Stock Code：1307

Handbook for the 2026 Annual General Shareholders' Meeting

SAN FANG CHEMICAL INDUSTRY CO., LTD.

Notice to readers

This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Held by Means: Physical Shareholders' Meeting.

Date: June 9, 2026

Location: No. 33, Sihwei 3rd Road Kaohsiung City, Taiwan

Table of Contents

San Fang Chemical Industry Co., Ltd.

2026 Annual General Shareholders' Meeting Procedure

1. Call the Meeting to Order

2. Chairperson's Remarks

3. Report Items

4. Ratification Items

5. Discussion Items

6. Extraordinary Motions

7. Adjournment

San Fang Chemical Industry Co., Ltd.
Agenda for 2026 General Shareholders' Meeting

Meeting Method: Physical Shareholders' Meeting

Time: 9:00 AM, June 9, 2026

Venue: Kaohsiung Han-Hsien International Hotel (No. 33, Siwei 3rd Rd., Lingya Dist., Kaohsiung City, Taiwan)

1. Report Items：

(1) 2025 Business position

(2) Audit Committee's review report on the 2025 financial statements.

(3) Distribution of 2025 remuneration to employees and directors.

(4) Distribution of 2025 cash dividends.

(5) Distribution of 2025 directors' remuneration.

2. Ratification Items：

(1) 2025 Business Report and Financial Statements

(2) 2025 earnings distribution proposal.

3. Discussion Items：

(1) Amendment to the Articles of Incorporation of this Company

(2) Amendment to the "Regulations Governing the Acquisition and Disposal of Assets" of the Company and its subsidiaries.

4. Extraordinary Motion

5. Adjournment

1. Report Items

Report I

Proposal：2025 Business position

Explanations：Business Report is attached (please refer to p.10-12 of this handbook).

Report II

Proposal：Audit Committee’s review report on the 2025 financial statements.

Explanations：Attached is the Audit Committee’s Review Report (please refer to page 34 of this handbook).

Report III

Proposal：Distribution of 2025 remuneration to employees and directors.

Explanations：

(1) Processed in accordance with Article 235-1 of the Company Act and Article 24 of the Company’s Articles of Incorporation.

(2) The Company’s profit before tax for 2025 was NT$1,371,647,543. In accordance with Article 24 of the Company’s Articles of Incorporation and taking into account industry standards and employee welfare, the proposed appropriation for 2025 is 3.00% as employees’ remuneration, amounting to NT$43,010,000 (of which NT$31,884,612 is remuneration to non-executive employees), and 1.33% as directors’ remuneration, amounting to NT$19,000,000, both to be paid in the form of cash.

(3) The proposal has been approved by the 8th meeting of the 6th Remuneration Committee and is submitted to the Board of Directors for approval.

(4) Following approval by the Board of Directors, this proposal was submitted for consideration at the Shareholders’ Meeting.

Report IV

Proposal：Distribution of 2025 cash dividends.

Explanations：(1) In accordance with Paragraph 5, Article 240 of the Company Act and Article 24-1 of the Company's Articles of Incorporation, the Board of Directors of the Company approved the distribution of cash dividends of NTD 875,199,878 at NTD 2.2 per share. The cash dividends will be calculated to the nearest NTD. The remainder will be transferred into the account of other revenue of the company.

(2) If the number of shares to be distributed by the Company subsequently changes and the dividend payout ratio changes, the Chairman is authorized to have full authority to handle such matters.

(3) The Chairman is authorized to determine the dividend distribution date, and dividends shall be distributed according to the shareholders registered on the shareholder registry on that day and their shareholding ratios. The total amount of cash dividends distributed to each shareholder is rounded down to the nearest NTD.

Report V

Proposal：Report on the 2025 Directors' Remuneration, submitted for your review.

Explanations：(1) Pursuant to the Company's remuneration policy for directors as set forth in the Articles of Incorporation, directors' remuneration shall be determined and paid by the Board of Directors with reference to the evaluation of the Remuneration Committee and the prevailing standards in the industry; where there are annual profits, no more than 3% shall be appropriated as directors' remuneration.

(2) For details of the directors' remuneration for 2025, please refer to Attachment 4 (please refer to page 35 of this Handbook).

2. Ratification Items：

Ratification Proposal I

Submitted by the board of directors

Proposal：2025 Business Report and Financial Statements for ratification.

Explanations：The Company's 2025 Business Report and the 2025 financial statements (including the consolidated and parent company only balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows), audited and certified by CPA Wang, Teng-Wei and CPA Liu, Yu-Hsiang of Deloitte & Touche, are hereby presented. Please refer to the Business and Financial Reports under the "Reports" section (pages 10 to 32 of this handbook). All of the foregoing have been reviewed and approved by the Company's Audit Committee, with the relevant audit report duly issued. It is hereby submitted to the shareholders' meeting for ratification.

Resolution:

Ratification Proposal II

Submitted by the board of directors

Proposal：Please ratify the 2025 earnings distribution proposal.

Explanations：(1) The Company's 2025 earnings distribution has been reviewed and approved by the 10th meeting of the 3rd Audit Committee, for ratification by the shareholders' meeting.

(2) The Company's 2025 earnings distribution table (please refer to p. 33 of this handbook).

Resolution:

3. Discussion Items：

Discussion Proposal I

Submitted by the board of directors

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

Explanations：(1) In order to take into account both the Company's operating conditions and the employee incentive mechanism, and in response to the changing business environment, to enhance the adaptability and fairness of the system, it is proposed to amend the appropriation ratio for employees' remuneration from "3% to 5%" to "2% to 5%," so as to balance the reasonableness of the incentive mechanism with flexibility in the use of financial resources. Accordingly, Article 24 of the Company's Articles of Incorporation is amended.

(2) This proposal has been reviewed and approved in the 10th meeting of the 3rd term audit committee.

(3) Comparison Table of Amended Articles in the "Articles of Incorporation." (please refer to pp. 36-37 in this handbook).

Resolution:

Discussion Proposal II

Submitted by the board of directors

Proposal：Amendment to the "Regulations Governing the Acquisition and Disposal of Assets" by the Company and its subsidiaries respectfully submitted for deliberation.

Explanations：(1) To enhance the flexibility of fund utilization by the subsidiaries and respond to market changes, it is proposed to relax the total amount of securities investments and investment limits applicable to the subsidiaries, so as to improve the efficiency of capital allocation and capture investment opportunities while maintaining risk control. At the same time, in accordance with Jin-Guan-Zheng-Fa-Zi No. 1140383333 issued by the Financial Supervisory Commission on July 24, 2025, and in consideration of the principle of materiality in information disclosure, the Regulations Governing the Acquisition and Disposal of Assets by Public Companies were amended; accordingly, the “Regulations Governing the Acquisition and Disposal of Assets” of the Company and its subsidiaries have been amended.

(2) This proposal has been reviewed and approved in the 10th meeting of the 3rd term audit committee.

(3) Comparison Table of Amended Articles in the “Regulations Governing the Acquisition and Disposal of Assets.”
(please refer to pp. 38-55 in this handbook).

Resolution:

4. Extraordinary Motion

5. Adjournment

San Fang Chemical Industry Co., Ltd.
2025 Business Report

I. Foreword

In the face of changes in international trade resulting from adjustments to U.S. tariff policies, a business environment marked by a high degree of uncertainty in the global political and economic landscape, and intense price competition from Mainland China, the Company's profitability declined in 2025 due to the impact of external factors, while its overall core operating performance remained solid. In response to rapid changes in the industry, the Taiwan headquarters will continue to serve as the core hub for global resource coordination, strengthening support for overseas production sites and enhancing cross regional operational resilience.

At the same time, the Company is actively widening its competitive edge and reducing market impact by developing high margin products, increasing the technological content of materials, and expanding sources of cost effective raw materials, thereby strengthening its operating fundamentals. The Company is also advancing the standardization and execution capabilities of its global production sites to build differentiated advantages and maintain operating momentum in a highly challenging market environment.

In 2025, amid a volatile operating environment, the Company maintained a stable level of profitability, achieving an after-tax net profit margin of 10.5% and earnings per share of NT$2.85, demonstrating sound operating performance.

II. Financial performance

1. Business

The sales revenue of PU synthetic leather reached NT$4.405 billion, reflecting a 2.4% decrease compared to 2024. The sales revenue of eco-friendly synthetic leather amounted to NT$5.296 billion, reflecting a 1.1% increase compared to 2024. The combined sales revenue of films totaled NT$547 million, reflecting a 24.0% increase compared to 2024. The combined sales revenue of other materials reached NT$567 million. The total consolidated operating revenue for 2025 was NT$10.815 billion. Despite the sharp appreciation of the New Taiwan dollar against the U.S. dollar since the second quarter and the impact of tariff policies, which caused customers to adopt a more conservative approach to placing orders, order volumes remained relatively stable. In terms of material applications, footwear materials grew by approximately 2% compared to the same period last year, sports ball materials increased by about 12%, and garment materials increased by approximately 133%.

2. Profitability

The Company's standalone operating revenue for 2025 was NT$8.475 billion, an increase of 2.9% from 2024; consolidated operating revenue was NT$10.815 billion, an increase of 0.3% from 2024; consolidated operating income was NT$1.542 billion, a decrease of 1.2% from 2024; and consolidated net income after tax was NT$1.132 billion, a decrease of 23.5% compared to 2024. During the current period, foreign exchange losses had an impact of approximately NT$180 million on profit or loss. Nevertheless, benefiting from the oversupply of plasticized raw materials in China and the competitive market environment, raw material prices remained stable, and improved operational management efficiency drove improvements in production efficiency. Overall, consolidated operating revenue increased year on year, while the operating cost ratio decreased by 1.0% compared to the same period last year.

III. Outlook and business objectives

As the global sports and leisure trend continues to gain momentum, emerging brands are expanding rapidly, and consumer preferences are becoming more diverse with greater emphasis on environmental protection, the footwear materials industry is facing increasingly segmented and intense competition. At present, technologies such as sustainable materials, bio-based synthetic leather, and solvent-free processes are becoming widespread rapidly. International brands are also actively adopting high-performance and low-emission innovative materials to respond to changes in regulations and consumer trends. The overall market is moving toward materials featuring high performance, high durability, and recyclability. Therefore, the synthetic leather industry chain must continuously strengthen R&D and process innovation in order to respond to industrial upgrading. The Company has proposed the following plans for future development.

(1) Precisely aligning with demand and planning forward-looking R&D directions

By enabling the sales function to promptly bring back brand customers' material requirements, the direction of R&D can remain aligned with market expectations. At the same time, the R&D team closely follows the future development roadmaps of brands and makes early technology and product deployments in the footwear materials field to ensure that material R&D is forward-looking and precisely aligned with the market.

(2) Driving raw material upgrades and leading breakthroughs in material innovation

The R&D function will continue to deepen technological upgrades in raw materials and develop new materials that combine performance and differentiation through product innovation in response to future raw material fluctuations and market competition. At the same time, the Company will strengthen high-end applications of film materials, promote the transformation of products from traditional craftsmanship to advanced materials, and introduce chemical recycling technologies to convert sustainability concepts into tangible growth momentum.

(3) Implementing lean standardized management and promoting cost optimization capability

The Company will take disciplined standardized management as its core, comprehensively improving consistency in production and quality while reducing operating costs. At the same time, each factory will continue to optimize raw material costs to strengthen overall efficiency; and through standardization, promote quality enhancement, further improving customer trust and market competitiveness.

Looking ahead, the R&D team will continue to work closely with the sales team to transform brand market insights into momentum for technological upgrades and product innovation and to develop next-generation materials that align with future brand trends. With high quality, low environmental impact clean material technologies, the Company will work hand in hand with customers to drive industry upgrading and create tangible and sustainable industrial and economic value.

We are firmly convinced that all staff members will do their utmost to ensure achievement of the consolidated revenue goals set for 2026, spurred by the encouragement and close supervision by all our shareholders.

Chairperson: Meng-Ching Lin

Manager: Chih-Yi Lin

Controller: Hua-Hsing Wang

Independent Auditor's Report

To San Fang Chemical Industry Co., Ltd.:

Audit Opinion

We have audited the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated cash flow statements, and notes to the consolidated financial statements (including a summary of major accounting policies) of San Fang Chemical Industry Co., Ltd. and its subsidiaries (San Fang Group) for the years ended December 31, 2025 and 2024.

In our opinion, the consolidated financial statements above were prepared, in all material aspects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved and announced by FSC, and therefore are sufficient to present the financial position of the San Fang Group as at December 31, 2025 and 2024, as well as its consolidated financial performance and consolidated cash flow for the years ended December 31, 2025 and 2024.

Basis of Audit Opinion

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

Key Audit Matters

Key audit matters are the most important matters in the 2025 consolidated financial statements of the San Fang Group determined based on our professional judgment. We have already responded to the matters in the process of auditing the consolidated financial statements and forming an audit opinion, and will not express opinions on individual matters.

Key audit matters in the 2025 consolidated financial statements of the San Fang Group are as follows:

<u>Authenticity of sales revenue</u>

The main source of revenue of San Fang Chemical Industry Group is the sales of artificial leather products and the sales revenue from specific customers had increased significantly compared with the previous year. Therefore, according to the provisions of the Statement of

Auditing Standards on presetting revenue as a significant risk, the authenticity of sales revenue from such specific customers was thus listed as a key audit matter.

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

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

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

Other Matters

San Fang Chemical Industry Co., Ltd. has prepared standalone financial statements for the years 2025 and 2024, on which we have issued an audit report containing an unqualified opinion for reference.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Among the matters we communicated with the governance department, we decided on key audit matters in the 2025 consolidated financial statements of the San Fang Group. The matters are described in the audit report, unless they are specifically prohibited by law from being disclosed, or, under extremely rare circumstances, we decided not to disclose the matters in the audit report because the negative impact can reasonably be expected to be greater than the public benefit it will provide.

Deloitte Taiwan

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

March 4, 2026

Notice to Readers

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

San Fang Chemical Industry Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2025 and 2024

Unit: NT$ thousand

Code	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 3,577,125	20	$ 3,697,059	21
1110	Current financial assets at fair value through profit or loss (Note 4 and 7)	111,066	1	110,191	1
1120	Current financial assets at fair value through other comprehensive income (Note 4 and 8)	-	-	13,116	-
1136	Financial assets at amortized cost - current (Note 9 and 29)	1,917,066	11	2,177,920	13
1150	Notes receivable (Note 4 and 11)	4,520	-	7,992	-
1170	Net accounts receivable (Note 4 and 11)	1,206,734	7	1,236,137	7
1180	Accounts receivable - related parties (Note 4, 11 and 28)	296,787	2	241,444	1
1200	Other receivables (Note 4)	133,604	1	197,273	1
1220	Current income tax assets (Note 24)	9,395	-	2,857	-
130X	Inventories (Note 4, 5 and 12)	1,758,188	10	1,705,639	10
1410	Advance payments	136,194	1	132,335	1
1479	Other current assets	41,902	-	38,940	-
11XX	Total current assets	9,192,581	53	9,560,903	55
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Note 4 and 8)	76,773	-	87,601	-
1535	Financial assets at amortized cost - non-current (Note 9)	1,909,410	11	1,659,063	10
1600	Property, plant and equipment (Note 4, 14 and 29)	5,790,062	33	5,555,914	32
1755	Right-of-use assets (Note 4 and 15)	148,767	1	163,475	1
1760	Investment properties (Note 4, 16 and 29)	107,454	1	108,322	1
1801	Other intangible assets (Note 4)	24,161	-	19,994	-
1805	Goodwill (Note 4)	35,759	-	35,759	-
1840	Deferred income tax assets (Note 4, 5 and 24)	83,960	1	95,762	1
1915	Advance payments for land and equipment	21,241	-	45,802	-
1920	Refundable deposits	15,714	-	26,962	-
1990	Other non-current assets	8,328	-	7,665	-
15XX	Total non-current assets	8,221,629	47	7,806,319	45
1XXX	Total assets	$ 17,414,210	100	$ 17,367,222	100

Code	Liabilities and equity interests	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities				
2100	Short-term borrowing (Note 17 and 29)	$ 1,545,000	9	$ 1,555,000	9
2130	Current contract liabilities (Note 4 and 22)	7,999	-	19,439	-
2170	Accounts payable (Note 18)	511,833	3	520,182	3
2219	Other payables (Note 19)	953,284	6	1,057,297	6
2230	Current income tax liabilities (Note 24)	222,869	1	204,492	1
2280	Current lease liabilities (Note 4 and 15)	4,784	-	6,306	-
2320	Current portion of long-term liabilities (Note 17 and 29)	1,237,000	7	532,500	3
2399	Other current liabilities (Note 4)	59,111	-	73,927	1
21XX	Total current liabilities	4,541,880	26	3,969,143	23
	Non-current liabilities				
2540	Long-term borrowings (Note 17 and 29)	1,515,500	9	1,812,500	11
2570	Deferred income tax liabilities (Note 4, 5 and 24)	1,201,464	7	1,196,237	7
2580	Non-current lease liabilities (Note 4 and 15)	4,035	-	8,819	-
2640	Net defined benefit liability - non-current (Note 4 and 20)	61,180	-	70,387	-
2645	Guarantee deposits received	16,128	-	16,376	-
25XX	Total non-current liabilities	2,798,307	16	3,104,319	18
2XXX	Total liabilities	7,340,187	42	7,073,462	41
	Equity attributable to owners of the Company (Note 21)				
3110	Capital stock - common	3,978,181	23	3,978,181	23
3200	Capital surplus	151,079	1	149,299	1
	Retained earnings				
3310	Legal reserve	1,762,390	10	1,612,553	9
3320	Special reserve	504,790	3	504,790	3
3350	Undistributed earnings	3,608,734	21	3,684,405	21
3300	Total retained earnings	5,875,914	34	5,801,748	33
3400	Other equity interest	68,849	-	364,532	2
3XXX	Total equity	10,074,023	58	10,293,760	59
	Total liabilities and equity interests	$ 17,414,210	100	$ 17,367,222	100

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

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

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

Years ended December 31, 2025 and 2024

Unit: Thousand NTD, EPS in NTD

		2025		2024	
Code		Amount	%	Amount	%
4000	Net operating revenues (Note 4, 22 and 28)	$ 10,814,943	100	$ 10,779,822	100
5000	Operating costs (Notes 12 and 23)	7,392,840	68	7,481,145	69
5900	Operating margin	3,422,103	32	3,298,677	31
	Operating expenses (Note 11 and 23)				
6100	Selling expenses	705,867	7	638,741	6
6200	Administrative and general affairs expenses	740,995	7	712,185	7
6300	Research and development expenses	421,697	4	387,779	3
6450	Expected credit impairment loss (reversals of impairment losses)	11,255	-	(493)	-
6000	Total operating expenses	1,879,814	18	1,738,212	16
6900	Operating net profit	1,542,289	14	1,560,465	15
	Non-operating income and expenses (Note 23)				
7100	Interest income	208,898	2	251,837	2
7010	Other income	57,262	1	52,802	1
7020	Other profits and losses	(236,820)	(2)	86,395	1
7050	Financial costs	(81,000)	(1)	(75,401)	(1)
7000	Total non-operating income and expenses	(51,660)	-	315,633	3
7900	Pre-tax profit	1,490,629	14	1,876,098	18
7950	Income tax expense (Note 4 and 24)	358,324	3	396,696	4
8200	Net profit for the year	1,132,305	11	1,479,402	14
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				

(Continued on the next page)

(Continued from the previous page)

Code		2025 Amount	2025 %	2024 Amount	2024 %
8311	Remeasurements of the net defined benefit (Note 20)	$ 6,503	-	$ 751	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 21)	(10,109)	-	4,192	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 24)	(1,406)	-	241	-
		(5,012)	-	5,184	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations (Note 21)	(274,701)	(3)	458,933	4
8300	Other consolidated income (net income after tax)	(279,713)	(3)	464,117	4
8500	Total comprehensive income	$ 852,592	8	$ 1,943,519	18
8600	Profit attributable to:				
8610	Owners of the company	$ 1,132,305	10	$ 1,479,402	14
8700	Comprehensive income attributable to:				
8710	Owners of the company	$ 852,592	8	$ 1,943,519	18
	EPS (Note 25)				
9750	Basic	$ 2.85		$ 3.72	
9850	Diluted	$ 2.84		$ 3.70	

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

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

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

Years ended December 31, 2025 and 2024

Unit: NT$ thousand

		Equity attributable to shareholders of the Company								
				Retained earnings			Other equity interests			
Code		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Subtotal	Total equity
A1	Balance as at January 01, 2024	$ 3,978,181	$ 145,330	$ 1,536,540	$ 504,790	$ 2,858,770	($ 154,472)	$ 73,860	($ 80,612)	$ 8,942,999
	Appropriation and distribution of 2023 earnings (Note 21)									
B1	Legal reserve	-	-	76,013	-	(76,013)	-	-	-	-
B5	Cash dividends	-	-	-	-	(596,727)	-	-	-	(596,727)
		-	-	76,013	-	(672,740)	-	-	-	(596,727)
C17	Dividends not collected by shareholders before the deadline (Note 21)	-	3,969	-	-	-	-	-	-	3,969
D1	Net profit - 2024	-	-	-	-	1,479,402	-	-	-	1,479,402
D3	Other comprehensive income after tax - 2024	-	-	-	-	992	458,933	4,192	463,125	464,117
D5	Total comprehensive income - 2024	-	-	-	-	1,480,394	458,933	4,192	463,125	1,943,519
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 21)	-	-	-	-	17,981	-	(17,981)	(17,981)	-
Z1	Balance as at December 31, 2024	3,978,181	149,299	1,612,553	504,790	3,684,405	304,461	60,071	364,532	10,293,760
	Appropriation and distribution of 2024 earnings (Note 21)									
B1	Legal reserve	-	-	149,837	-	(149,837)	-	-	-	-
B5	Cash dividends	-	-	-	-	(1,074,109)	-	-	-	(1,074,109)
		-	-	149,837	-	(1,223,946)	-	-	-	(1,074,109)
C17	Dividends not collected by shareholders before the deadline (Note 21)	-	1,780	-	-	-	-	-	-	1,780
D1	Net profit - 2025	-	-	-	-	1,132,305	-	-	-	1,132,305
D3	Other comprehensive income after tax - 2025	-	-	-	-	5,097	(274,701)	(10,109)	(284,810)	(279,713)
D5	Total comprehensive income - 2025	-	-	-	-	1,137,402	(274,701)	(10,109)	(284,810)	852,592
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 21)	-	-	-	-	10,873	-	(10,873)	(10,873)	-
Z1	Balance as at December 31, 2025	$ 3,978,181	$ 151,079	$ 1,762,390	$ 504,790	$ 3,608,734	$ 29,760	$ 39,089	$ 68,849	$ 10,074,023

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

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

San Fang Chemical Industry Co., Ltd. and Subsidiaries

Consolidated Cash Flow Statement

Years ended December 31, 2025 and 2024

Unit: NT$ thousand

Code		2025	2024
	Cash flow from operating activities		
A10000	Net profit before tax	$ 1,490,629	$ 1,876,098
A20010	Revenues and expenses		
A20100	Depreciation expense	493,039	548,349
A20200	Amortization expense	7,841	11,296
A20300	Expected credit impairment loss (reversals of impairment losses)	11,255	(493)
A20400	Net gains from financial instruments at fair value through profit or loss	(875)	(9,602)
A20900	Financial costs	81,000	75,401
A21200	Interest income	(208,898)	(251,837)
A21300	Dividend income	(3,489)	(5,165)
A22500	Net losses on disposal of property, plant and equipment	5,354	5,715
A23700	Impairment loss on property, plant and equipment	47,840	159,282
A23800	Loss on inventory devaluation (gain on recovery)	22,208	(17,606)
A29900	Loss on physical inventory	10,062	7,480
A29900	Accounts payable reclassified as income	(15,073)	-
A29900	Net foreign exchange loss (or gain)	7,230	(88,477)
A29900	Other	(672)	(1,289)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	3,472	16,515
A31150	Accounts receivable	15,733	(199,938)
A31160	Accounts receivable - related parties	(55,343)	53,635
A31180	Other receivables	51,895	(36,129)
A31200	Inventories	(85,043)	(81,202)
A31230	Advance payments	(3,859)	22,227
A31240	Other current assets	(2,962)	(4,290)
A32125	Contract liabilities	(11,440)	5,663
A32150	Accounts payable	6,724	143,133
A32180	Other payables	(134,438)	209,238
A32230	Other current liabilities	(14,816)	160
A32240	Net defined benefit liability	(2,704)	(16,083)
A33000	Cash generated from operating activities	1,714,670	2,422,081
A33100	Interest received	224,376	230,122
A33200	Dividend received	3,489	5,165

(Continued on the next page)

(Continued from the previous page)

Code		2025	2024
A33300	Interest paid	($ 83,150)	($ 76,790)
A33500	Income tax paid	(330,744)	(289,784)
AAAA	Net cash inflow from operating activities	1,528,641	2,290,794
	Cash flow from investing activities		
B00020	Sale of financial assets measured at fair value through other comprehensive income	13,835	21,487
B00030	Refund of capital due to capital reduction of financial assets at fair value through other comprehensive income	-	1,675
B00040	Acquisition of financial assets at amortized cost	(30,779)	(2,029,841)
B02700	Acquisition of property, plant and equipment	(818,518)	(952,647)
B02800	Proceeds from disposal of property, plant and equipment	2,514	1,125
B03700	Increase in refundable deposits	-	(724)
B03800	Decrease in refundable deposits	11,248	-
B04500	Acquisition of intangible assets	(12,103)	(1,470)
BBBB	Net cash outflow from investing activities	(833,803)	(2,960,395)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	-	65,000
C00200	Decrease in short-term borrowings	(10,000)	-
C00600	Decrease in short-term notes and bills payable	-	(50,000)
C01600	Increase in long-term borrowing	930,000	920,000
C01700	Repayment of long-term borrowing	(522,500)	(1,010,000)
C03000	Increase in guarantee deposits	-	3,630
C03100	Decrease in guarantee deposits received	(248)	-
C04020	Repayments of lease liabilities	(6,116)	(7,859)
C04500	Distribution of cash dividends	(1,074,109)	(596,727)
C09900	Returned unclaimed dividends	1,780	3,969
CCCC	Net cash outflow from financing activities	(681,193)	(671,987)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(133,579)	273,603
EEEE	Decrease in cash and cash equivalents	(119,934)	(1,067,985)
E00100	Cash and cash equivalents at beginning of period	3,697,059	4,765,044
E00200	Cash and cash equivalents at end of period	$ 3,577,125	$ 3,697,059

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

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

Independent Auditor's Report

To San Fang Chemical Industry Co., Ltd.:

Audit Opinion

We have audited the balance sheets as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity, cash flow statements, and notes to financial statements (including a summary of major accounting policies) of San Fang Chemical Industry Co., Ltd. (hereinafter referred to as the "Company") for the years ended December 31, 2025 and 2024.

In our opinion, the standalone financial statements above were prepared, in all material aspects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and therefore are sufficient to present the financial position of the Company as at December 31, 2025 and 2024, as well as its financial performance and cash flow for the years ended December 31, 2025 and 2024.

Basis of Audit Opinion

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

Key Audit Matters

Key audit matters are the most important matters in the 2025 standalone financial statements of the Company determined based on our professional judgment. We have already responded to the matters in the process of auditing the standalone financial statements and forming an audit opinion, and will not express opinions on individual matters.

Key audit matters in the 2025 standalone financial statements of the Company are as follows:

<u>Authenticity of sales revenue</u>

The main source of revenue of San Fang Chemical Industry Co., Ltd. is the sales of artificial leather products and the sales revenue from specific customers had increased significantly compared with the previous year. Therefore, according to the provisions of the Statement of

Auditing Standards on presetting revenue as a significant risk, the authenticity of sales revenue from such specific customers was thus listed as a key audit matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Among the matters we communicated with the governance department, we decided on key audit matters in the 2025 standalone consolidated financial statements of the Company. The matters are described in the audit report, unless they are specifically prohibited by law from being disclosed, or, under extremely rare circumstances, we decided not to disclose the matters in the audit report because the negative impact can reasonably be expected to be greater than the public benefit it will provide.

Deloitte Taiwan

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

March 4, 2026

Notice to Readers

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

San Fang Chemical Industry Co., Ltd.

Balance Sheet

December 31, 2025 and 2024

Unit: NT$ thousand

Code	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 2,133,457	12	$ 1,243,015	7
1110	Current financial assets at fair value through profit or loss (Note 4 and 7)	111,066	1	110,191	1
1136	Financial assets at amortized cost - current (Note 9 and 28)	21,000	-	630,915	4
1150	Net notes receivable (Note 4 and 10)	4,520	-	7,992	-
1170	Net accounts receivable (Note 4 and 10)	627,121	4	683,524	4
1180	Net accounts receivable – related parties (Note 4, 10 and 27)	505,286	3	440,129	3
1200	Net other receivables (Note 4)	9,243	-	21,862	-
1210	Other receivables - related parties (Note 27)	238,378	2	198,490	1
130X	Inventories (Note 4, 5 and 11)	1,107,851	6	1,097,044	7
1410	Advance payments	60,873	-	77,036	-
1479	Other current assets	4,598	-	10,449	-
11XX	Total current assets	4,823,393	28	4,520,647	27
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Note 4 and 8)	76,773	-	87,601	-
1535	Financial assets at amortized cost - non-current (Note 4 and 9)	619,171	3	645,865	4
1550	Investments recognized under the equity method (Note 4 and 12)	9,212,029	53	8,712,657	52
1600	Property, plant and equipment (Note 4, 13 and 28)	2,549,651	15	2,529,202	15
1755	Right-of-use assets (Note 4 and 14)	8,310	-	14,236	-
1760	Investment properties (Note 4, 15 and 28)	107,454	1	108,322	1
1801	Computer software – net (Note 4)	12,241	-	3,508	-
1840	Deferred income tax assets (Note 4 and 23)	78,804	-	90,907	1
1915	Advance payments for equipment	1,272	-	4,111	-
1920	Refundable deposits	12,773	-	12,956	-
15XX	Total non-current assets	12,678,478	72	12,209,365	73
1XXX	Total assets	$ 17,501,871	100	$ 16,730,012	100

Code	Liabilities and equity interests	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities				
2100	Short-term borrowing (Note 16 and 28)	$ 1,500,000	9	$ 1,510,000	9
2130	Current contract liabilities (Note 4 and 21)	5,620	-	13,507	-
2170	Accounts payable (Note 17)	478,654	3	486,341	3
2180	Accounts payable - related parties (Note 17 and 27)	19,203	-	22,359	-
2219	Other payables (Note 18)	446,979	2	576,086	3
2220	Other payables - related parties (Note 18 and 27)	182,217	1	101,538	1
2230	Current income tax liabilities (Note 23)	215,400	1	173,775	1
2280	Current lease liabilities (Note 4 and 14)	4,442	-	5,898	-
2320	Current portion of long-term liabilities (Note 16 and 28)	1,217,000	7	512,500	3
2399	Other current liabilities (Note 4)	34,435	-	58,696	-
21XX	Total current liabilities	4,103,950	23	3,460,700	20
	Non-current liabilities				
2540	Long-term borrowings (Note 16 , 27 and 28)	2,109,100	12	1,757,500	11
2570	Deferred income tax liabilities (Note 4, 5 and 23)	1,166,341	7	1,158,428	7
2580	Non-current lease liabilities (Note 4 and 14)	4,035	-	8,477	-
2640	Net defined benefit liability (Note 4 and 19)	33,228	-	47,129	-
2645	Guarantee deposits received	4,018	-	4,018	-
2650	Balance of investments recognized under the equity method (Note 12)	7,176	-	-	-
25XX	Total non-current liabilities	3,323,898	19	2,975,552	18
2XXX	Total liabilities	7,427,848	42	6,436,252	38
	Equity (Note 20)				
3110	Capital stock - common	3,978,181	23	3,978,181	24
3200	Capital surplus	151,079	1	149,299	1
	Retained earnings				
3310	Legal reserve	1,762,390	10	1,612,553	10
3320	Special reserve	504,790	3	504,790	3
3350	Undistributed earnings	3,608,734	21	3,684,405	22
3300	Total retained earnings	5,875,914	34	5,801,748	35
3400	Other equity interest	68,849	-	364,532	2
3XXX	Total equity	10,074,023	58	10,293,760	62
	Total liabilities and equity interests	$ 17,501,871	100	$ 16,730,012	100

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

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

San Fang Chemical Industry Co., Ltd.

Statement of Comprehensive Income

Years ended December 31, 2025 and 2024

Unit: Thousand NTD, EPS in NTD

Code		2025 Amount	2025 %	2024 Amount	2024 %
4000	Net operating revenues (Note 4, 21 and 27)	$ 8,475,456	100	$ 8,238,037	100
5000	Operating costs (Note 11, 22 and 27)	6,163,448	73	6,301,127	77
5900	Operating margin	2,312,008	27	1,936,910	23
5910	Unrealized gains from subsidiaries	(19,394)	-	(18,918)	-
5950	Realized operating margin	2,292,614	27	1,917,992	23
	Operating expenses (Note 10, 22 and 27)				
6100	Selling expenses	419,687	5	388,737	5
6200	Administrative expenses	434,152	5	413,895	5
6300	Research and development expenses	328,164	4	287,712	3
6450	Gain on reversal of impairments of expected credit	(261)	-	(1,770)	-
6000	Total operating expenses	1,181,742	14	1,088,574	13
6900	Operating net profit	1,110,872	13	829,418	10
	Non-operating income and expenses (Note 22 and 27)				
7100	Interest income	71,869	1	75,288	1
7010	Other income	64,383	1	67,393	1
7020	Other profits and losses	(183,814)	(2)	39,281	-
7050	Financial costs	(84,773)	(1)	(72,812)	(1)
7070	Share of profits (losses) of subsidiaries accounted for using equity method	393,110	4	821,305	10
7000	Total non-operating income and expenses	260,775	3	930,455	11
7900	Pre-tax profit	$ 1,371,647	16	$ 1,759,873	21
7950	Income tax expense (Note 4 and 23)	239,342	3	280,471	3

(Continued on the next page)

(Continued from the previous page)

Code		2025 Amount	2025 %	2024 Amount	2024 %
8200	Net profit for the year	1,132,305	13	1,479,402	18
	Other comprehensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of the net defined benefit (Note 19)	7,029	-	(1,204)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 20)	(10,828)	-	42	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method	193	-	6,105	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 23)	(1,406)	-	241	-
8310		(5,012)	-	5,184	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8380	Share of other comprehensive income of subsidiaries accounted for using equity method (Note 20)	(274,701)	(3)	458,933	6
8300	Other consolidated income (net income after tax)	(279,713)	(3)	464,117	6
8500	Total comprehensive income	$ 852,592	10	$ 1,943,519	24
	EPS (Note 24)				
9710	Basic	$ 2.85		$ 3.72	
9810	Diluted	$ 2.84		$ 3.70	

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

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

San Fang Chemical Industry Co., Ltd.

Statement of Changes in Equity

Years ended December 31, 2025 and 2024

Unit: NT$ thousand

Code		Capital stock - common	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity interests: Exchange differences arising from the translation of the financial statements of foreign operations	Other equity interests: Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity interests: Subtotal	Total equity
A1	Balance as at January 01, 2024	$ 3,978,181	$ 145,330	$ 1,536,540	$ 504,790	$ 2,858,770	($ 154,472)	$ 73,860	($ 80,612)	$ 8,942,999
	Appropriation and distribution of 2023 earnings (Note 20)									
B1	Legal reserve	-	-	76,013	-	(76,013)	-	-	-	-
B5	Cash dividends	-	-	-	-	(596,727)	-	-	-	(596,727)
		-	-	76,013	-	(672,740)	-	-	-	(596,727)
C17	Dividends not collected by shareholders before the deadline (Note 20)	-	3,969	-	-	-	-	-	-	3,969
D1	Net profit - 2024	-	-	-	-	1,479,402	-	-	-	1,479,402
D3	Other comprehensive income after tax - 2024	-	-	-	-	992	458,933	4,192	463,125	464,117
D5	Total comprehensive income - 2024	-	-	-	-	1,480,394	458,933	4,192	463,125	1,943,519
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 20)	-	-	-	-	17,981	-	(17,981)	(17,981)	-
Z1	Balance as at December 31, 2024	3,978,181	149,299	1,612,553	504,790	3,684,405	304,461	60,071	364,532	10,293,760
	Appropriation and distribution of 2024 earnings (Note 20)									
B1	Legal reserve	-	-	149,837	-	(149,837)	-	-	-	-
B5	Cash dividends	-	-	-	-	(1,074,109)	-	-	-	(1,074,109)
		-	-	149,837	-	(1,223,946)	-	-	-	(1,074,109)
C17	Dividends not collected by shareholders before the deadline (Note 20)	-	1,780	-	-	-	-	-	-	1,780
D1	Net profit - 2025	-	-	-	-	1,132,305	-	-	-	1,132,305
D3	Other comprehensive income after tax - 2025	-	-	-	-	5,097	(274,701)	(10,109)	(284,810)	(279,713)
D5	Total comprehensive income - 2025	-	-	-	-	1,137,402	(274,701)	(10,109)	(284,810)	852,592
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 20)	-	-	-	-	10,873	-	(10,873)	(10,873)	-
Z1	Balance as at December 31, 2025	$ 3,978,181	$ 151,079	$ 1,762,390	$ 504,790	$ 3,608,734	$ 29,760	$ 39,089	$ 68,849	$ 10,074,023

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

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

San Fang Chemical Industry Co., Ltd.
Cash Flow Statement
Years ended December 31, 2025 and 2024

Unit: NT$ thousand

Code		2025	2024
	Cash flow from operating activities		
A10000	Net profit before tax	$ 1,371,647	$ 1,759,873
A20010	Revenues and expenses		
A20100	Depreciation expense	222,493	260,854
A20200	Amortization expense	3,369	6,693
A20300	Gain on reversal of impairments of expected credit	(261)	(1,770)
A20400	Net gains from financial instruments at fair value through profit or loss	(875)	(9,602)
A20900	Financial costs	84,773	72,812
A21200	Interest income	(71,869)	(75,288)
A21300	Dividend income	(3,489)	(3,786)
A22400	Share of profits (losses) of subsidiaries accounted for using equity method	(393,110)	(821,305)
A22500	Net losses on disposal of property, plant and equipment	920	4,646
A23700	Impairment loss on property, plant and equipment	47,840	159,282
A23800	Loss on inventory devaluation (gain on recovery)	12,002	(384)
A24100	Unrealized gains from subsidiaries	19,394	18,918
A29900	Loss on physical inventory	4,213	2,529
A29900	Accounts payable reclassified as income	(15,073)	-
A29900	Other	(9)	594
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	3,472	16,515
A31150	Accounts receivable	56,664	(69,926)
A31160	Accounts receivable - related parties	(65,157)	(167,598)
A31180	Other receivables	1,559	9,784
A31190	Other receivables - related parties	(39,946)	(32,758)
A31200	Inventories	(27,022)	(36,222)
A31230	Advance payments	16,163	(16,852)
A31240	Other current assets	5,851	(3,223)
A32125	Contract liabilities	(7,887)	1,270
A32150	Accounts payable	7,386	147,548
A32160	Accounts payable - related parties	(3,156)	(7,344)
A32180	Other payables	(149,932)	150,368
A32190	Other payables - related parties	80,679	11,176
A32230	Other current liabilities	(24,261)	(10,032)
A32240	Net defined benefit liability	(6,872)	(22,027)
A33000	Cash generated from operating activities	1,129,506	1,344,745
A33100	Interest received	$ 82,987	$ 69,061
A33200	Dividend received	3,489	3,786

(Continued on the next page)

(Continued from the previous page)

Code		2025	2024
A33300	Interest paid	(86,849)	(73,946)
A33500	Income tax paid	(179,107)	(104,137)
AAAA	Net cash inflow from operating activities	950,026	1,239,509
	Cash flow from investing activities		
B00030	Refund of capital due to capital reduction of financial assets at fair value through other comprehensive income	-	1,675
B00040	Acquisition of financial assets at amortized cost	636,609	(324,092)
B01800	Acquisition of long-term equity investments accounted for using the equity method	(500,000)	-
B02300	Share capital and earnings recovered after liquidation of subsidiary	107,012	-
B02700	Acquisition of property, plant and equipment	(260,247)	(123,853)
B02800	Proceeds from disposal of property, plant and equipment	898	452
B03700	Increase in refundable deposits	-	(324)
B03800	Decrease in refundable deposits	183	-
B04500	Acquisition of intangible assets	(12,102)	(1,470)
BBBB	Net cash outflow from investing activities	(27,647)	(447,612)
	Cash flow from financing activities		
C00100	Increase (decrease) in short-term loans	(10,000)	50,000
C00600	Decrease in short-term notes and bills payable	-	(50,000)
C01600	Increase in long-term borrowing	1,558,600	920,000
C01700	Repayment of long-term borrowing	(502,500)	(990,000)
C04020	Repayments of lease liabilities	(5,708)	(5,297)
C04500	Distribution of cash dividends	(1,074,109)	(596,727)
C09900	Returned unclaimed dividends	1,780	3,969
CCCC	Net cash outflow from financing activities	(31,937)	(668,055)
EEEE	Net increase in cash and cash equivalents	890,442	123,842
E00100	Cash and cash equivalents at beginning of period	1,243,015	1,119,173
E00200	Cash and cash equivalents at end of period	$ 2,133,457	$ 1,243,015

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

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

San Fang Chemical Industry Co., Ltd.
2025 Earnings Distribution Table

Unit: NT$

Item	Amount	
Distributable amount:		
Undistributed earnings at beginning of period		$ 2,460,458,492
Net income after tax for the current period	$ 1,132,305,272	
Add: Disposal of investments in equity instruments measured at fair value through other comprehensive income, with cumulative gains or losses directly transferred to retained earnings	10,873,017	
Add: Remeasurements of defined benefit plans recognized in retained earnings	5,097,714	
Net income after tax for the current period and other profit items included in undistributed earnings in the current year		1,148,276,003
Less: 10% legal reserve		(114,827,600)
Distributable earnings for the current period		3,493,906,895
Distribution items:		
Shareholders' dividends		
Cash dividends (NT$2.2 per share)		(875,199,878)
Undistributed earnings at the end of period		$ 2,618,707,017

Note: The cash dividends are distributed out of the 2025 earnings in the amount of NT$875,199,878.

Chairman: 經林印孟　　Manager: 逸林印聖　　Chief Accountant: 琴王印興

San Fang Chemical Industry Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2025 Business Report, financial statements, and proposal for earnings distribution. The financial statements have been audited and certified by CPAs Wang, Teng-Wei and Liu, Yu-Hsiang of Deloitte & Touche, and an independent auditors' report has been issued thereon.

The aforementioned Business Report, financial statements, and proposal for earnings distribution have been reviewed by the Audit Committee and found to be in compliance with the relevant laws and regulations. Accordingly, this report is submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Respectfully submitted for your review.

To

The 2026 Annual General Shareholders' Meeting of San Fang Chemical Industry Co., Ltd.

Convener of the Audit Committee: Lin, Li-Hsuan

March 8, 2026

San Fang Chemical Industry Co., Ltd.
2025 Directors' Remuneration

Unit: NT$ thousands

Job Title	Name	Directors' remuneration								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A, B, C, D, E, F, and G, and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	San Fang Investment Enterprise Co., Ltd.	0	0	0	0	4,750	4,750	0	0	4,750 0.42%	4,750 0.42%	0	0	0	0	0	0	0	0	4,750 0.42%	4,750 0.42%	None
Chairman	Representative: Meng-Ching Lin	1,099	1,099	-	-	-	-	180	180	1,279 0.11%	1,279 0.11%	0	0	0	0	0	0	0	0	1,279 0.11%	1,279 0.11%	None
Director	POU CHIEN TECHNOLOGY CO., LTD.	0	0	0	0	14,250	14,250	0	0	14,250 1.26%	14,250 1.26%	0	0	0	0	0	0	0	0	14,250 1.26%	14,250 1.26%	None
Director	Representative: Jin-Chu Lu	0	0	0	0	0	0	180	180	180 0.02%	180 0.02%	0	0	0	0	0	0	0	0	180 0.02%	180 0.02%	None
Director	Representative: Wang-Jin Lin	0	0	0	0	0	0	90	90	90 0.01%	90 0.01%	0	0	0	0	0	0	0	0	90 0.01%	90 0.01%	None
Director	Representative: Shih Chih Hung	0	0	0	0	0	0	90	90	90 0.01%	90 0.01%	0	0	0	0	0	0	0	0	90 0.01%	90 0.01%	None
Director	Representative: Jia-Hui Tang	0	0	0	0	0	0	180	180	180 0.02%	180 0.02%	0	0	0	0	0	0	0	0	180 0.02%	180 0.02%	None
Independent Director	Li-Fan Lin	650	650	0	0	0	0	0	0	650 0.06%	650 0.06%	0	0	0	0	0	0	0	0	650 0.06%	650 0.06%	None
Independent Director	Chih-Lung Chou	530	530	0	0	0	0	0	0	530 0.05%	530 0.05%	0	0	0	0	0	0	0	0	530 0.05%	530 0.05%	None
Independent Director	Yi-Ching Lin	530	530	0	0	0	0	0	0	530 0.05%	530 0.05%	0	0	0	0	0	0	0	0	530 0.05%	530 0.05%	None

Note 1：The Company's policies, systems, standards, and structure for the remuneration of non-independent and independent directors, as well as the relationship between such remuneration and factors including the duties assumed, risks undertaken, and time devoted, are described below:

I. Pursuant to the Company's Articles of Incorporation, the remuneration of non-independent directors shall be determined by the Board of Directors with reference to the extent of their participation in the Company's operations, the value of their contributions, and the prevailing standards in domestic and foreign industries.

II. The Articles of Incorporation also expressly provide that no more than 3% of annual profit may be appropriated as directors' remuneration. Directors' remuneration shall be distributed equally in accordance with the allocation principles.

III. To maintain their independence, the Company's independent directors do not participate in the distribution of directors' remuneration and instead receive fixed monthly remuneration, which is not linked to factors such as he duties assumed, risks undertaken, or time devoted. However, as the Convener of the Audit Committee is responsible for convening the Audit Committee, handling related matters, and signing off on the audit report, his or her remuneration is 1.2 times that of the other independent directors. Such remuneration is reviewed by the Remuneration Committee, which makes recommendations with reference to prevailing industry standards and submits them to the Board of Directors for resolution.

Note 2：Except as disclosed in the table above, no remuneration was received in the most recent fiscal year by any director of the Company for services provided, such as serving as a consultant to the parent company, all companies included in the financial statements, or investee companies, where such director did not act in the capacity of an employee.

Note 3：On June 16, 2025, the representative of the institutional director, Bao Jian Technology Co., Ltd., was changed from Director Lin Wang Chien to Director Shih Chih Hung.

Note 4：The amount of directors' remuneration was resolved for distribution by the Board of Directors on March 4, 2026.

San Fang Chemical Industry Co., Ltd.

Comparison Table of Amendments to the Articles of Incorporation

Amended articles	Current articles	Description
Article 24: The Company shall allocate 2% to 5% of the current year's pre-tax profit, before deducting employee and director remuneration, for employee compensation (of which at least 30% shall be distributed to grassroots employees), and up to 3% for director remuneration. Decisions on employees' remuneration, the rate of distribution of directors' remuneration, and employees' remuneration in the form of stock or cash shall be made by the Board of Directors with the attendance of at least two-thirds of the directors and the concurrence of a majority of the directors present, and reported to the shareholders at the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first reserve the amount to cover such losses, and then provide employees' and directors' remuneration in accordance with the aforementioned ratio.	Article 24: The Company shall allocate 3% to 5% of the current year's pre-tax profit, before deducting employee and director remuneration, for employee compensation (of which at least 30% shall be distributed to grassroots employees), and up to 3% for director remuneration. Decisions on employees' remuneration, the rate of distribution of directors' remuneration, and employees' remuneration in the form of stock or cash shall be made by the Board of Directors with the attendance of at least two-thirds of the directors and the concurrence of a majority of the directors present, and reported to the shareholders at the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first reserve the amount to cover such losses, and then provide employees' and directors' remuneration in accordance with the aforementioned ratio.	In order to take into account both the Company's operating conditions and the employee incentive mechanism, and to enhance the adaptability and fairness of the system, it is proposed to amend the appropriation ratio for employees' remuneration to "2% to 5%." This amendment will help the Company maintain reasonable incentives and ensure financial soundness under a changing business environment, thereby achieving a balance between incentives and flexibility.

Amended articles	Current articles	Description
Article 27 These Articles of Incorporation were established on May 12, 1973. They were first amended on January 8, 1975; ……, the fortieth amendment was made on June 21, 2022, the forty-first amendment was made on June 11, 2025<u>, and the forty-second amendment was made on June 9, 2026.</u>	Article 27 These Articles of Incorporation were established on May 12, 1973. They were first amended on January 8, 1975; ……, the fortieth amendment was made on June 21, 2022, the forty-first amendment was made on June 11, 2025.	The date of the 42nd amendment has been added/revised.

San Fang Chemical Industry Co., Ltd. and its subsidiaries

Comparison Table for Amendments to the Procedures for Acquisition or Disposal of Assets

Amended articles	Current articles	Description
Article 3 The term "assets" as used in these Regulations shall refer to the following: (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. (II) Real estate (including land, buildings, and investment properties) and equipment. (III) Memberships. (IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets. (V) Right-of-use assets. (VI) Derivatives. (VII) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. (VIII) Other major assets.	Article 3 The term "assets" as used in these Regulations shall refer to the following: (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. (II) Real estate (including land, buildings, and investment properties) and equipment. (III) Memberships. (IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets. (V) Right-of-use assets. (VI) Derivatives Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; hybrid contracts combining the above; or hybrid contracts or structured products	In accordance with Article 4 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as amended by the Financial Supervisory Commission under Jin-Guan-Zheng-Fa-Zi No. 1140383333 dated July 24, 2025, a definitions provision is added.

Amended articles	Current articles	Description
	containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. (VII) Assets acquired or disposed of through mergers, demergers, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other applicable laws, or through the transfer of shares from another company by issuing new shares of the reporting company as consideration pursuant to Article 156-3 of the Company Act (hereinafter referred to as "transfer of shares"). (VIII)Other major assets.	
3-1: Definitions (I) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; hybrid contracts combining the above; or hybrid contracts or structured		In accordance with Article 4 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as amended by the Financial Supervisory Commission under Jin-Guan-Zheng-Fa-Zi No. 1140383333 dated July 24, 2025, Article 3-1 of the "Procedures for Acquisition or Disposal

Amended articles	Current articles	Description
products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. (II) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, the Financial Institutions Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act. (III) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. (IV) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. (V) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or any other		of Assets" of the Company and its subsidiaries is added to set forth definitions of terms.

Amended articles	Current articles	Description
date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. (VI) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.		
Article 5 Authorization levels and limits, including investment ceilings (I) Investment in non-business-use real property, non-business-use right-of-use assets, and securities 1. Authorization levels and limits The Presidents of the Company and its subsidiaries shall be authorized to conduct transactions within the investment limits listed below. Where transaction prices equal NT$ 300 million or less, transactions shall be subject to approval in accordance with the delegation of authority. Where transaction prices exceed NT$ 300 million, transactions shall be subject to approval by	Article 5 Authorization levels and limits, including investment ceilings (I) Securities 1. Authorization levels and limits The President of the Company and its subsidiaries shall be authorized to conduct transactions within the investment limits listed below. Where transaction prices equal NT$300 million or less, transactions shall be subject to approval in accordance with the delegation of authority. Where transaction prices exceed NT$300 million, transactions shall be subject to approval by board resolution. 2. Investment ceilings (a) The aggregate amount of	In order to enhance the flexibility of fund utilization by the subsidiaries and respond to market changes, the aggregate amount of securities investments and investment limits for the subsidiaries are relaxed so as to improve the efficiency of capital allocation and capture investment opportunities, while maintaining risk control.

<table>
<tr><th>Amended articles</th><th>Current articles</th><th>Description</th></tr>
<tr><td>board resolution.
2. Investment ceilings
(1) The aggregate amount of securities investments by the Company shall not exceed <u>50%</u> of the total assets stated in the most recent financial statements; the aggregate amount of securities investments by a subsidiary shall not exceed 50% of the total assets stated in the Company’s most recent financial statements.
(2) The limit on investment in any individual security by the Company shall not exceed <u>25%</u> of the total assets stated in the most recent financial statements; the limit on investment in any individual security by a subsidiary shall not exceed 25% of the total assets stated in the Company’s most recent financial statements.
<u>(3) The amount of non-business-use real property and non-business-use right-of-use assets held by the Company shall not exceed 30% of the total assets stated in the most recent financial statements; the amount held by a subsidiary shall not exceed 30% of the total assets stated in the Company’s most recent financial statements.</u>
The Company and each subsidiary shall not be</td><td>securities investments by the Company shall not exceed 50% of the total assets stated in the most recent financial statements; the aggregate amount of securities investments by a subsidiary shall not exceed <u>25%</u> of the total assets stated in the Company’s most recent financial statements.
(b) The limit on investment in any individual security by the Company shall not exceed 25% of the total assets stated in the most recent financial statements; the limit on investment in any individual security by a subsidiary shall not exceed <u>15%</u> of the total assets stated in the Company’s most recent financial statements.
<u>(c) The net investment of the Company and each of its subsidiaries in any single TWSE or TPEx listed company shall not exceed 5% of the Company’s total assets as reported in its most recent financial statements.</u>
<u>(d)The aggregate shareholding of the Company and its subsidiaries in any single TWSE or TPEx listed company shall not exceed 10% of the total issued shares of such company.</u>
(II) Derivatives
1. Authorization levels and limits
(1)Hedging transactions: Pursuant to the revenue</td><td></td></tr>
</table>

Amended articles	Current articles	Description
subject to the limits set forth in the preceding paragraph under any of the following circumstances: (1) Where the equity investment acquired is substantially related to the Company's principal business operations. (2) Where equity interests are acquired or disposed of due to adjustments or restructuring of the group's organizational structure. (II) Derivatives 1. Authorization levels and limits (1) Hedging transactions: Pursuant to the revenue and risk position changes of the Company and its subsidiaries, every hedging contract with a transaction amount in excess of 20 percent or more of paid-in capital or US$6 million (include equivalent value) shall be subject to board approval; contracts with transaction amounts of less than 20 percent of paid-in capital and less than US$6 million (include equivalent value) shall be subject to pre-approval by the chairperson upon board authorization. Upon carrying out of transactions by designated personnel, reports are submitted to the next board meeting for ratification. (2) Non-hedging transactions: With a view to minimizing risks,	and risk position changes of the Company and its subsidiaries, every hedging contract with a transaction amount exceeding 20 percent of paid-in capital or US$6 million (including equivalent value) shall be subject to board approval; contracts with transaction amounts of less than 20 percent of paid-in capital and less than US$6 million (including equivalent value) shall be subject to pre-approval by the chairperson upon board authorization. Upon carrying out of transactions by designated personnel, reports shall be submitted to the next board meeting for ratification. (2)Non-hedging transactions: With a view to minimizing risks, every transaction contract with a transaction amount exceeding 20 percent of paid-in capital or US$6 million (including equivalent value) shall be subject to board approval; contracts with transaction amounts of less than 20 percent of paid-in capital and less than US$6 million (including equivalent value) shall be subject to pre-approval by the chairperson upon board authorization. Upon	

Amended articles	Current articles	Description
every transaction contract with a transaction amount in excess of 20 percent or more of paid-in capital or US$6 million (include equivalent value) shall be subject to board approval; contracts with transaction amounts of less than 20 percent of paid-in capital and less than US$6 million (include equivalent value) shall be subject to pre-approval by the chairperson upon board authorization. Upon carrying out transactions by designated personnel, reports are submitted to the next board meeting for ratification. 2. Investment (transaction) limits: For details regarding investment limits and maximum investment losses, please refer to Chapter 3. To ensure optimal coordination between authorization processes of the Company and its subsidiaries and bank monitoring and management, authorized transaction personnel shall notify the bank. Derivative transactions conducted in accordance with the aforementioned authorizations shall be subsequently reported to the next board meeting. (III) Merger, demerger, acquisition, or transfer of shares. Relevant procedures and preparations shall be handled pursuant to the	carrying out transactions by designated personnel, reports shall be submitted to the next board meeting for ratification. 2. Investment (transaction) limits For details regarding investment limits and maximum investment losses, please refer to Chapter 3. To ensure optimal coordination between the authorization processes of the Company and its subsidiaries and bank monitoring and management, authorized transaction personnel shall notify the bank. Derivative transactions conducted in accordance with the aforementioned authorizations shall be subsequently reported to the next board meeting. (III) Merger, demerger, acquisition, or transfer of shares Relevant procedures and preparations shall be handled pursuant to the provisions set forth in Chapter 4 of these Regulations. Mergers, demergers, and acquisitions shall be subject to approval by a shareholders' meeting resolution. This restriction shall not apply where a provision of another act exempts the Company from convening a shareholders' meeting for approval. Transfer of shares shall be subject to approval by the board of directors of the Company.	

Amended articles	Current articles	Description
provisions set forth in Chapter 4 of these Regulations. Mergers, demergers, and acquisitions shall be subject to approval by a shareholders meeting resolution. This restriction shall not apply where a provision of another act exempts the Company from convening a shareholders meeting for approval. Transfer of shares shall be subject to approval by the board of directors of this Company. (IV)Others 1.Authorization levels and limits Transactions shall be handled in accordance with operating procedures prescribed by the internal control system and delegation of authority of the Company and its subsidiaries. Where transaction amounts reach 20 percent of the company's paid-in capital or NT$300 million or more, all transactions (other than acquisition or disposal of equipment for business use of a transaction amount within NT$ 500 million which shall be decided on by the chairperson upon authorization and subsequently submitted to and ratified by the next board meeting) shall be subject to prior approval by board resolution. Where the provisions set forth in Article 185 of the Company Act apply, prior approval by a resolution of	(IV) Others 1. Authorization levels and limits Transactions shall be handled in accordance with operating procedures prescribed by the internal control system and delegation of authority of the Company and its subsidiaries. Where transaction amounts reach 20 percent of the Company's paid-in capital or NT$300 million or more, all transactions (other than acquisition or disposal of equipment for business use of a transaction amount within NT$500 million, which shall be decided on by the chairperson upon authorization and subsequently submitted to and ratified by the next board meeting) shall be subject to prior approval by board resolution. Where the provisions set forth in Article 185 of the Company Act apply, prior approval by a resolution of a shareholders' meeting shall be required. 2. Investment (transaction) limits If no limits are prescribed, prior approval by board resolution shall be required if the investment (transaction) amount reaches 20 percent of the Company's paid-in capital. The thresholds of 20% of	

Amended articles	Current articles	Description
a shareholders meeting shall be required. 2. Investment (transaction) limits If no limits are prescribed, prior approval by board resolution shall be required if the investment (transaction) amount reaches 20 percent of the Company's paid-in capital.	paid-in capital or 10% of total assets referred to above shall be calculated based on the total assets stated in the most recent individual financial statements prepared in accordance with applicable regulations. For the purposes of calculation under this Article, paid-in capital shall be calculated as 10% of equity attributable to owners of the parent.	
Article 6 Announcement and reporting procedures: (I) Where the Company or one of its subsidiaries acquires or disposes of assets under any of the following circumstances, the Company shall publicly announce and report the relevant information on the website designated by the competent authority in the appropriate format and with the required contents as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more;	Article 6 Announcement and reporting procedures: (I) Where the Company or one of its subsidiaries acquires or disposes of assets under any of the following circumstances, the Company shall publicly announce and report the relevant information on the website designated by the competent authority in the appropriate format and with the required contents as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale	In accordance with Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as amended by the Financial Supervisory Commission under Jin-Guan-Zheng-Fa-Zi No. 1140383333 dated July 24, 2025, Article 6 of the "Procedures for Acquisition or Disposal of Assets" of the Company and its subsidiaries is amended to relax the standards for public announcement and filing applicable when a company with paid-in capital of NT$50 billion or more acquires or disposes of equipment for business use from or to non-related parties, and acquires or disposes of government bonds, ordinary corporate

Amended articles	Current articles	Description
provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in Chapter 3, Article 13, Paragraph 4 of these Regulations. 4. Where equipment or right-of-use assets thereof for business use represent the acquired or disposed of asset category, the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (1) For a public company whose paid-in capital is less than NT$10 billion, the transaction amount exceeds NT$500 million. (2) For a public company with paid-in capital of NT$10 billion or more and less than NT$50 billion, where the transaction amount reaches NT$1 billion or more. (3) For a public company with paid-in capital of NT$50 billion or more, where the transaction amount reaches 5 percent or more of the company's paid-in capital.	agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2.Merger,demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in Chapter 3, Article 13, Paragraph 4 of these Regulations. 4. Where equipment or right-of-use assets thereof for business use represent the acquired or disposed of asset category, the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (1)For a public company whose paid-in capital is less than NT$10 billion, the transaction amount exceeds NT$500 million. (2)For a public company with paid-in capital of NT$10 billion or more, the transaction amount exceeds NT$1 billion. 5. Where land is acquired under an arrangement of engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches	bonds, and general bank debentures without equity characteristics.

Amended articles	Current articles	Description
5.Where land is acquired under an arrangement of engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT$500 million or more. 6.For a public company with paid-in capital of NT$50 billion or more, where the transaction involves government bonds, ordinary corporate bonds, or general bank debentures not involving equity, excluding subordinated bonds, traded on an exchange or at the place of business of a securities firm, not falling under any of the circumstances set forth in the proviso to Subparagraph 7, and where the counterparty is not a related party, and the transaction amount reaches 5 percent or more of the company's paid-in capital. 7.Where an asset transaction other than any of those referred to in the preceding six subparagraphs or an investment in the mainland China area reaches 20 percent of paid-in capital or NT$300 million or more. This shall not apply to the following circumstances: (1)Trading of domestic	NT$500 million or more. 6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area reaches 20 percent of paid-in capital or NT$300 million or more. This shall not apply to the following circumstances: (1)Trading of domestic government bonds or foreign government bonds of a credit rating not lower than Taiwan's sovereign credit rating. (2)Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows: (1)The amount of any individual transaction. (2)The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (3)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. (4)The cumulative transaction amount of acquisitions and disposals	

Amended articles	Current articles	Description
government bonds or foreign government bonds of a credit rating not lower than Taiwan's sovereign credit rating. (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (II) The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (III) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in	(cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" need not be counted toward the transaction amount. (II) The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the format prescribed in the attached table into the information reporting website designated by the competent authority by the 10th day of each month. (III) When the Company at the time of public announcement makes an error or omission in an item required to be publicly announced and so is required to correct it, all the items shall be again publicly announced in their entirety within 2 days counting inclusively from the date of knowledge of such error or omission. (IV) Where any of the following circumstances occurs with respect to a transaction that has already been publicly announced and reported in accordance with the provisions set forth in (1), a	

Amended articles	Current articles	Description
accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" need not be counted toward the transaction amount. (IV)The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the format prescribed in the attached table into the information reporting website designated by the competent authority by the 10th day of each month. (V) When the Company at the time of public announcement makes an error or omission in an item required to be publicly announced and so is required to correct it, all the items shall be again publicly announced in their entirety within 2 days counting inclusively from the date of knowledge of such error or omission. (VI)Where any of the following circumstances occurs with respect to a transaction that has already been publicly announced and reported in accordance with the provisions set forth in (1), a public report of relevant information shall be made on the information reporting website designated by the competent authority within 2 days counting inclusively from the date of occurrence of the event: 1.Change, termination, or	public report of relevant information shall be made on the information reporting website designated by the competent authority within 2 days counting inclusively from the date of occurrence of the event: (1)Change, termination, or rescission of a contract signed in regard to the original transaction. (2)The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (3)Change to the originally publicly announced and reported information.	

Amended articles	Current articles	Description
rescission of a contract signed in regard to the original transaction. 2.The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3.Change to the originally publicly announced and reported information.		
Article 7 Control procedures for the acquisition and disposal of assets by subsidiaries: (I) Acquisition and disposal of assets by the subsidiaries of this Company shall also be handled pursuant to provisions set forth in these Regulations. (II) Where acquisition or disposal of assets by a subsidiary that is not a public company meets the standards of public announcement and reporting, this Company shall be notified on the date of occurrence. The Company shall publicly announce and report the relevant information on the designated website. (III) Where the public announcement and reporting standards set forth in Article 6 of these Regulations apply to the aforementioned subsidiaries, the provisions regarding 20 percent of the paid-in capital or 10 percent of the total assets shall be based on the paid-in capital or total assets of this Company.	Article 7 Control procedures for the acquisition and disposal of assets by subsidiaries: (I) Acquisition and disposal of assets by the subsidiaries of this Company shall also be handled pursuant to provisions set forth in these Regulations. (II) Where acquisition or disposal of assets by a subsidiary that is not a public company meets the standards of public announcement and reporting, this Company shall be notified on the date of occurrence. The Company shall publicly announce and report the relevant information on the designated website. (III) Where the public announcement and reporting standards set forth in Article 6 of these Regulations apply to the aforementioned subsidiaries, the provisions regarding 20 percent of the paid-in capital or 10 percent of the total assets shall be based on the paid-in capital or total assets of this Company. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only	In accordance with Article 35 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as amended by the Financial Supervisory Commission under Jin-Guan-Zheng-Fa-Zi No. 1140383333 dated July 24, 2025, and for the purpose of aligning with regulatory adjustments and maintaining consistency of the provisions, the method for calculating the standards for public announcement and filing applicable to companies whose shares have no par value or a par value other than NT$10 is moved to Article 27 of the "Procedures for Acquisition or Disposal of Assets" of the Company and its subsidiaries for uniform regulation.

Amended articles	Current articles	Description
	financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10 — for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted.	
Article 27 (I) For the calculation of the 10 percent of total assets requirement under these Procedures, the amount shall be based on the total assets stated in the most recent individual financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. (II) In the event that the Company's shares have no par value or a par value other than NT$10 per share, where the transaction amount thresholds under these Procedures are based on 20 percent of paid-in capital, such amounts shall be calculated as 10 percent	Article 27 These Regulations were put into effect on June 12, 2019. The 1st amendment was made on June 21, 2022.	1. Article number changed. 2. In accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as amended by the Financial Supervisory Commission under Jin-Guan-Zheng-Fa-Zi No. 1140383333 dated July 24, 2025, and in line with Article 35 thereof, Article 27 is added to the "Procedures for Acquisition or Disposal of Assets" of the Company and its subsidiaries to expressly provide the method for calculating the standards for public

Amended articles	Current articles	Description
of equity attributable to owners of the parent; where such thresholds are based on 5 percent of paid-in capital, such amounts shall be calculated as 2.5 percent of equity attributable to owners of the parent; where such thresholds are based on paid-in capital of NT$10 billion, such amounts shall be calculated as NT$20 billion of equity attributable to owners of the parent; and where such thresholds are based on paid-in capital of NT$50 billion, such amounts shall be calculated as NT$100 billion of equity attributable to owners of the parent.		announcement and filing applicable to public companies whose shares have no par value or a par value other than NT$10 and whose paid-in capital reaches NT$50 billion or more.
Article 28 These Regulations were put into effect on June 12, 2019. The 1st amendment was made on June 21, 2022; the 2nd amendment was made on June 9, 2026.		1.Article number changed. 2.The date of the second amendment has been added.

Appendix 1

SAN FANG CHEMICAL INDUSTRY CO., LTD.

Rules of Procedure for Shareholders Meetings

2022.06.21

1. The rules of procedures for SanFang's shareholders' meeting, except as otherwise provided by law or regulations, shall be as provided in these Rules.
2. This Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card or register on the virtual meeting platform in lieu of signing in. Shareholders shall register on the virtual meeting platform 30 minutes prior to the start of virtual shareholders meetings. Shareholders who complete registration shall be deemed present at the meeting.
3. Attendance and voting at shareholders meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
4. The venue for a shareholders meeting shall be the premises of SanFang, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

   The restrictions on the place of the meeting shall not apply when this Company convenes a virtual-only shareholders meeting.

   When convening a virtual-only shareholders meeting, this Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

   Changes to how this Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than the mailing of the shareholders meeting notice.
5. If a shareholders meeting is convened by the BOD, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson in accordance with the Company Act. If a shareholders meeting is convened by a party with power to convene but other than the BOD, the convening party shall chair the meeting.

   The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
6. San Fang may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
7. The preceding of the shareholders meeting shall make an uninterrupted audio or video, and shall be retained for at least one year.

8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Company shall also declare the meeting adjourned on the virtual meeting platform.

   If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Company two days in advance.

   When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting including extraordinary motion and amendments to original proposals shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

   The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name.

    The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

    When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor. The chair shall stop any violation.

11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing on the virtual meeting platform from the chair declaring the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. Provisions not applicable to the preceding article and the two preceding paragraphs of this article.

12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

    When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

14. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of San Fang.

16. When a meeting is in progress, the chair may announce a break based on time considerations.

17. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
    In the event of a virtual shareholders meeting, this Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

18. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

19. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

20. On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event of a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

    During this Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

21. In the event of a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

22. The resolutions adopted at the shareholders' meeting shall be made into minutes, which shall be signed by or affixed with seal of the chairperson of the meeting and distributed to all shareholders within 20 days after the meeting. The distribution of the shareholders' meetings minutes may be done by way of electronic transmission.

    The Company may distribute the shareholders' meetings minutes under the preceding paragraph by public announcement on the MOPS website.

    Minutes of the meeting shall include the date and place of the meeting, the name of the chairperson at the meeting, the method for adopting the resolutions, and summary and results of the proceedings. Minutes of the meetings shall be kept for as long as the Company is in existence.

23. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

These Rules takes effect on June 9th, 2020 1st amendment made on June 21st, 2022.

Appendix 2

Articles of Incorporation of SAN FANG CHEMICAL INDUSTRY CO., LTD.

Section Ⅰ General Provisions

Article1

The name of the company is SAN FANG CHEMICAL INDUSTRY CO., LTD.(三芳化學工業股份有限公司) (the“Company”), which is duly organized as a company limited by shares under the Company Act of Taiwan.

Article2

The business to be operated by the company is as follow:

1. C805010 Plastic Sheets, Pipes and Tubes Manufacturing
2. C801100 Synthetic Resin & Plastic Manufacturing
3. C801120 Manmade Fiber Manufacturing
4. C303010 Non-woven Fabrics Mills
5. C305010 Printing, Dyeing, and Finishing Mills
6. C401030 Leather and Furriery Manufacturing
7. C801990 Other Chemical Materials Manufacturing
8. F401010 International trade
9. F107200 Wholesale of Chemistry Raw Material
10. ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval.

Article2-1

The total amount of its investments in such other companies shall exceed forty percent of the amount of its own paid-up capital.

Article3

The headquarters of the Company is located in Kaohsiung City, Taiwan. The Company may establish branches or subsidiaries in Taiwan or overseas as the Company may require upon resolution by the Board of Directors of the Company (“Board or “Board of Directors”).

Article4

The Company may act as a guarantor for companies in the same industry.

Section II Shares

Article5

The registered capital of the Company shall be four billion six hundred million New Taiwan Dollars (NT$4,600,000,000), divided into forty-six hundred million (460,000,000) shares, with a par value of ten New Taiwan Dollars (NT$10) per share. Board of Directors authorizes the shares which are unissued that govern the issue of new shares by installments for the purpose of company’s business.

NT$100 million of the capital has been retained for the issuance of employee stock option certificates and employee restricted stock, a total of 10 million shares, NT$10 per share, which can be issued in accordance with the board of directors resolutions.

Article5-1

Recipients of these employee stock options and restricted stock awards include employees of controlled companies or subsidiaries that meet the criteria stipulated by the board of directors or its authorized persons.

Article6

The Company's shares shall be registered and numbered, and shall bear the signatures or personal seals of at least three Directors, and be issued upon approvals from relevant competent authorities in accordance with the law.

Article6-1

For the new shares to be issued by the company, the issuing company may print a consolidated share certificate representing the total number of the new shares to be issued at the same time of issue, and the issued shares may be exempt from printing.

The issued shares certificate in accordance with the provision of the preceding paragraph shall register and hold in the custody with a centralized securities depositary enterprise. It may also issue large-denominated securities in a consolidated manner at the request of a centralized securities depository.

Article 7

Shareholders should send their seals to the company for future reference. When the shareholders receive dividends from the company or exercise their equity in writing, the seals kept by the company. For other affairs related to stocks, it shall be governed by Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 8

Registration for the transfer of shares shall be completed sixty (60) days before the date of each annual meeting, thirty (30) days before the date of each special meeting, or five (5) days before the date on which dividends, bonus, or any other distributions will be paid or made by the Company.

Section III Shareholders' Meeting

Article 9

There are two types of shareholders' meeting of the Company, the annual meeting and special meeting. Annual meetings shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year. Notice shall be given to the shareholders by mail or electronic transmission at least thirty (30) days prior to an annual meeting, and, at least fifteen (15) days prior to a special meeting.

The company's shareholders' meetings can be held by means of video conference or other methods promulgated by the central competent authority.

Article 10

A shareholder who is unable to attend the shareholders' meeting may authorize another person to attend as proxy using the form provided by the Company affixed with the seal that such shareholder left in the Company's safekeeping. When a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Unless otherwise provided by the Company Act, shall comply under "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" in accordance with the regulations to be prescribed by the competent authority.

Article 11

The shareholders' meetings shall be presided by the Chairman of the Board. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the chairperson of the meetings shall be appointed pursuant to Article 208 of the Company Act.

Article 12

Unless otherwise provided for in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.

Article 13

The resolutions adopted at the shareholders' meeting shall be made into minutes, which shall be signed by or affixed with seal of the chairperson of the meeting and distributed to all shareholders within 20 days after the meeting.

The distribution of the meeting minutes shall comply with the Company Act.

Minutes of the meeting shall include the date and place of the meeting, the name of the chairperson at the meeting, the method for adopting the resolutions, and summary and results of the proceedings. Minutes of the meetings shall be kept for as long as the Company is in existence.

The attendance register and proxy forms shall be kept for at least one year; provided, however, records concerning an action initiated by a shareholder pursuant to Article 189 of the Company Act shall be kept until the conclusion of the lawsuit.

Section IV Directors

Article 14

The Company has five to nine directors. The election of directors is based on a nomination system whereby directors are elected from a list of candidates by the shareholders for a term of three years and are eligible for re-election. The total shareholding ratio of all directors shall be handled in accordance with the regulations of the securities competent authority.

Among the directors mentioned in the preceding paragraph, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. Matters concerning the professional qualifications, shareholding and concurrent position restrictions, determination of independence, nomination process, and other compliance requirements for independent directors shall be handled in accordance with the regulations of the competent authority.

Article15

In case that the vacancies in the office of Directors reach one-third of the Board, the Board of Directors shall convene a special meeting of the shareholders to elect new Directors to fill the vacancies. A director elected to fill such vacancy shall hold office for the unexpired term of the director whose office was vacant.

Article16

The board of directors is organized by the directors, the Board of Directors shall elect a chairman of the board Directors from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors, and may also elect in the same manner a vice chairman of the board in accordance with the provisions of the Articles of Incorporation. The company's director represents the company in its external affairs and determine the guidelines and execute the supervision plan in its internal.

Article17

The Chairman of the Board shall preside at all meetings of the Board of Directors. If the Chairman of the Board is on leave or cannot exercise his powers and duties for any reason, a chairperson shall be appointed pursuant to Article 208 of the Company Act.

Article17-1

In calling a meeting of the Board of Directors, the meeting notice may be given in writing, email or electronic form in accordance with the Article 204 of Company Act.

Article18

The Board of the Directors determine the operating strategy and other important matters. Unless otherwise provided for in Company Act,

it shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting

Article19

Each director shall attend the meeting of the Board of Directors in person,

In case a meeting of the Board of Directors is proceeded via visual communication network, then the Directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

Article20

As pursuant to the provisions of Article 14-4, of the Securities and Exchange Act; the audit committee shall be composed of the entire number of independent Directors. The audit committee and members shall implement of the Company Law, the Securities Exchange Law and other laws provides for the duties and powers of the supervisors.

Article21

The directors are remunerated regularly, authorizing the board of directors to agree on the level of their participation in the company's operations and the value of their contributions, and with reference to the standard of the same trade concerned. The Board of Directors determine Directors' transportation allowance.

Section V Staff

Article22

The company shall be one general manager and several vice general managers, upon approval by a majority of the Directors at a meeting attended by half or more of the total number of the Directors for the appointment.

Section VI Accounting

Article23

The company shall hold an accounting year annually from January 1 to December 31 each year, and closing of accounts one time at the end of the year.

1.Business report

2.Financial statement

3. Proposals for distribution of profits or covering of losses

Article24

The Company allocates 3% to 5% of the pre-tax profit for employee remuneration (of which at least 30% should be allocated to grassroots employees), and no more than 3% for director remuneration, after deducting employee and director remuneration from the pre-tax profit of the current year.

Decisions on employees' remuneration, the rate of distribution of directors' remuneration, and employees' remuneration in the form of stock or cash shall be made by the Board of Directors with the attendance of at least two-thirds of the directors and the concurrence of a majority of the directors present, and reported to the shareholders at the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first reserve the amount to cover such losses, and then provide employees' and directors' remuneration in accordance with the aforementioned ratio.

Article24-1

A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. For the purpose of operation needs, if there are surplus earnings, the company shall appropriate another sum as a special reverse, accumulate undistributed surplus and propose the surplus earning distribution by Board of Directors. The remaining profit shall be distributed as Shareholders' dividends upon subject to the approval of the shareholders meeting.

According to the law of Company Act, a public company may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The company's dividend policy must be based on the company's current and future investment environment, capital requirements, financial planning and other factors, and take into account the interests of shareholders and balance dividends, and allocate more than 10% of the available earnings. However, In the current period, the total amount of distributable shareholders' dividends calculated in the form of appropriation of dividends shall be fully reserved and not distributable when the amount per share is less than NT$0.5.

Among the proposed dividends, the cash dividends shall not be less than 10% of the total shareholders' dividends, but the cash dividends per share may not be paid if it is less than NT$0.3 (inclusive), to substitute stock dividends for cash dividends.

Section VII Supplementary Provisions

Article25

Matters not specified in this Articles of Incorporation shall be governed by the Company Act.

Article26

The organizational charter and by-laws of the Company shall be separately adopted by the Board of Directors.

Article27

These Articles of Incorporation were established on May 12, 1973.

The first amendment was made on January 8, 1975

The second amendment was made on December 12, 1975.

The third amendment was made on June 20, 1977

The fourth amendment was made on January 6, 1979.

The fifth amendment was made on April 5, 1980.

The sixth amendment was made on J May 20, 1981.

The seventh amendment was made on J July 15, 1981.

The eighth amendment was made on April 30, 1982.

The ninth amendment was made on March 23, 1983.

The tenth amendment was made on April 30, 1984.

The eleventh amendment was made on April 30, 1985.

The twelfth amendment was made on June 15, 1985.
The thirteenth amendment was made on April 16, 1986.
The fourteenth amendment was made on April 21, 1987.
The fifteenth amendment was made on April 30, 1988.
The sixteenth amendment was made on April 28, 1989.
The seventeen amendment was made on May 8, 1990.
The eighteenth amendment was made on April 20, 1991.
The nineteenth amendment was made on ; April 23, 1992..
The twentieth amendment was made on May 12, 1993.
The twenty-first amendment was made on April 28, 1994.
The twenty-second amendment was made on May 2, 1995.
The twenty-third amendment was made on May 22, 1996.
The twenty-fourth amendment was made on April 23, 1998.
The twenty-fifth amendment was made on May 17, 2000.
The twenty-sixth amendment was made on May 25, 2001.
The twenty-seventh amendment was made on May 30, 2002.
The twenty-eighth amendment was made on May 13, 2003.
The twenty-ninth amendment was made on May 25, 2005.
The thirtieth amendment was made on May 24, 2006.
The thirty-first amendment was made on June 13, 2008.
The thirty-second amendment was made on June 15, 2010.
The thirty-third amendment was made on June 15, 2011.
The thirty-fourth amendment was made on June 6, 2012.
The thirty-fifth amendment was made on June 25, 2014.
The thirty-sixth amendment was made on June 13, 2016.
The thirty-seventh amendment was made on June 8, 2017.
The thirty-eighth amendment was made on June 12, 2018.
The thirty-ninth amendment was made on June 12, 2019.
The fortieth amendment was made on June 21, 2022.
The forty-first amendment was made on June 11, 2024.

Appendix 3

SAN FANG CHEMICAL NDUSTRY CO., LTD.

Shareholdings of All Directors

Effective Date: April 11, 2026

Job title	Name	Dates when elected	Number of shares held when elected			Number of shares currently hold			Remarks
			Categories	Number of shareholding	% to the current outstanding shares	Categories	Number of shareholding	% to the current outstanding shares	
Chairman	San Fang Investment Company Ltd. (Representative: Mun- Jin, Lin)	Jun 19, 2024	common shares	1,143,574	0.29%	common shares	1,143,574	0.29%	
Director	Pou Chien Technology Corporation (Representative: Chin-Chu, Lu)	Jun 19, 2024	common shares	36,549,118	9.18%	common shares	36,549,118	9.18%	
Director	Pou Chien Technology Corporation (Representative:CHIH-HUNG, SHIH)								
Director	Pou Chien Technology Corporation (Representative: Chia-Hui, Teng)								
Independent	Li- Syuan, Lin	Jun 19, 2024	common shares	0	0.00%	common shares	0	0.00%	
Independent	Chih-Long, Chou	Jun 19, 2024	common shares	0	0.00%	common shares	0	0.00%	
Independent	Yi-Ching, Lin	Jun 19, 2024	common shares	0	0.00%	common shares	0	0.00%	
Total			common shares	37,692,692		common shares	37,692,692		

Total of outstanding common shares as of April 21, 2024: 397,818,126 shares

Total of outstanding common shares as of April 11 2026: 397,818,126 shares

Note: The statutory minimum shareholding requirement for all Directors: 15,912,725 shares.

As of April 11, 2026, the shareholding by number37,692,692shares

Where the Company has set up the Audit Committee, the shareholding requirements for supervisors are not applicable.

◎ The number of shares held by independent directors is excluded from shareholding of directors.

Appendix 4

The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

The Company has no plan for the free allotment of shares for this fiscal year. This item does not apply.

三芳化學工業股份有限公司
SAN FANG CHEMICAL INDUSTRY CO., LTD.