related opportunities. Through meeting-based discussions, the Company further conducts financial impact assessments and evaluates response measures for material climate-related risks and opportunities, thereby determining the Company’s future climate change strategies.

Climate-Related Risk and Opportunity Matrix



Identified Material Climate-Related Risks and Opportunities

Risk / Opportunity	Type	Description	Time Horizon	Likelihood	Impact Level
Transition Risk	Policy & Regulation	Energy transition and promotion of renewable energy	Short to medium term	Very high	Very high
Physical Risk	Acute (flooding, slope instability)	Extreme weather affecting operational activities	Short term	Very high	Moderate
Opportunity	Resource Efficiency	Improvement in resource efficiency	Short term	High	Moderate

Climate-Related Risk and Strategy Assessment

As regulatory requirements for greenhouse gas (GHG) disclosure by TWSE/TPEX Listed Companies become increasingly stringent, San Fu Chemical Co., Ltd. conducts its greenhouse gas inventory in accordance with the ISO 14064-1:2018 standard and undergoes external verification. This serves as a key basis for risk management. Based on this framework, the Company actively implements relevant response measures to gradually reduce carbon emissions. The objective is not only to comply with regulatory requirements, but also to promote sustainable development, thereby enhancing corporate social responsibility and long-term competitiveness.

Climate-Related Risk and Opportunity Assessment

Risk / Opportunity Type	Description	Location of Impact	Short Term (2025–2027)	Medium Term (2028–2030)	Long Term (2031 onward)
Transition Risk	Energy transition and promotion of renewable energy	■ Company and downstream customers	V	V	V
Physical Risk	Extreme weather affecting operational activities	■ Company	V	V	V
Opportunity	Improvement in resource efficiency	■ Company and downstream customers	V	V	V

Risk Category – Material Climate Risks and Resilience Strategies

Risk Category	Key Risk Issue	Potential Financial Impact Assessment	Resilience Strategy
Transition Risk (Policy/Regulation)	Energy transition and promotion of renewable energy	<ul style="list-style-type: none"> ● Increase in operating costs <ul style="list-style-type: none"> • Higher electricity prices and renewable energy procurement expenses • GHG inventory and compliance costs Estimated impact: ~NTD 40 million/year	<ul style="list-style-type: none"> ● Cost reduction and energy optimization <ol style="list-style-type: none"> 1. Renewable energy deployment: Completed solar power installations at Shanhua, Liuying, and International Nitto sites. 2. Smart energy management: Implemented smart electricity meters at Shanhua plant to enable load reduction and variable frequency control. 3. Internal carbon pricing: Set at NTD 300/ton to incorporate carbon reduction benefits into investment evaluations. Energy-saving and renewable initiatives contribute to cost recovery and potential revenue benefits.
Physical Risk (Acute)	Extreme weather affecting operations	<ul style="list-style-type: none"> ● Revenue loss risk <ul style="list-style-type: none"> • Heavy rainfall causing flooding and production stoppages • Supply chain disruption affecting deliveries Estimated impact: ~NTD 14.5 million/day of downtime loss	<ul style="list-style-type: none"> ● Reduce Financial Losses <ol style="list-style-type: none"> 1. Hardware Enhancement: Expand warehouses to increase inventory levels (1-1.5 months) to buffer against supply chain disruptions; strengthen factory drainage and flood control facilities. 2. Operational Resilience: Establish standard operating procedures (SOPs) for shift work/shutdowns during extreme weather to ensure personnel safety. Warehouse expansion and drainage system maintenance enhance operational resilience.

Climate-Related Opportunities and Strategy Assessment

San Fu Chemical Co., Ltd. develops zero-waste resource technologies by recovering waste solutions generated from semiconductor and panel manufacturing processes. These recovered materials are purified and reintroduced into the market for circular utilization. The Company also continuously promotes process optimization, smart green energy transformation, and energy-saving facility implementation to improve resource efficiency, reduce operating costs, and demonstrate its commitment to environmental responsibility. These efforts not only align with global trends in circular economy and sustainable development, but also support the Company's transition toward a low-carbon and circular business model, thereby strengthening long-term competitiveness and laying a solid foundation for future growth.

- Opportunity: Enhancement Of Resource Efficiency

Financial Impact Types and Potential Effects

Type	Potential Financial Impact	Description
Opportunity	Capital Investment	Investment in energy-saving and carbon reduction equipment of approximately NTD 1.5 million per year; investment in new TMAH production line exceeding NTD 1 billion.
Strategy	Increased Operating Revenue	Energy-saving, recycling, and optimization measures contribute to an annual revenue growth of approximately 6–13%.

Overall Assessment of Material Climate-Related Risks, Opportunities, and Strategy

Under the impacts of climate change, San Fu Chemical Co., Ltd. recognizes that without proactive climate risk management, the Company may face a range of climate-related risks. In contrast, implementing climate risk management not only effectively reduces exposure to risks but also significantly enhances the Company's competitiveness in sustainability-related matters. Overall, climate change presents both risks and opportunities, and in the long term, the benefits of opportunities are expected to outweigh the short-term incremental costs.

In the transition toward low-carbon energy and the promotion of renewable energy, the Company bears costs such as rising electricity prices, compliance and disclosure requirements, and equipment investments, resulting in approximately NTD 40 million in additional annual operating costs, along with certain one-off capital expenditures. However, through solar power generation, energy-saving equipment replacement, and third-party certification opportunities, the accumulated financial benefits have begun to provide a buffering effect and establish long-term competitive advantages. At the same time, extreme weather poses risks of operational disruption and damage. The Company has mitigated these risks through adjustments in warehouse configuration and strengthening of disaster prevention infrastructure, thereby reducing labor, outsourcing, and disaster-related costs while ensuring revenue stability. More importantly, by improving resource efficiency, the Company is able to achieve an annual revenue increase of approximately 6–13%, demonstrating positive financial returns.

San Fu Chemical Co., Ltd. shows great concern about environmental responsibility as one of its core corporate missions and integrates it closely with operations. In response to the global low-carbon transition trend, the Company not only actively implements carbon reduction and circular resource utilization, but also continuously reduces risks and expands opportunities through innovative technologies and management practices. Overall, the Company has demonstrated its capability to address challenges through action while creating dual financial and environmental benefits, gradually moving toward low-carbon, resilient, and sustainable operations.

The 1.5°C Special Report published by the Intergovernmental Panel on Climate Change (IPCC) in October 2018 emphasizes that maintaining global warming within 1.5°C requires substantial efforts from both governments and enterprises. Therefore, urgent carbon reduction measures are necessary to mitigate the impacts of climate change and achieve sustainable corporate development. This is not only an environmental responsibility but also a key long-term strategy to ensure future competitiveness and market positioning.

The Company has established a Sustainability Implementation Task Force and follows the TCFD framework of governance, strategy, risk management, and metrics & targets, aligning with international standards.

Climate-Related Metrics and Targets

Greenhouse Gas Emission Targets

Through quantitative disclosure of greenhouse gas emissions, San Fu Chemical Co., Ltd. is able to annually review its environmental initiatives toward sustainability. Emissions generated during manufacturing processes - such as greenhouse gases (GHG), nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant gases- have substantial environmental impacts. Therefore, the Company implements internal training programs to help employees identify and define various types of greenhouse gas emissions from its facilities, thereby strengthening its emission management strategy. The inventory scope includes direct GHG emissions, energy indirect emissions, and other indirect emissions, as well as emissions intensity calculations. By disclosing energy consumption reduction indicators, the Company demonstrates its commitment to minimizing environmental impact externally, while also reflecting its capability to respond to carbon emissions, operating costs, energy supply risks, and price fluctuations.

In terms of greenhouse gas (GHG) emissions management, the Company has completed GHG inventories across all sites and its subsidiary International Nitto, and has undergone external verification by an independent third-party assurance body. This ensures accurate identification of emission sources and emission volumes across all facilities. At the same time, climate change mitigation and adaptation have been incorporated as key elements of operational management.

GHG Emissions Performance Summary

The Company has completed its greenhouse gas inventory in accordance with ISO 14064-1:2018. In 2025, total emissions for the entire group were approximately 35,069 metric tons of CO₂e. Based on the analysis of emissions trends over the past three years, the following observations are made:

Overall Trend (2024 vs. 2025):

Total emissions showed a stable trend with a slight increase of 0.3%. Despite continued business growth, carbon emissions did not increase significantly, indicating that initial carbon management measures have begun to take effect.

Key Drivers of Change:

- **Expansion of inventory boundary:** Starting in 2024, the subsidiary International Nitto was included in the consolidation scope, contributing approximately 8,215 metric tons of CO₂e in a single year.
- **Process optimization:** At the Shanhua plant, responding to increased demand for PHBA products led to higher thermal energy usage; however, energy intensity was successfully controlled. The plant in Liuying Technology Industrial Park demonstrated significant emissions reduction performance.

Greenhouse Gas Emissions (tCO ₂ e))							
Verification Body	Verification Standard	Verification Statement / Disclosure	Category	Reporting Boundary	2023	2024	2025
intertek	ISO 14064-1: 2018	GHG inventory and certification disclosed on San Fu Chemical Co., Ltd. official website: https://www.sfchem.com.tw/zh-hant/page/_certifications	Category 1: Direct emissions	Parent Company	2,638.4	9,701.0	8,295.8
				Subsidiary	--	1,056.1	1,771.0
			Category 2: Energy indirect emissions	Parent Company	17,085.2	17,046.7	16,866.4
				Subsidiary	--	7,159.1	8,135.9
			Categories 3–6: Other indirect emissions (upstream energy, upstream resources, waste treatment)	Parent Company	3,998.9	5,720.6	7,832.3
				Subsidiary	--	2,047.4	2,666.9
Carbon Emission Intensity (tCO ₂ e / million NTD) in Whole Plant)					3.95	6.57	7.25

Emissions Reduction and Net-Zero Commitment

Through process control measures, Scope 1 emissions have significantly decreased by 41.6%. In terms of efficiency improvement, the subsidiary International Nitto's production capacity growth has outpaced the increase in carbon emissions, indicating that as capacity utilization improves, energy efficiency has also been enhanced simultaneously.

San Fu Chemical Co., Ltd. is committed to achieving net-zero emissions. The Company reviews overall carbon reduction performance annually through greenhouse gas inventory results and formulates emission reduction strategies accordingly. In response to the "Boiler Air Pollutant Emission Standards" announced by the Ministry of Environment (formerly the Environmental Protection Administration) in 2018, which set unified emission standards for boilers across industries and required phased improvements, San Fu Chemical Co., Ltd. began planning in 2019 to convert boiler systems to natural gas in order to reduce air pollution. Accordingly, the Shanhua plant has been designated as the baseline year starting from 2019 for emission reduction tracking.

In 2021, the GHG inventory boundary was expanded to include the Plant in Liuying Technology Industrial Park and the Kaohsiung plant. By 2023, all operational sites of San Fu Chemical Co., Ltd. had completed GHG inventory and external verification. The subsidiary International Nitto, which operates similar chemical production processes, also completed its inventory in 2024. To comply with the Financial Supervisory Commission's sustainable development roadmap for listed companies, the Company plans to complete consolidation-level subsidiary inventory by 2027. In addition, it has set a medium- to long-term target of reducing Scope 1 and Scope 2 emissions by 20% by 2030 and achieving net-zero emissions by 2050.

Emission Reduction Actions

The IPCC Sixth Assessment Report (AR6), published in 2021, scientifically confirms that the adverse impacts of climate change are already urgent. In response, countries worldwide have gradually proposed net-zero emission targets for 2050. To align with international trends and share global carbon reduction responsibilities, Taiwan has incorporated the 2050 net-zero target into the Climate Change Response Act, which was passed by the Legislative Yuan on January 10, 2023, aiming to guide medium- and long-term climate action.

To align with global climate change initiatives, San Fu Chemical Co., Ltd. continues to implement greenhouse gas reduction policies through energy-saving strategies that comprehensively reduce emissions. These measures include equipment replacement, optimization of operating parameters, and other efficiency improvements to achieve the Company's GHG reduction targets.

To further strengthen climate governance and encourage employee participation in sustainability initiatives, the Company has introduced an "ESG AWARD" program in addition to its proposal improvement system. This initiative integrates climate risk management into corporate culture and establishes a bottom-up innovation mechanism, enabling every employee to become a driver of sustainability transformation.

Specific reduction actions include replacing energy-efficient motors and pumps, expanding cooling tower capacity, reducing compressed air system pressure settings, and optimizing equipment and process operations to reduce GHG emissions. In 2025, relevant departments proposed equipment and process improvements that achieved a total carbon reduction of 190 tCO₂e. The detailed reduction actions for 2025 are shown in the table below.

2025 Emission Reduction Actions are summarized as follows:

Item	Plant	Energy-Saving Measure	Electricity Saving	Carbon Reduction (tCO ₂ e)
1	Shanhua Plant	Replacement of energy-efficient motor for cooling tower circulation pump (rear station)	46,000 kWh	21.8
2	Shanhua Plant	Replacement of PH3 chiller and LCP area cooling water circulation pumps	182,160 kWh	86.3
3	Shanhua Plant	Expansion of cooling tower capacity (front station)	156,000 kWh	73.9
4	Kaohsiung Plant	Replacement of high-efficiency motor for hydrogen booster compressor in CHA production line	10,015 kWh	4.7
5	International Nitto	Reduction of air compressor discharge pressure by 1 kg/cm ²	6,964 kWh	3.3

Progress Toward Emission Reduction Targets (2025)

In 2025, compared with each site's respective baseline year, San Fu Chemical Co., Ltd. achieved an overall emissions reduction progress of 10.8%, with a target of 12% expected in 2026.

Site	Baseline Year	Baseline Emissions (tCO ₂ e)	2030 Target	2025 Emissions (tCO ₂ e)	2025 Reduction Progress
Shanhua Plant	2019	25,930.3	-20%	19,991.3	22.9%
Liuying Technology Industrial Park Plant	2021	2,168.7	-20%	3,882.4	-79.0%
Kaohsiung Plant	2021	2,926.8	-20%	1,204.4	58.8%
Taipei Office	2023	62.9	-20%	73.4	-16.6%
Zhubei Office	2023	11.9	-20%	9.5	19.9%
International Nitto	2024	8,215.2	-20%	9,906.1	-20.6%
Overall Group Progress (San Fu Chemical Co., Ltd. , 2025):	10.8%				

Emission Reduction Targets and Progress

2030 Target	2050 Target	Scope 1 & 2 Total Emissions (tCO _{2e})	Baseline Year	2025
			39,315.8	35,069.0
Reduce by 20%	Net Zero	Reduction Achievement Rate		10.8%

Internal Carbon Pricing

San Fu Chemical Co., Ltd. continuously analyzes international carbon pricing trends to evaluate and develop its internal carbon pricing mechanism. In the initial stage, a carbon price of NTD 300 per ton has been set as a reference for capital investment and major decision-making processes. In addition to capital expenditure considerations, carbon reduction benefits are also incorporated into cost and expense calculations. Through this internal carbon pricing management mechanism, the Company promotes carbon reduction targets across all plants and strengthens group-wide carbon management.

Future Outlook

Following the government’s announcement of the “2050 Net-Zero Emissions Policy Roadmap,” San Fu Chemical Co., Ltd. has aligned with national policy direction by establishing a Corporate Sustainability Development Committee. The Company has set 2019 as the baseline year for the Shanhua plant, 2021 for the Liuying Technology Industrial Park and Kaohsiung plants, 2023 for the Taipei and Zhubei offices, and 2024 for the subsidiary International Nitto. The Company has established a target to reduce Scope 1 and Scope 2 emissions by 20% by 2030, and to achieve net-zero emissions by 2050. The Sustainability Implementation Task Force consolidates carbon management, energy management, and climate risk management information to guide future development strategies, assess environmental risks, and promote low-carbon and energy-saving initiatives in response to global climate challenges.

Alignment with International Sustainability Standards

To enhance transparency and align with international standards, San Fu Chemical Co., Ltd. closely monitors the development of emerging disclosure frameworks such as IFRS S1/S2 and TNFD etc., and follows Taiwan’s Financial Supervisory Commission roadmap for listed companies’ sustainability disclosure and IFRS adoption.

1. IFRS S1/S2 (Sustainability And Climate-Related Financial Disclosure) Roadmap

- Strengthening foundation (2025–2026):
Publish the first standalone TCFD report, fully disclosing the four core pillars of climate governance, strategy, risk management, and metrics & targets, laying the foundation for IFRS S2 alignment.

- Assessment and pilot phase (2026–2028):
Conduct IFRS S2 gap analysis and begin quantifying financial impacts of climate-related risks, progressively improving disclosure data completeness.
- Full adoption (from 2029 onward):
Officially disclose sustainability information aligned with IFRS S1/S2 framework in annual reports and shareholder meeting materials.

2. TNFD (Taskforce On Nature-Related Financial Disclosures) Assessment

- Currently, the Company focuses on environmental management systems (ISO 14001) and water resource management in relation to natural capital.
- The Company will continue to monitor developments in the TNFD framework and domestic regulatory trends, and will evaluate the feasibility of adopting the LEAP approach (Locate, Evaluate, Assess, Prepare) to enhance understanding and management of nature-related risks.

For detailed financial impact quantification of climate-related risks and opportunities, as well as scenario analysis, please refer to the “2025 Climate-related Financial Disclosure Report” published by the Company concurrently

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	Summary	
<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>(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>	None
<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>(2) Whether the Company has established a unit which is</p>	<p>✓</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>(2) The corporate integrity management has established a</p>	None

Assessment Item	Implementation Status (Note)			Non-implementation and its reason(s)
	Yes	No	Summary	
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?			full-time unit which is the human resources team of the General Manager 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. Furthermore, course content is updated regularly to share case studies with colleagues. The theme for 2025 is Trade Secrets, featuring the 'AUO Procurement Kickback Case' and the 'Innolux Kickback and Panel Underselling Case.' Implementation status is reported to the Board of Directors annually, with the next scheduled report on November 10, 2025.	
(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.	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		(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. The training achievement rate in 2025 was 100%, and	

Assessment Item	Implementation Status (Note)			Non-implementation and its reason(s)																
	Yes	No	Summary																	
			<p>total 59 employees had completed the training. Please refer to the following for the training conclusion:</p> <table border="1"> <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>15</td> <td>100</td> <td>Grade 6 or below</td> </tr> <tr> <td>Mid-level staff</td> <td>20</td> <td>100</td> <td>Grade 7-9</td> </tr> <tr> <td>Senior staff</td> <td>24</td> <td>100</td> <td>Grade 10 or above</td> </tr> </tbody> </table>	Trainees	No. of Trainees	Average Score	Detail Description	Junior staff	15	100	Grade 6 or below	Mid-level staff	20	100	Grade 7-9	Senior staff	24	100	Grade 10 or above	
Trainees	No. of Trainees	Average Score	Detail Description																	
Junior staff	15	100	Grade 6 or below																	
Mid-level staff	20	100	Grade 7-9																	
Senior staff	24	100	Grade 10 or above																	
<p>3. Implementation of Complaint Procedures</p> <p>(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> <p>(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>	<p>✓</p> <p>✓</p>		<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, 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</p>	None																

Assessment Item	Implementation Status (Note)			Non-implementation and its reason(s)
	Yes	No	Summary	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		<p>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. <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 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. 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. 	

Assessment Item	Implementation Status (Note)			Non-implementation and its reason(s)
	Yes	No	Summary	
			<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>(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>	None
<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 25, 2026

The Company has conducted a self-evaluation of its internal control system in 2025. 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, 2025, 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 25, 2026, 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

General Manager: 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
08.08.2025 (6th meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the consolidated financial statements of the Company and its subsidiaries for 2025 Q2; 2. Approving the distribution of earnings for 2025 Q2; 3. Approving the proposal for increasing the capital expenditure for the subsidiaries San Fu (Vietnam); 4. Approving the proposal for increasing the capital expenditure of the CMP Slurry Contract Manufacturer; 5; Approving the proposal for Subsidiary's Capital Reduction to Offset Accumulated Losses; 6. Approving the proposal for school donation; 7. Approving the renewal of the bank credit loan; 8. Approving the amount of bonus changes paid to the Company's General Manager, Vice Chairman and Chairman in the first half of 2025; 	Agreed unanimously by all independent directors present at the meeting
09.12.2025 (7th meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the proposal to comply with the application for IPO of the common stocks to be issued by the Company's subsidiary – the Bio Phoenix Co., Ltd. – for trading on the Taiwan TWSE/TPEX stock exchange market, the Company may dispose of its shares held with the Bio Phoenix Co., Ltd. in San Fu Biotech Co., Ltd. in installments. 	Agreed unanimously by all independent directors present at the meetin
10.31.2025 (8h meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the proposal to facilitate the future application of the Company is subsidiary – Bio Phoenix Co., Ltd. for trading on the Taiwan TWSE/TPEX stock exchange market, the Company has resolved to waive participation in the said subsidiary's cash capital increase. 	Agreed unanimously by all independent directors present at the meetin
11.10.2025 (9 th 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 2025; 2. Approving the profit distribution for the third quarter of 2025; 3. Approving the 2026 Annual budget report; 4. Approving the 2026 Annual audit plan; 5. Approving the proposal for renewal of the bank credit loan for 2026; 6. Approving the proposal for renewal of the endorsement guarantee limit for 2026; 7. Approving the Definition of Non-Managerial Employees and the Revision of Internal Control and Internal Audit Systems; 8. Approving the proposal to sign a house rental agreement with the related parties; 9. Approving the donation to public and private schools; 	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
02.25.2026 (10th meeting of the ninth term)	<ol style="list-style-type: none"> 1. Approving the Company’s 2025 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 2025; 3. Approving the proposal for cash dividend distribution from capital reserves; 4. Approving the proposal for increasing shareholding ratio in subsidiaries; 5. Approving the proposal for selling the land and buildings by the subsidiaries of the Company; 6. Approving the New and renewal of capital loan and credit line for 2026; 7. Approving the proposal for adjustments of the Company's distributable earnings under International Financial Reporting Standards (IFRS) and the amount of special surplus reserve reversed; 8. Approving the proposal for assessment of the independence and competence of the appointed financial reporting auditors; 9. Approving the proposal for the statement on the design and effectiveness of the Company's internal control system for fiscal year 2025; 10. Approving the proposal for revision of the internal control and audit system; 11. Approving the proposal for drafting of the date, location, agenda, and shareholder proposal period for the 2025 Annual General Meeting of Shareholders; 12. Approving the proposal for application for renewal of bank loan lines. 13. Approving the proposal for distribution of employee and director remuneration for fiscal year 2025; 14. Approving the proposal for review of the number of variable bonuses to be distributed to the General Manager, Vice Chairman, and Chairman for the second half of fiscal year 2025; 15. Approving the proposal for review of the performance evaluation targets and variable bonus proposals for the General Manager, Vice Chairman, and Chairman for fiscal year 2026; 16. Approving the proposal for review of salary adjustments for the Company's General Manager and Vice Chairman. 	Agreed unanimously by all independent directors present at the meeting
04.29.2026 (11th 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 2026; 2. Approving the profit distribution for the first quarter of 2026; 3. Approving the proposal for increasing the capital expenditure for the subsidiary of San Fu (Vietnam); 4. Approving the proposal for add report items at the 2026 Annual General Shareholders’ Meeting; 5. Approving the proposal for drafting the Sustainable Information Management Regulations; 6. Approving the proposal for amendment of the Internal Control Operating Procedures; 7. Approving the proposal for editing the Sustainable Development Report 2025; 8. Approving the proposal for a renewal of bank loan lines. 	Agreed unanimously by all independent directors present at the meeting

Meeting Date (Term)	Major Resolutions of the Shareholders' Meeting	Resolution
06.09.2025	<p>1. Approving the 2024 business report and financial statements;</p> <p>2. Approving the 2024 profit distribution; Implementation status: July 5, 2025 is set as the ex-rights and dividend base date, and July 18, 2025 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);</p> <p>3. Approving the proposal for cash dividend distribution from capital reserve; Implementation status: July 5, 2025 is set as the ex-rights and dividend base date, and July 18, 2025 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)</p> <p>4. Approving the proposal for amendment of the Articles of Incorporation;</p>	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	2025	3,310	294	3,604	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	CPA	The Company
	Status		
	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
	No	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, General Manager, 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	2025		As of April 14, 2026	
		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.	0	0	(916,000)	0
San Fu Global Ltd. representative	Chang, Xi-Wen	0	0	0	0
Director & General Manager	Tsai Chieh Jung	14,000	0	0	0
Director	Chang, I-Tsung	0	0	0	0
Director & General Manager	Su, Tien-Pao	0	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.	0	0	(916,000)	0
Major shareholder	Pilot Keymark Sdn. Bhd	0	0	0	0
General Manager	Tsai Chieh Jung	14,000	0	0	0
General Manager	Su, Tien-Pao	0	0	0	0
Assistant General Manager.	Huang Jun-Yin	(8,000)	0	(5,000)	0
Assistant General Manager.	Zhuang Fu-Qin	0	0	0	0
Chief Finance officer	Lo, Chu-Chen	0	0	0	0
Chief Accounting officer	Chang, Ling-Feng	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 14, 2026 / 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	%	Shares	%	Shares	%	Title (or Name)	Relationship	
San Fu Global Ltd. Representative: Chang, Xi-Wen	31,834,315	31.61%	-	-	-	-	-	-	-
Pilot Keymark SDN. BHD.	11,246,000	11.17%	-	-	-	-	-	-	-
Fang, Hong-Yuan	3,700,952	3.68%	-	-	-	-	-	-	-
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%							
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	2,288,884	2.27%	-	-	-	-			-
TU, Shui-Chen	1,952,000	1.94%	-	-	-	-			-
Wu, Mei-Jun	1,460,000	1.45%					Wu, Hsin-Hung Wu, Dong- Bo	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, 2025 /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.	1,030,000	100.00%	-	-	1,030,000	100.00%
San Fu BioPhoenix Co., Ltd	24,188,998	89.59%	-	-	24,188,998	89.59%
International Nitto Technology Co., Ltd.	101,000,000	100.00%	-	-	101,000,000	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 May 05, 2026
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
12/2013	10	120,000	1,200,000	88,000	880,000	Capital increased by NT\$80,000 thousand in cash	-	Note 7
11/2014	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- 10202448420 dated 12/09/2025
Note 8: Ref. No. Jing-Shou-Shang- 10301238370 dated 11/19/2025
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 Shares Issued during the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report

As of May 05, 2026 /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 traded on the TWSE stock market.

3.1.2 List of Major Shareholders

As of April 14, 2026 /Unit: Shares

Name of Major Shareholders	Shares	Shareholding (Shares)	Shareholding (Percentage)
San Fu Global Ltd.		31,834,315	31.61%
Pilot Keymark SDN. BHD.		11,246,000	11.17%
Fang, Hong-Yuan		3,700,952	3.68%
Wu, Hsin-Hung		3,680,010	3.65%
Chang, Xi-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		2,288,884	2.27%
Tu, Shui-Chen		1,952,000	1.94%
Wu, Mei-Jun		1,460,000	1.45%

3.1.3 Dividend Policy and Implementation 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 50%-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 25, 2026, it was proposed that the distribution of earnings per share (EPS) in the year of 2025 should be NT\$2.06 and NT\$1.64 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 12, 2026.

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 2025 earnings distribution plan was approved at the meeting of the Board of Directors on February 25, 2026 and the distribution of remuneration for employees and directors was as follows:

- A. Employees' cash remuneration amount: NT\$10,700,000 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\$10,700,000 in director remuneration is proposed for distribution.

The difference of the recognized expenses in the current period is NT\$2,000,000, and the difference has been adjusted and recorded in the first quarter of 2026.

(2) Employee compensation in the form of stock, and as a percentage of the sum of net income in the parent-company-only or individual financial reports and total employee compensation: Not applicable, as the Company has no proposal for employee stock compensation.

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

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 to employees, directors and supervisors was as follows respectively:

- A. Employee 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. Director and supervisor remuneration: The Board of Directors approved to distribute NT\$11,347,000 in director and supervisor remuneration.

The difference between estimated and recognized expenses of the previous year was NT\$114,200, which was adjusted and recorded in the first quarter of 2025.

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. Operating Highlights

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	2025		2024	
	Amount	Percentage %	Amount	Percentage %
Fine chemicals	3,480,542	71.97	3,572,934	67.10
Basic chemicals	1,355,680	28.03	1,751,490	32.90
Total	4,836,222	100	5,324,424	100

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, anone, 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) Petrochemical products are generally classified, based on their functions and added value, into commodity chemicals and fine chemicals. Fine chemicals, also known as performance chemicals, are primarily applied in downstream manufacturing processes or end products to significantly enhance physical or chemical properties. These products are characterized by high technological barriers and high added value. The Company has long been deeply engaged in the broad specialty chemicals sector, with core products including high-purity developers, precision etchants, high-performance strippers, thinners, functional cleaning solutions, and industry-leading electronic-grade chemical recycling and reuse services.

Specialty chemicals form a cornerstone of Taiwan's "Two Trillion and Twin Star Industries" and the semiconductor strategic industry. In wafer and display panel manufacturing, patterning technology is critical to determining product performance. Through photolithography processes, photoresist is coated onto wafers or glass substrates and subsequently baked and exposed. The Company's developers provide high contrast and excellent resolution capability to accurately reproduce designed patterns. During the subsequent etching process, the Company's etchants perform precise chemical reactions to remove excess materials and define circuit structures. The Company's stripping solutions are then used to remove residual photoresist after metal or semiconductor thin-film etching. Thinners are applied to precisely control photoresist coating thickness and remove residual chemicals from substrate edges. Cleaning solutions are widely used in color filter recycling and remanufacturing, substrate pretreatment, and high-precision fixture cleaning to ensure production yield rates.

Industry Development Trends in 2025: With the explosive growth of applications such as Generative AI, High-Performance Computing (HPC), and Edge AI, the semiconductor industry has evolved from the era of "Moore's Law" into a new era of "system integration." This transformation has created unprecedented demands on the purity and specificity of electronic chemicals:

- **Advancement of Process Technologies and Architectures:**

As semiconductor manufacturing enters the 2-nanometer (N2) node and beyond, along with the introduction of Gate-All-Around (GAA) transistor structures, traditional chemicals are no longer sufficient for advanced miniaturization technologies. The research and development of next-generation high-purity chemicals has become critical to maintaining process leadership.

- **Rise of Advanced Packaging Technologies:**

To achieve heterogeneous integration, 2.5D/3D packaging technologies (such as CoWoS and SoIC) and chiplet technologies have become mainstream. The Company has developed specialized products for advanced packaging processes involving interconnects and multilayer stacking to meet the high-efficiency heat dissipation and high-frequency transmission requirements of AI chips.

- **Net-Zero Emissions and Green Supply Chains:**

Global ESG (Environmental, Social, and Governance) initiatives and the 2050 net-zero emissions agenda are shifting toward substantive regulatory requirements. The Company's market-leading "chemical recycling and circular services" not only help customers reduce production waste and carbon footprints, but also establish a green closed-loop supply chain, which has become a core competitive advantage for the Company in 2025 and beyond.

- **Expansion of Emerging Applications:**

With the increasing adoption of low-earth-orbit satellites, 6G pre-commercial development, Wi-Fi 7, and mass production for autonomous vehicle manufacturing, advanced display technologies such as compound semiconductors (SiC/GaN) and AMOLED/LTPS continue to grow steadily. As a result, the global market value of specialty chemicals is expected to maintain stable growth.

Looking ahead, the Company will continue investing in the research and development of next-generation chemicals, deepen strategic partnerships with leading global semiconductor companies, and strive to become a world-leading supplier of electronic chemicals and circular economy solutions.

(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.

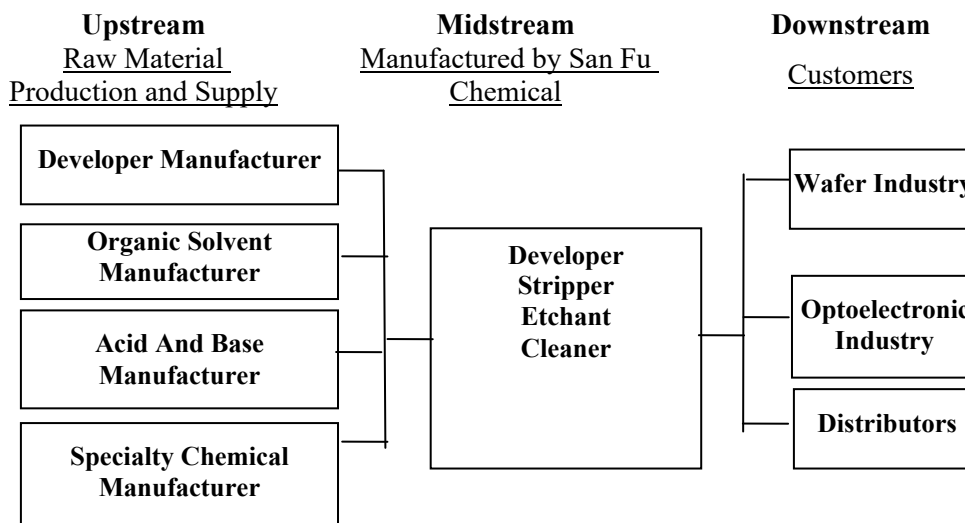
Cyclohexylamine (CHA) is a specialty chemical used in the production of sodium cyclamate. Sodium cyclamate is a type of artificial sweetener that provides the same sweetness as sugar but does not contain compounds with the same caloric value. It is 30 to 8000 times sweeter than sugar. As a result, products 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.

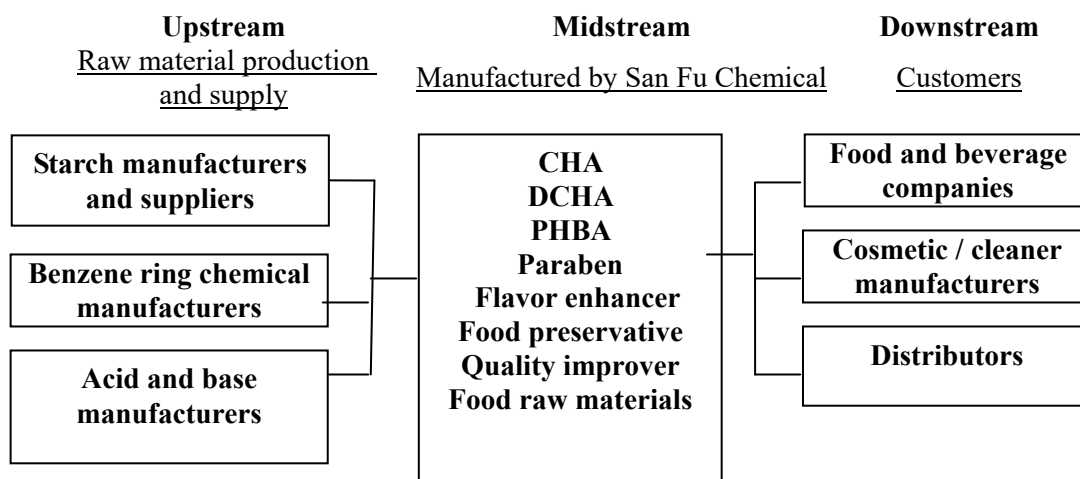
2. Industry Upstream, Midstream and Downstream Relationship

(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

A. Development Trends

The Company's products are primarily applied in the semiconductor, TFT-LCD high-end display, green energy component (including third-generation semiconductors and solar energy), and food chemical industries, providing indispensable specialty chemicals and recycling services for manufacturing processes. As the industry transitions from 2025 into 2026, the Company leverages its dual strengths in "precision purification" and "green circular economy" to actively collaborate with leading global manufacturers on process development. The following outlines future trends in the Company's major downstream application industries:

(A) TFT-LCD industry

In 2025, the panel industry continued its strategies of "capacity discipline" and "asset-light operations." Major Taiwanese panel manufacturers actively divested lower-generation or lower-efficiency production lines (such as Innolux's Fab 4 and Fab 5 in Southern Taiwan Science Park, as well as older facilities of AUO and CPT) to make room for semiconductor supply chain development. Looking ahead to 2026, the impact and outlook for the Company are as follows:

•Transformation of Former Panel Facilities into Semiconductor Clusters:

As major semiconductor companies (such as TSMC, Micron, and leading packaging and testing companies) establish operations in former panel plant sites, these areas are being transformed into clusters for advanced process technologies and packaging. Leveraging its existing geographic advantages and pipeline infrastructure, the Company can rapidly meet customer demand shifting from panel-grade to semiconductor-grade high-purity chemicals, thereby achieving a higher-value transformation of its product portfolio.

•Commercial Expansion of Fan-Out Panel-Level Packaging (FOPLP):

Panel manufacturers are retrofitting retained Gen 3.5 to Gen 6 production lines to enter the Fan-Out Panel-Level Packaging (FOPLP) market required for AI chips. Drawing upon its expertise in semiconductor packaging chemicals, the Company aims to jointly develop electronic-grade developers, etchants, stripping solutions, and recycling services for large-area substrates, thereby supporting customers' transformation and future growth.

•Niche Display Technologies:

As AI PCs and high-end automotive displays become increasingly widespread, demand for high-angle etching technologies and thick-film processes continues to rise. The Company

continues to provide stable, high-purity specialty chemicals to ensure customers maintain high production yields despite streamlined capacity.

(B) Semiconductor industry

In 2025, Taiwan's semiconductor industry output firmly surpassed NT\$6 trillion. Looking ahead to 2026, industry momentum will focus on the full-scale implementation of advanced technologies:

•Mass Production at the 2-Nanometer (N2) Node:

As customers continue advancing their process technologies, 2026 represents a critical milestone for San Fu's advanced process business. The Company's high-purity chemicals have already begun supporting leading customers in sub-10-nanometer front-end semiconductor processes, meeting stringent clean-process requirements.

•Doubling of Advanced Packaging Capacity:

To address surging AI computing demand, customers continue expanding CoWoS and SoIC production capacity. The Company expects substantial growth in shipments of advanced packaging chemicals as customers' new production capacities come online.

Industry research estimates that Taiwan's semiconductor industry output could challenge NT\$7 trillion in 2026. The Company will continue strengthening its "electronic-grade chemical recycling services" to help customers achieve Scope 3 carbon reduction targets while expanding production capacity, thereby building a resilient and sustainable green supply chain with long-term competitive advantages.

(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	2025	2024	Jan – Mar 2026
R&D Expenditures	143,908	86,710	28,930
Operating Revenue	4,836,222	5,324,424	1,140,680
R&D Expenditures As A Percentage of Revenues	2.98%	1.63%	2.54%

2. Successfully Developed Technologies or Products in Recent Years:

Year	R&D Accomplishments
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.
2025	<ol style="list-style-type: none"> 1. Developing Solution Concentrate Composition and Lithography Process 2. Synthesis Method and Structural Characterization of Novel Eco-friendly Fluorinated Surfactants 3. Development of Phosphate-free Silicon Etchant Formulation for SOIC (Small Outline Integrated Circuit) Packaging Process Completed

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	2025		2024	
	Net Sales	Percentage of Net Sales	Net Sales	Percentage of Net Sales
Asia	4,791,462	99.07%	5,214,576	97.94%
America	44,760	0.93%	109,848	2.06%
Total	4,836,222	100%	5,324,424	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 2025, despite the downturn in the panel market, San Fu Chemical's dedicated efforts in the semiconductor sector have fortunately begun to yield results. This shift has prompted the company to re-examine the transformations necessary to adapt to market changes. The market is now driven by high purity, ESG, low carbon emissions, low toxicity, environmental friendliness, and recycling. "Circular Economy" has become a critical global development model and serves as a key strategic direction for San Fu Chemical Co., Ltd. In 2025, in addition to the development of semiconductor-grade TMAH, the Company also launched cross-company EBR recycling initiatives for promotion and validation with semiconductor clients, actively applying the achievements of waste liquid recovery and reuse to 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 over 20 years of experience in the global optoelectronics supply chain, our company offers the fastest channel to collaboratively develop necessary chemicals for clients undergoing transformation. Furthermore, the clients served by panel manufacturers are exactly the semiconductor customers that San Fu Chemical Co. Ltd. has been actively engaging in recent years. Located in the southern region, we possess a relative geographical supply advantage and a proven track record in supplying corresponding products. Although the supply volume for panel manufacturers has decreased, this also serves as a favorable factor for increasing the supply volume for the semiconductor sector.

Benefiting from our in-house R&D team's refinement and long-term strategic management, we have recently added several next-generation chemical applications to our panel product portfolio to meet customer demands amidst transformation. Concurrently, with the rapid growth in applications such as advanced process foundries, ASIC, IP, AI consumer ICs, 5G, HPC, and heterogeneous integration in packaging and testing, our advanced packaging and front-end wet process chemicals are experiencing stable deliveries and continuously improving quality. We are well-positioned to benefit from the future expansion of customer production capacity and factories.

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. It also attracts other recycling companies in Taiwan to collaborate and offer more comprehensive chemical recycling solutions at the client side.

4.2.2 Fields of Application of Major Products and Production Processes:

1. Primary Uses of Major Products:

(1) Fine chemicals

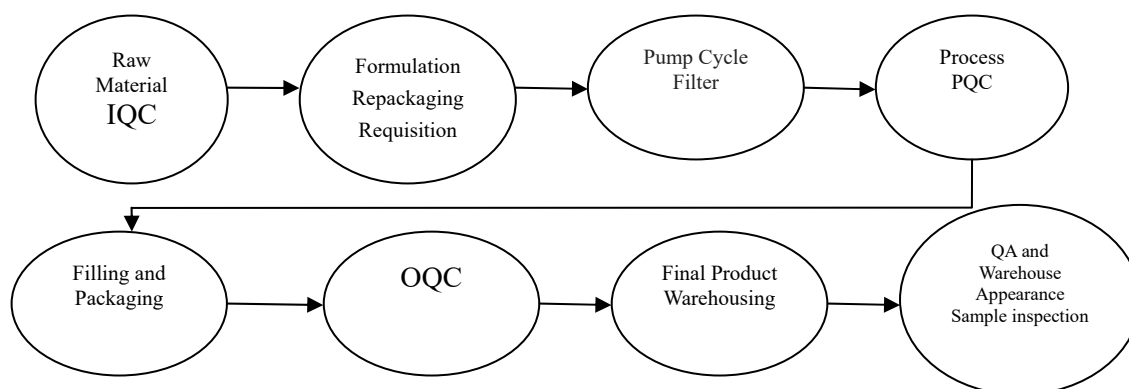
- A. Developer: Base developing solution is used to neutralize and strip away the organic acid formed after exposure of the photo resist (PR) in the semiconductor or panel process leaving the unreacted PR behind.
- B. Etchant: Acidic etchant is used to etch away the metal not protected by PR in the semiconductor 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:

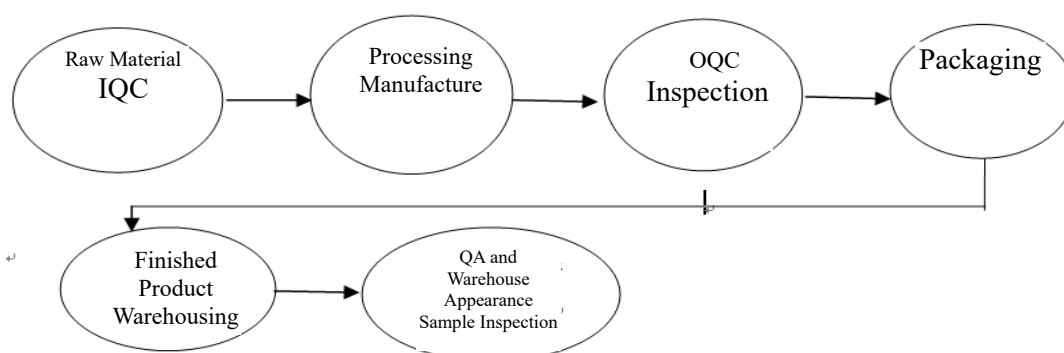
- A. Food additives: Necessary for food manufacturing and processing
- B. Paraben, sorbitol: Personal care products and cosmetics.
- C. Food raw materials: Used in the production process for processed foods.

2. Production Process of Major Products:

(1) Fine Chemicals



(2) Basic Chemicals



4.2.3 Major Raw Material Supplier

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	MEA	Oriental Union Corp.	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

Item	2025				2024				2026 Q1			
	Name	Amount	%	Relationship to Issuer	Name	Amount	%	Relationship to Issuer	Name	Amount	%	Relationship to Issuer
1	Company A	1,073,990	22.21	None	Company A	1,201,391	22.56	None	Company A	214,317	18.79	None
2	Company B	538,283	11.13	None	Company B	545,262	10.24	None	Company B	164,120	14.39	None
3	Company C	485,896	10.05	None		-	-			-	-	None
4	Other	2,738,053	56.61		Other	3,577,771	67.20		Other	762,243	66.82	
-	Net sale amount	4,836,222	100.00		Net sale amount	5,324,424	100.00		Net sale amount	1,140,680	100.00	

There are no significant changes in our major customers for sales in 2025 compared to 2024.

2. Major suppliers

Unit: NT\$ Thousands

Item	2025				2024				2026 Q1			
	Name	Amount	%	Relationship to Issuer	Name	Amount	%	Relationship to Issuer	Name	Amount	%	Relationship to Issuer
1	Other	2,454,387	100.00	-	Other	2,983,817	100.00	-	Other	512,061	100.00	
	Purchase	2,454,387	100.00	-	Purchase	2,983,817	100.00	-	Purchase	512,061	100.00	None

4.3 Information Regarding Employees in The Past Two Years

As of May 05, 2026

Item	Year	2025	2024	As of May 05, 2026
	Number of Employees	Management	52	53
Support staff		333	331	336
Total		385	384	388
Average Age		4	43	42.8
Average Years of Service		10.68	10.28	10.76
Education	Doctorate	0.52%	0.53%	0.52%
	Masters	20.78%	19.27%	21.09%
	University	58.76%	59.11%	58.76%
	High School (Vocational)	18.70%	20.31%	18.49%
	Below high school (vocational)	0.78%	0.78%	0.78%

4.4 Environmental Protection Expenditures

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

Item \ Year	2025	2024	As of May 05, 2026
Date	(Note 1)	(Note 1)	-
Penalty Ref. No.	(Note 1)	(Note 1)	-
Provision of Violation of Regulations	(Note 1)	(Note 1)	
Contents of Violation of Regulations	(Note 1)		
Penalty Amount	NTD 237,000	NTD5,007,000	-

(Note 1) Explanation of Violation of Regulations:

05.06.2024	<p>According to the letter (Ref. No. EPWater-1130040078) issued by the Environmental Protection Bureau of Tainan City Government on February 2, 2025 (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.</p>
07.08.2024	<p>According to the letter (Ref. No. EPWater-113070130) issued by the Environmental Management Administration (EMA), Ministry of Environment on May 16, 2025, during an inspection conducted by inspectors from the EMA of the Ministry of Environment, the following deficiencies were discovered:</p> <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	<p>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, 2025, with a deadline for improvement by May 25, 2025, the Environmental Protection Bureau sent inspectors for a follow-up inspection on May 24, 2025. 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.</p>

08.07.2024	According to the letter (Ref. No. EPWaste-113073127) issued by the Environmental Management Administration (EMA), Ministry of Environment on May 16, 2025, 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, 2025, during an inspection conducted by inspectors dispatched by the Environmental Protection Bureau, the following deficiencies were discovered: 1.The amount of chemicals listed on the wastewater discharge permit, including phosphate, urea, and ferric chloride, used from January to June 2025, 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.
05.07.2025	Water Pollution Violation According to the letter (Ref. No. EPWater-114050106) issued by the Environmental Protection Bureau of Tainan City Government, on May 7, 2025; Incident Description: During an inspection conducted on March 1, 2025, a water sample was taken from the discharge outlet of the Shanhua Plant. Inspection Results: The detected value for Suspended Solids (SS) was 33.7 mg/L, exceeding the regulatory limit of 30 mg/L. Violation: Non-compliance with the effluent standards set for the chemical industry.
05.24.2025	Waste Management Violation According to the letter (Ref. No. EPWaste-114051915) issued by the Environmental Management Administration (EMA), Ministry of Environment, a waste clearance vehicle from the Shanhua Plant was identified on January 24, 2025at the Northbound exit of the Shanhua Interchange on National Highway No. 3. Violation: The real-time GPS monitoring system of the Resource Circulation Administration (Ministry of Environment) detected that this regulated waste clearance vehicle failed to provide a tracking signal (no trajectory data).

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 Company is fully committed to promoting and implementing various employee welfare programs. The major employee welfare measures currently provided include:

Two-day weekends, competitive compensation packages, employee education and training, employee health examinations, employee suggestion awards, advance annual leave borrowing system, childcare subsidies, birthday bonuses, childbirth subsidies, marriage and funeral assistance, hospitalization 慰問金 (condolence allowances), club activity subsidies, children's education subsidies, holiday bonuses, outdoor activity subsidies, and employee travel programs.

San Fu Chemical upholds the philosophy that “employees are the Company’s most valuable asset” and continues to promote systematic health management and health promotion initiatives. The Company strengthens employee health risk prevention and self-management capabilities to create a safe, healthy, and sustainable workplace environment.

Comprehensive Health Management System

The Company conducts annual health examinations for all employees. Resident physicians and on-site nurses jointly carry out health risk assessments and follow-up management. A graded abnormality management system has been established for common health examination indicators, including body weight, blood pressure, total cholesterol, blood glucose, triglycerides, LDL cholesterol, and chest X-rays. Individualized health education and consultation services are also provided.

Through regular health interviews and data analysis, the Company monitors employee health risk trends, strengthens chronic disease prevention and early intervention management, and enhances the overall effectiveness of health management.

Health literacy Enhancement And Risk Improvement Initiatives

To address common gaps in employee health management awareness- such as insufficient understanding of disease prevention, concerns regarding chronic disease medication, and inadequate awareness of complication risks- the Company organizes health education training and awareness campaigns. These initiatives help employees establish correct medical knowledge and self-management capabilities while strengthening health risk awareness and encouraging behavioral improvements.

Promotion of a Healthy Workplace

(1) Exercise Promotion and Development of a Health-Oriented Culture

To encourage employees to develop regular exercise habits and healthy lifestyles, the Employee Welfare Committee has established various sports clubs and provides activity subsidies. These programs support employee participation in sports activities, enhance team interaction and cohesion, and foster a positive and healthy workplace culture.

(2) Self-Management and Health Data Tracking Mechanisms

The health center is equipped with self-monitoring devices such as blood pressure monitors and body composition analyzers to strengthen employees' daily health management capabilities. On-site nurses provide individualized follow-up care and guidance based on measurement data, thereby establishing a continuous health improvement cycle.

(3) Preventive Medicine and Cancer Screening Programs

In addition to annual health examinations, the Company also provides cancer screening programs and enhanced examination plans for specific high-risk groups. These measures help employees detect potential health risks at an early stage and reflect the Company's commitment to preventive medicine.

(4) External Certification and Recognition

The Company has obtained certification for passing the self-assessment of the Healthy Workplace Promotion Program, demonstrating that its health management systems and implementation results have received external professional recognition. The Company will continue improving related measures to further enhance workplace health maturity.

During the current year, participation in health promotion activities reached 100%, while the follow-up rate for abnormal health examination findings exceeded 98%. These results demonstrate the effectiveness of the Company's health management system and continue to provide a strong foundation for employee well-being and the Company's sustainable development.

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 2025, the average time each person spent on education and training was 20.72 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 2025 are summarized in the following table:

Description		Male	Female	Total
Management	Actual number of people during reporting period	42	10	52
	Hours of training received during the reporting period (practical course)	727	121	848
	Hours of training received during the reporting period (on-line course)	601.57	147.37	748.94
	Average hours of training received during the reporting period	31.63	26.84	30.71
Non-management	Actual number of people during reporting period (practical course)	276	57	333
	Hours of training received during the reporting period (on-line course)	2406.51	309.5	2716.01
	Hours of training received during reporting period (on-line course)	2847.5	816.53	3664.03
	Average hours of training received during the reporting period	19.04	19.75	19.16
Total	Attendance	318	67	385
	Hrs.	6582.58	1394.4	7976.98
Total number of employees at the end of the reporting period	Attendance	318	67	385
Average hours of training received by each employee	Hrs.	20.70	20.81	20.72

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 2025, the effectiveness of e-learning platform can be divided into three parts:

- (1) Online new employee training: a total of 23 sessions, that is, to save the time cost of internal lecturer face-to-face teaching, a total of 184 hours.
- (2) Online face-to-face courses: there are 27 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) Employee Health Promotion Training Materials: A total of 8 courses covering health knowledge and prevention methods, including: Chemical Splash Prevention, Disease Awareness, Ergonomics, Heat Injury and Prevention, Starting from the Heart: An Introduction to Mental Health, Measles, Plantar Fasciitis, and Fatty Liver, 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, the Company 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.

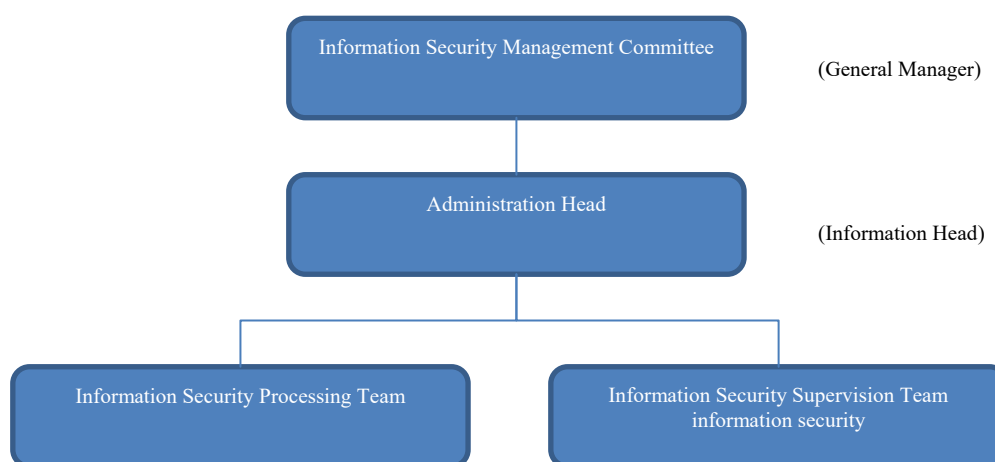
1. Employee rights and interests: The Company holds regular labor-management meetings, and encourages employees’ feedbacks and communications for mutual benefits. There is also a workers' welfare committee that actively handles various employee benefits programs, providing a comprehensive range of welfare 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. Explanation for the Absence of Concluding of a Collective Agreement:
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.	04.01.2012~03.31.2032	Lease the Land for Liuying 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	2025	2024	Difference	
		Amount	Amount	Amount	%
Current assets		3,215,912	2,917,179	298,733	10.24%
Financial assets carried at cost, available for sale financial assets and investments accounted for using the equity method		1,580,892	627,154	953,738	152.07%
Property, Plant and Equipment		3,269,216	3,391,968	-122,752	-3.62%
Right-of-use Assets		244,376	260,584	-16,208	-6.22%
Other intangible Assets		106,420	121,004	-14,584	-12.05%
Other Assets		52,692	83,850	-31,158	-37.16%
Total Assets		8,469,508	7,401,739	1,067,769	14.43%
Current Liabilities		2,674,468	2,621,509	52,959	2.02%
Non-current Liabilities		410,218	216,483	193,735	89.49%
Total Liabilities		3,084,686	2,837,992	246,694	8.69%
Capital Stock		1,007,060	1,007,060	0	0.00%
Capital Surplus		269,376	418,027	-148,651	-35.56%
Retained Earnings		3,302,676	3,131,162	171,514	5.48%
Others		685,086	-37,489	722,575	1,927.43%
Non-control Equity		120,624	44,987	75,637	168.13%
Total Shareholder Equity		5,384,822	4,563,747	821,075	17.99%

Explanations for major changes:

1. The increase in financial assets was primarily due to the revaluation of the investment in Hubei Xingfu Electronic Materials Co., Ltd. following its listing on the stock exchange this year.
2. The decrease in other intangible assets was attributable to the annual amortization of patent rights.
3. The decrease in other assets was mainly due to the reclassification of prepayments for equipment (related to the Vietnam materials plant) from the previous year to fixed assets this year.
4. The increase in non-current liabilities was due to the recognition of deferred tax liabilities estimated from the planned disposal of shares held by Hubei Xingfu Electronic Materials Co., Ltd. this year.
5. The decrease in capital surplus was primarily caused by a reduction of NT\$151 million in dividend distributions from the capital surplus.
6. Changes in other equity were mainly driven by the revaluation of shares held in Hubei Xingfu Electronic Materials Co., Ltd.
7. The increase in non-controlling interests was primarily due to the cash capital increase by the subsidiary, Bio Phoenix Co., Ltd.

5.2 Financial Performance

5.2.1 Comparative Analysis of Financial Performance

Unit: NT\$ Thousands

Item \ Year	2025	2024	Difference	Percentage of Difference (%)
Total Revenue	4,836,222	5,324,424	-488,202	-9.17%
Less: Cost of Revenue	3,785,473	4,313,355	-527,882	-12.24%
Gross Profit	1,050,749	1,011,069	39,680	3.92%
Income From Operations	498,710	508,156	-9,446	-1.86%
Non-Operating Income and Expenses	-12,333	59,194	-71,527	-120.83%
Income Before Tax	486,377	567,350	-80,973	-14.27%
Less: Income Tax Expenses	-124,176	-157,732	33,556	21.27%
Net Income	362,201	409,618	-47,417	-11.58%
Other Comprehensive Income	722,045	39,497	682,548	1,728%
Total Comprehensive Income for The Year	1,084,246	449,115	635,131	141.42%

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

1. The increase in non-operating income was due to an decrease of 78 million in exchange gains, an decrease of 3 million in financial costs, and a increase of 15 million in other income compared with the same period last year.
2. The decrease in income tax expenses was due to an increase in investment losses.
3. Other comprehensive income increased by 682 million, mainly due to Unrealized gain on investments in equity instruments at fair value through other comprehensive income (FVTOCI- Hubei Xingfu Electronic Material Co., Ltd.)

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
520,648	930,831	(332,696)	(182,969)	(5,132)	930,682

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 in this year, resulting in cash outflows.
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
930,682	768,626	(691,310)	(352,471)	655,527	-	-

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, 2025 Unit: NT\$ Thousands

Item	Description	2025 Profit or (Loss) of Invested Company	Share-Holding (%)	Major Reason for Profit Or Loss	Improve-ment Plan	Other Future Investment Plans
	San Fu Specialty Chemicals investments Limited (SAMOA)	16,171	100.00	The company's profitability remains stable.	-	None
	VinaSan Fu industrial Gas Company Limited	(32,119)	100.00	The company's profitability remains stable.	-	None
	VinaSan Fu Material Company Limited	(51,898)	100.00	The company's profitability remains stable.	-	None
	San Fu Biotech Co., Ltd.	26,243	100.00	The company's profitability remains stable.	-	None
	San Fu BioPhoenix Co., Ltd.	(95,356)	89.59	The company's profitability remains stable.	-	None
	International Nitto Technology Co., Ltd.	(47,078)	100.00	The company's profitability remains stable.	-	None
	Hong Cherng Enterprise Co., Ltd.	3,266	50.00	The company's profitability remains stable.	-	None
	Li Fu Carbonic Acid Co., Ltd.	(3,449)	87.00	The company's profitability remains stable.	-	None
	Shian Yun Joint Stock Company	4,883	33.33	The company's profitability remains stable.	-	None
	Shanghai San Fu Ming Electronic Materials Co., Ltd	24,610	50.00	The company's profitability remains stable.	-	None

Item	Description	2025 Profit or (Loss) of Invested Company	Share-Holding (%)	Major Reason for Profit Or Loss	Improve-ment Plan	Other Future Investment Plans
	Sino Star Holding Limited	(2)	100.00	The company's profitability remains stable.	-	None
	VinaSan Fu Materials Trading Co., Ltd.	(9,142)	100.00	The company's profitability remains stable.	-	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 Impact of Interest Rate, Exchange Rate Fluctuations, and Inflation on Company Profit and Loss, and Future Countermeasures

1. Impact of Interest Rate on Company Profit and Loss, and Future Countermeasures:

(1) Effect on profit or loss

The Company's interest income in 2025 and 2024 was NT\$14,502,000 and NT\$10,882,000 respectively, accounting for 2.98 and 1.92% of the net profit before tax in that year, and the net interest expense in 2025 and 2024 was NT\$43,859,000 and NT\$37,232,000 respectively, accounting for 9.02% and 6.56% respectively 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's 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 2025 and 2024 was NT\$38,824,000 of exchange loss and NT\$39,006,000 of exchange gains, accounting for 7.98% and 6.88% 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\$1,670,000,000. The amount used so far is NT\$629,742,000, and the balance is NT\$1,040,258,000.
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\$530,000,000 has been used, and the balance is NT\$570,000,000.
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 2026 is about NT\$61,200,000. 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 formula research at the semiconductor level.	The IC-grade mass production facility has been completed, and its quality performance meets expectations. Formulation adjustments are being made according to customer requirements, and customer validation is currently underway.	16,000	End of 2027	Purified resin and equipment stability
Development of conductive polymers to reduce internal resistance of solid-state batteries	Optimization of polymer doping conditions to stabilize conductivity.	4,200	End of 2027	Compatibility of gel polymer electrolyte with positive and negative electrode materials and establishment of testing methods.
Development of a new low-energy-consumption carbon dioxide adsorbent.	Synthesis of tertiary amines.	9,000	End of 2026	Synergistic effects of mixed amines to identify optimal formulations.
Synthesis and development of new environmentally friendly fluorinated surfactants	Molecular structure design and synthesis conditions established	10,000	End of 2026	Characterization of the properties of this reagent and evaluation of its performance through application testing.
Development of phosphorus-free etching solution for SOIC packaging process	Preliminary formula has already been established	10,000	End of 2027	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, driven by the rapid growth of Taiwan's IC industry and surging demand for AI computing, the focus of the semiconductor industry has shifted from simple wafer scaling toward advanced packaging technologies such as SoIC and CoWoS. Major manufacturers are actively expanding capacity and, in pursuit of time-to-market advantages, have also engaged in acquisitions of panel manufacturing assets. These advanced processes are highly dependent on specialty chemicals, requiring a supply chain that is "localized and proximity-based" to meet extremely short lead times and rapid R&D feedback cycles. As a result, demand for specialty chemicals is growing in multiples alongside capacity expansion.

The Company currently plans to address semiconductor customers' demand over the next three years through capacity expansion at the Lioujia Industrial Park plant. In consideration of future developments in WMCM/CoPoS and related technologies, the Company also intends to invest in a new semiconductor specialty chemical blending facility at the Kaohsiung Qiaotou Science Park, with an annual capacity of ten-thousand-ton scale. Through a dedicated, automated production line, the facility aims to effectively reduce unit production costs and improve yield rates for high-purity specialty chemical formulations, thereby strengthening the Company's price competitiveness and delivery advantages against global specialty chemical leaders.

In response to structural changes in Taiwan's industrial landscape, the Qiaotou new plant will focus exclusively on semiconductor specialty chemicals, driving optimization of the Company's product portfolio. This strategy is not only aimed at revenue expansion, but also at shifting profit contribution from the more volatile display panel sector toward the higher-margin and more stable semiconductor specialty chemicals segment, thereby enhancing the Company's valuation and earnings quality.

On the other hand, the Company recognizes that the development, scale-up, and qualification processes for semiconductor specialty chemicals are highly stringent. If customer adoption after the commissioning of the

new plant progresses more slowly than expected, the initial stage may result in higher depreciation expenses, potentially exerting short-term pressure on profitability. However, the investment in the new plant represents a critical step in strengthening San Fu Chemical's "semiconductor DNA." The Company does not pursue scale for its own sake, but instead focuses on achieving excellence and specialization in this niche market. Although challenges such as depreciation and competition exist, this strategic deployment is an essential step in transforming from a traditional specialty chemical manufacturer into a high-end semiconductor materials supplier.

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 2025 and as of the publication date.

5.6.13 Other Important Risks:

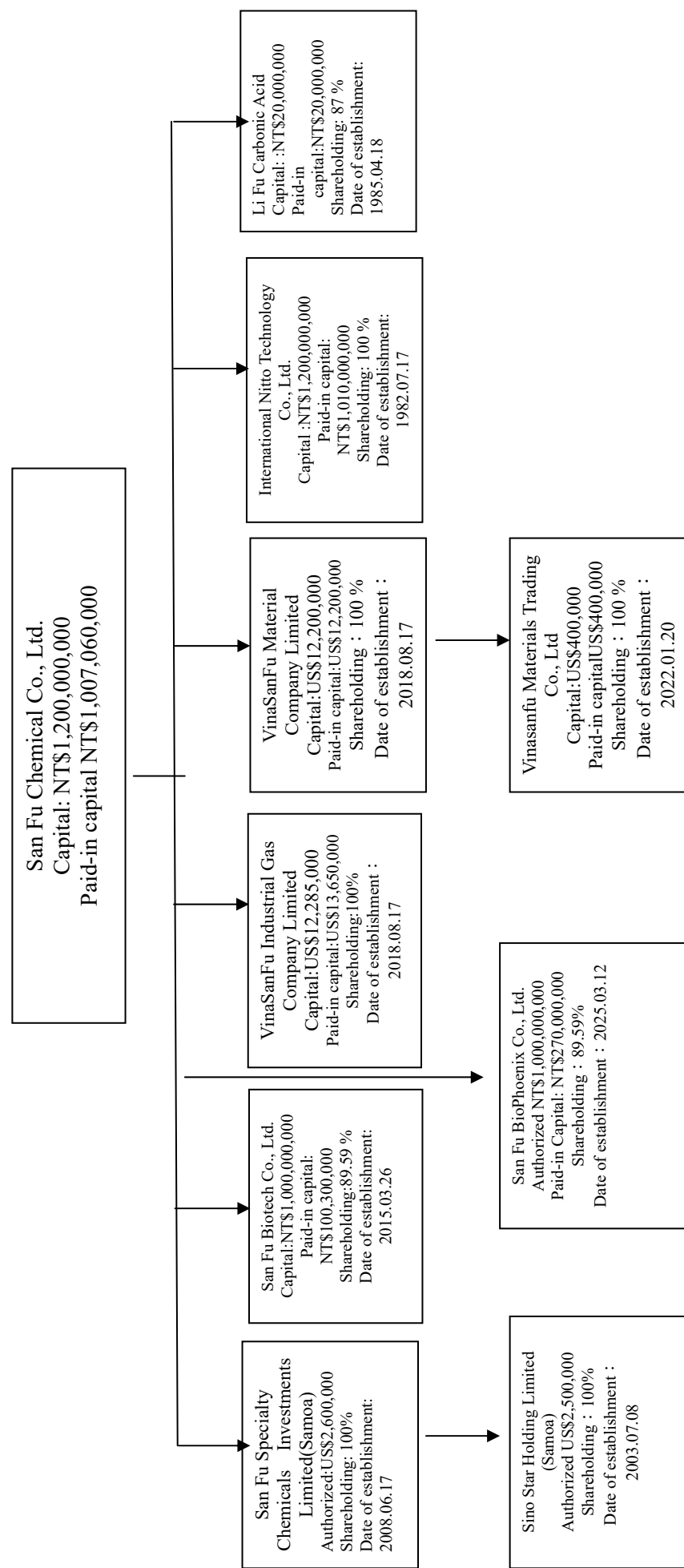
In the most recent year and up to the date of publication of the annual report, there were no major information and communications security incidents that caused the Company to suffer losses or affected its goodwill.

5.7 Other Significant Events: None

6. Special Disclosures

6.1 Information Regarding Affiliated Companies

6.1.1 Affiliated Company Organization Chart



Main Reasons for Profits or Losses of Investee Companies and Improvement Plans

Unit: NT\$ in Thousands/ December 31, 2025

Item	Description	Profits or Losses of Investee Companies in 2025	Shareholding percentage (%)	Main Reasons for Profits or Losses	Improvement Plans	Future Investment Plan
	San Fu Specialty Chemicals investments Limited (SAMOA)	16,171	100.00	The company's profitability remains stable	—	None
	VinaSan Fu industrial Gas Company Limited	(32,119)	100.00	The company's profitability remains stable	—	None
	VinaSan Fu Material Company Limited	(51,898)	100.00	The company's profitability remains stable	—	None
	San Fu Biotech Co., Ltd.	26,243	100.00	The company's profitability remains stable	—	None
	San Fu BioPhoenix Co., Ltd .	(95,356)	89.59	The company's profitability remains stable	—	None
	International Nitto Technology Co., Ltd.	(47,706)	100.00	The company's profitability remains stable	—	None
	Hong Cherng Enterprise Co., Ltd.	3,266	50.00	The company's profitability remains stable	—	None
	Li Fu Carbonic Acid Co., Ltd.	(3,449)	87.00	The company's profitability remains stable	—	None
	Shian Yun Joint Stock Company	4,883	33.33	The company's profitability remains stable	—	None
	Shanghai San Fu Ming Electronic Materials Co., Ltd	24,610	50.00	The company's profitability remains stable	—	None
	Sino Star Holding Limited	(2)	100.00	-	—	None
	VinaSan Fu Materials Trading Co., Ltd	(9,142)	100.00	The company's profitability remains stable	—	None

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 investments Limited	2008	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, SAMOA	USD	2,350,840	General investment	100%	31.43
Sino Star Holding Limited	2008	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, SAMOA	USD	1,867,838	General investment	100%	31.43
San Fu Biotech Co., Ltd.	2015	7F, No. 21 Zhongshan N. Rd. Sec. 2, Taipei City	NTD	10,300,000	Manufacturing and sales of food additives	100%	1
San Fu BioPhoenix Co., Ltd.	2025	7F, No. 21 Zhongshan N. Rd. Sec. 2, Taipei City	USD	270,000,000	Research and development of new medicines	89.59%	1
VinaSan Fu Industrial Gas Co., Ltd.	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%	0.001175
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%	0.001175
International Nitto Technology Co., Ltd.	2002	No. 26 Huandong Rd. Sec. 2 Sanhua District, Tainan City Southern Taiwan Science Park	NTD	1,010,000,000	Recycle and re-manufacturing of TMAH	100%	1
Li Fu Carbonic Acid Corp..	1985	No. 447, Zhonghua Rd, 16th Neighborhood, Luzhu, Toufen City, Miaoli County	NTD	20,000,000	Manufacturing of carbon dioxide gas and dry ice	87%	1

Note 1: All affiliated companies regardless of their size should be 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 Biotech 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, General Managers 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-Hong	2,350,840	100%
Sino Star Holding Limited	Director	San Fu Specialty Chemicals investments Limited Representative – Wu, Hsin-Hong	1,867,838	100%
San Fu Biotech Co., Ltd.	Director	San Fu Chemical Co., Ltd. Representative – Wu, Hsin-Hong	1,030,000	100%
San Fu BioPhoenix Co., Ltd	Director	San Fu Chemical Co., Ltd. Representative – Chang, I-Tsung	24,188,998	89.59%
VinaSan Fu industrial Gas Company Limited	General Manager	San Fu Chemical Co., Ltd. Representative – Chen, Chun-Fu	– (Note)	100%
VinaSan Fu Material Company Limited	General Manager	San Fu Chemical Co., Ltd. Representative – Chen, Chun-Fu	– (Note)	100%
International Nitto Technology Co., Ltd.	Director	San Fu Chemical Co., Ltd. Representative- Tsai Jie-Rong	101,000,000	100%
Li Fu Carbonic Acids Corp.	Director	San Fu Chemical Co., Ltd. Representative – Wu, Hsin-Hong	1,740	87%

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.	San Fu BioPhenix 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 Material Company Limited
Currency	USD	USD	NTD	NTD	VND	VND	NTD	NTD	VND
Paid-up Capital	2,350,840	1,867,838	10,300,000	270,000,000	317,573,525,000	283,445,300,000	1,010,000,000	20,000,000	9,309,600,000
Total Assets	45,421,720	33,424,872	369,420,740	290,077,771	394,298,555,399	258,037,857,832	1,669,000,069	17,497,514	46,802,442,292
Total Liabilities	-	-	298,158,698	38,339,172	221,761,929,494	105,289,137,789	697,338,681	7,310,804	33,657,486,871
Net value	45,421,720	33,424,872	71,262,042	251,738,599	172,536,625,905	152,748,720,043	971,661,388	10,186,710	13,144,955,421
Operating Revenue	-	-	387,876,483	-	138,404,301,055	21,926,161,851	259,305,045	28,575	16,927,230,610
Net Income	-	(288)	33,001,629	(97,428,743)	(16,788,231,792)	(32,166,599,698)	(36,273,331)	(3,397,662)	(6,974,239,203)
Profit & Loss Current Period (After Tax)	518,624	(52)	26,243,090	(95,356,408)	(27,104,334,232)	(36,080,683,284)	(47,705,645)	(3,448,571)	(7,714,799,701)
Earnings per Share	0.22	0.00	25.47	(3.53)	— (Note 1)	— (Note 1)	(0.47)	(1,724.29)	— (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 2025 (January 1, 2025 to December 31, 2025) 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



May 05, 2026

