

**Nan Pao Resins Cematic Co., Ltd.**  
**Minutes of the 2023 Annual General Shareholders' Meeting**  
**(Summary Translation)**

Meeting time: 10:00 a.m., June 21, 2023

Venue: No. 519, Zhongshan Rd., Xigang Dist., Tainan City

Shares represented at the meeting:

The total issued shares of the Company is 120,570,780. A total of 100,460,201 valid issued shares of the Company were presented at the above meeting (including a total of 87,026,113 shares were presented by electronic voting), representing 83.32% of the above total valid issued shares of the Company.

Chairman: Cheng-Hsien, Wu (Chairman)

Recorder: Julie Lee

Attendance: Ming-Hsien, Hsu (The Representative of Guang Rong Investment Ltd.), Ying-Lin, Huang (The Representative of Guang Rong Investment Ltd.), Yun, Chen (Independent Director), Yung-Cheng, Chiang (Independent Director) and Hung-Ju, Liao (Independent Auditor of Deloitte & Touche)

### **I. Call the Meeting to Order**

As the share of shareholders and representatives exceeded quorum, chairman called the meeting to order.

### **II. Chairman's Address (omitted)**

### **III. Reported Matters**

1. 2022 Business Report (see Attachment 1)
2. Audit Committee's Review Report on the 2022 annual final accounting books and statements (see Attachment 2)
3. Report on 2022 employees' and directors' remuneration

Explanatory Note:

This Company's Board of Directors has approved on March 27, 2023, to allocate NT\$52,000,000 for employees' remuneration and NT\$22,000,000 for directors' remuneration from the earnings reserves of 2022. The aforementioned remuneration are to be distributed in cash, and the allocated amount is the same as the estimated expenses recognized in the current fiscal year.

4. Report on distribution of cash dividends from 2022 profits

Explanatory Note:

- (1) Pursuant to Article 26 of the Company's Articles of Incorporation, the Board of Directors is authorized to decide the distribution of cash dividend and report the decision to the shareholders meeting.
- (2) The Board of Directors resolved to distribute cash dividends amount of NT\$1,205,707,800 to shareholders at NT\$10 per share. Cash dividends were rounded to the nearest whole number. The total amount of cash dividends less than NT\$1 will be recognized as the "Other income" of the Company.
- (3) The proposed cash dividends distribution has been approved by the Board of Directors. In the event of various factors causing any change to the total number of outstanding shares, the Board of Directors is fully authorized to resolve the relevant issues.

5. Amendments to the Company's "Code of Ethical Conduct"

Explanatory Note:

In order to conform to operational needs, the Company proposed to amend the "Code of Ethical Conduct". Please refer to Attachment 5.

6. Report on the implementation of short-form merger with subsidiary Progroups Technology Co., Ltd.

Explanatory Note:

(1) In order to effectively integrate resources and simplify the group investment structure, the Board of Directors resolved a short-form merger of the Company and its 100%-owned subsidiary, Progroups Technology Co., Ltd. (hereinafter referred to as Progroups) on November 9, 2022.

(2) The reference date of the merger was December 31, 2022. After the merger, the Company is the surviving company and Progroups is the dissolved company. The required legal procedure for the change registration has been completed and approved by the Department of Commerce, Ministry of Economic Affairs in Letter Economic-Authorize-Commerce-11230022560 on February 14, 2023.

7. Report on the implementation of short-form merger with subsidiary Nan Pao Electronic Material Co., Ltd.

Explanatory Note:

(1) In order to effectively integrate resources and simplify the group investment structure, the Board of Directors resolved a short-form merger of the Company and its 100%-owned subsidiary, Nan Pao Electronic Material Co., Ltd. (hereinafter referred to as Nan Pao Electronic) on November 9, 2022.

(2) The reference date of the merger was December 31, 2022. After the merger, the Company is the surviving company and Nan Pao Electronic is the dissolved company. The required legal procedure for the change registration has been completed and approved by the Department of Commerce, Ministry of Economic Affairs in Letter Economic-Authorize-Commerce-11230022550 on February 14, 2023.

#### **IV. Acknowledged Matters**

Proposal 1: Acknowledgment of the 2022 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Note:

(1) The Company's 2022 Financial Statements have been audited by independent auditors, Mr. Hung Ju Liao and Ms. Chi Chen Lee, of Deloitte & Touche. The Business Report and Financial Statements (includes Consolidated Financial Statements) for 2022, both of which were approved by the Board of Directors, and submitted with Business Report to Audit Committee for review and issuance of Inspection Report on record.

(2) Please refer to Attachment 1 and Attachment 3 for details.

Resolution: RESOLVED, that the above proposal was hereby approved as proposed.

Voting Results: Shares present at the time of voting: 100,348,494 (including a total of 87,026,113 shares were presented by electronic voting).

Voting Results	Total Votes	(Electronic Votes)	% of the represented share present
Votes in favor	96,990,849 votes	(84,211,263 votes)	96.66
Votes against	3,324 votes	(3,324 votes)	0.00
Votes invalid	0 vote	(0 vote)	0.00
Votes abstained / Not voted	3,354,321 votes	(2,811,526 votes)	3.34

Proposal 2: Acknowledgment of the 2022 Earnings Distribution (Proposed by the Board of Directors)

Explanatory Note:

- (1) The Company's Earnings Distribution of 2022 was approved by the Board of Directors and has been submitted to the Audit Committee for audit.
- (2) Please refer to Attachment 4 for the Company's 2022 Earnings Distribution Plan.

Resolution: RESOLVED, that the above proposal was hereby approved as proposed.

Voting Results: Shares present at the time of voting: 100,348,494 (including a total of 87,026,113 shares were presented by electronic voting).

Voting Results	Total Votes	(Electronic Votes)	% of the represented share present
Votes in favor	97,216,071 votes	(84,436,485 votes)	96.88
Votes against	3,102 votes	(3,102 votes)	0.00
Votes invalid	0 vote	(0 vote)	0.00
Votes abstained / Not voted	3,129,321 votes	(2,586,526 votes)	3.12

## V. Election Matters

Proposal 1: Board of Directors election (Includes independent directors) (Proposed by the Board of Directors)

Explanatory Note:

- (1) The term of the Company's Board of Directors was expired on June 15, 2023. The duty of the Board of Directors will be extended to the office of newly elected directors according to Article 195 of the Company Law.
- (2) According to the Articles of Incorporation and the resolution of the Board of Directors on March 27, 2023, there are 7 seats for the current session of directors, including 3 independent directors. The term of newly elected directors is three years which starts from June 21, 2023 to June 20, 2026.
- (3) Election of directors shall adopt nomination system and is also carried out according to Article 192-1 of the Company Law. Please refer to Attachment 6 for the List of Candidates of Directors, their shareholdings, educational background and working experience.
- (4) Please refer to Appendix 3 for "Procedures for Election of Director".
- (5) Submit for election.

Voting Results:

**The elected list of Directors for this term.**

No.	Account Number	Name	Votes Received
1	85	Cheng-Hsien, Wu	127,499,073 votes
2	71	Guang Rong Investment Ltd. Representative : Ming-Hsien, Hsu	101,580,664 votes
3	71	Guang Rong Investment Ltd. Representative : Ying-Lin, Huang	101,339,029 votes
4	97	Pou Chien Enterprise Co., Ltd.	100,954,557 votes

**The elected list of Independent Directors for this term.**

No.	National ID Number	Name	Votes Received
1	L10177XXXX	Yun, Chen	72,057,661 votes
2	A12213XXXX	Yung-Cheng, Chiang	64,640,602 votes
3	D22044XXXX	Chin-Jung, Kuo	61,971,262 votes

**VI. Other Proposals**

Proposal 1: Discussion to remove the non-competition restrictions of directors (Proposed by the Board of Directors)

Explanatory Note:

- (1) Article 209 of the Company Law stipulates that “For behaviors of their own or others within the Company’s business scope, the Directors shall explain their importance of their conducts during the Shareholders’ Meeting and obtain its approval.”
- (2) Some newly elected members of the Board of Directors (including Independent Directors) have invested in or are managing other companies with identical or similar business scope of the Company, in addition to being directors or supervisors of those companies. It is proposed for the 2023 Shareholders’ Meeting approval to remove the non-competition restriction on newly elected directors according to Article 209 of the Company Law.
- (3) Please refer to Attachment 7 for “List of Non-competition Restriction of Candidates of Directors”.

Resolution: RESOLVED, that the above proposal was hereby approved as proposed.

Voting Results: Shares present at the time of voting: 100,348,494 (including a total of 87,026,113 shares were presented by electronic voting).

Voting Results	Total Votes	(Electronic Votes)	% of the represented share present
Votes in favor	97,213,677 votes	(84,434,091 votes)	96.88
Votes against	4,360 votes	(4,360 votes)	0.00
Votes invalid	0 vote	(0 vote)	0.00
Votes abstained / Not voted	3,130,457 votes	(2,587,662 votes)	3.12

**VII. Extemporary Motions (none)**

**VIII. Meeting Adjourned**

There were no questions from shareholders at this shareholders' meeting.

Chairman: Cheng-Hsien, Wu

Recorder: Julie Lee

**Attachment 1**

## Nan Pao Resins Chemical Co., Ltd. Business Report for 2022

**I. Review of 2022 Business Performance**

## 1. Results of business plan

The total consolidated revenue of 2022 was NT\$22.00 billion, an increase of 22.38% from the previous year. The total gross profit was NT\$5.29 billion, an increase of 28.90% from the previous year. The operating profit was NT\$1.82 billion, an increase of 73.39% from the previous year. The net income was NT\$1.86 billion, an increase of 100.43% from the previous year. Earnings per share after taxes was NT\$14.44.

Unit : NT\$, 000 (EPS lists in dollars)

Year		2022		2021		Variances	
		Amount	%	Amount	%	Amount	%
Net Operating Revenue		22,004,313	100	17,980,007	100	4,024,306	22.38
Gross Profit		5,287,537	24	4,102,045	23	1,185,492	28.90
Operating Profit		1,824,375	8	1,052,194	6	772,181	73.39
Pre-tax Income		2,385,414	11	1,202,541	7	1,182,873	98.36
Net Income		1,862,728	8	929,353	5	933,375	100.43
Net Income attributed to	Shareholders	1,741,459	8	875,780	5	865,679	98.85
	Non- controlling Interests	121,269	-	53,573	-	67,696	126.36
Earnings Per Share(dollar)		14.44		7.26		7.18	98.90

2. Budget Implementation : The Company did not release financial forecasts, so there is no analysis data of budget implementation.

## 3. Analysis of Financial Status and Profitability

Unit : NT\$, 000 ; %

Item	2022	2021
Cash inflow from operating	1,916,763	137,057
Cash inflow (outflow) from investing	694,838	(528,849)
Cash (outflow) inflow from fundraising	(1,918,865)	322,399
Return on Assets (%)	7.59	4.27
Return on Equity (%)	11.67	6.77
Profit before tax to capital stock (%)	197.84	99.74
Net Profit Margin (%)	8.47	5.17

#### 4. R&D Achievements

Nan Pao is committed to continuous growth and enhancing its innovative capabilities by investing heavily in R&D and technological resources in various areas, including high-performance adhesives for footwear, functional textile adhesives, adhesives for medical products, low-VOC adhesives and hot-melt adhesives for automobiles, adhesives for flexible packaging materials, pressure-sensitive adhesives for optical applications, building chemicals, and functional coatings. In 2022, R&D expenses accounted for approximately 2.33% of the company's consolidated operating revenue. As raw materials account for over 70% of Nan Pao's product life cycle carbon emissions, the company remains focused on its green product strategy and places greater emphasis on environmental protection and sustainable development, which includes:

- (1) **Low/Zero VOC products**, water-based products contain little or no volatile organic compounds (VOCs). After the adhesive products are converted from solvent-based to water-based, greenhouse gas emissions can be reduced by about 50%. Currently, 75% to 80% of the footwear products are low or zero VOC, and there are also solvent-free woodworking PUR adhesives, hot-melt adhesives for automobiles, and powder coatings used for water pipes.
- (2) **Using biobased or recyclable materials for products** can reduce reliance on fossil raw materials and lower greenhouse gas emissions. Currently, the adoption rate of such products is still low, but there is significant potential for growth in the long term. Examples of these products include biobased waterborne PU coatings for fabrics, waterborne PU coatings for fabrics containing recycled PET, biobased foam insoles, biobased woodworking adhesives, and high-biobased content hot melt adhesives for can label adhesion.
- (3) **High-performance and environmentally friendly/low-pollution products** provide customized and comprehensive solutions while also delivering added environmental value, supporting customers in achieving their sustainable development goals. For example, acid-free adhesives can help customers achieve low-corrosion and low-contamination designs for ITO films; hollow glass sealants with features such as sun resistance, temperature resistance, and moisture resistance can achieve energy-saving benefits for buildings; and semiconductor UV release tapes can be easily peeled off from wafers with ultraviolet irradiation, improving production efficiency. Additionally, the development of paper coatings without plastic film enables paper cups and boxes to be recycled as paper, achieving recycling and reuse.
- (4) **ZDHC-compliant and bluesign®-approved products** are produced using synthetic resin polymer synthesis technology and structural design to eliminate harmful substances and manage hazardous materials. The core technology not only provides functional performance for product applications, but also reduces human contact and environmental impact to achieve consumer safety. Nan Pao has currently obtained bluesign® certification for 20 textile products, including foam coating for textiles, lightweight windproof coating, abrasion-resistant high-strength bag materials coating, water-based PU for lamination, formaldehyde-free water-based acrylic, PUR adhesives for textiles/films, fluorine-free water repellent for dyeing and finishing, and thick moisture-wicking and quick-drying agents.

## II. Summary of 2023 Business Plan

### 1. Business Strategy

#### (1) Diversification of product applications

Continuously develop products to enhance potential growth opportunities, expand the application of products in other markets, and also focus on strategic M&A targets that have synergistic effects to achieve vertical or horizontal integration through reinforcing acquisitions, enabling Nan Pao to expand its global presence and product applications.

#### (2) Strengthen ESG

In response to international development trends, develop ESG strategies to achieve goals such as energy conservation and carbon reduction and adapting to climate change. Additionally, enhance ESG information disclosure to respond to investor concerns and enhance the company's sustainable competitiveness.

#### (3) Investment in R&D

Focus on the link between green products and environmental sustainability, continue to develop products with sustainable value that meet environmental and market demands, and invest in research and development of green products for sustainable growth towards a low-carbon economy.

### 2. Expected Sales Quantity and Basis

The sales plan of the company is estimated based on contracts, historical sales records, and market changes. The sales target for 2023 is expected to maintain a stable development.

### 3. Important Production and Marketing Strategies

#### (1) Industry Focus on Innovation and Excellence

In addition to expanding the footwear adhesive market with innovative products and excellent services, and stabilizing the market share of tier-one sports brands, the company also develops growth momentum beyond footwear adhesives, such as shoe material cleaners, shoe material treatments, and shoe hardeners used in the shoe manufacturing process. Furthermore, the company focuses on five major fields including textiles, technology, flexible packaging materials, woodworking, and healthcare materials. The strategy starts from penetrating more local customers, acquiring local tier-one customers, and eventually entering the supply chain of international first-tier customers to continue strengthening the company's market position.

#### (2) Green Products and Industrial Opportunities

Continuously research and promote more environmentally friendly chemicals. In addition, strive to seize green industry opportunities under major trends such as green sustainability, circular economy, and energy-saving and low-carbon. Currently, the focus of the adhesive business's green products is on high-efficiency, environmentally sustainable products, high-margin electronic and optoelectronic products, and high-performance automotive electric vehicle industries. The coatings and building materials business mainly pursues energy-efficient and comfortable housing and applies them to solar energy and water resource industries.



### (3) Golden Sample Strategy for Product Development

In the future, the company will adopt a "Golden Sample" strategy for product development, seeking to develop star products that meet strong application market demand, have first-class performance that the R&D team can develop at a competitive price, and can be produced with higher cost-effectiveness, to accelerate growth and improve profitability through economies of scale.

## **III. External Competitive, Regulatory and Overall Business Environment Impact on Future Development Strategy**

Nan Pao has set 2021 as the ESG year for the group and pledged to achieve corporate carbon neutrality by 2050. The company has also established sustainable development goals, including greenhouse gas inventory, implementation of TCFD (Task Force on Climate-related Financial Disclosures) to enhance supply chain climate change risk resilience, establishment of renewable energy generation equipment in factories, increasing the revenue contribution of green products, introducing ISO 46001 water resource management, reducing the use of high-concern chemical items, and actively seeking alternative raw materials.

Observing recent international economic situations affected by factors such as mutant viruses, the Russia-Ukraine conflict, high inflation, and climate change, major economies have initiated interest rate cycles to counter inflation, and high interest rates have affected corporate investment willingness. Manufacturing activities in various countries have significantly slowed down. Looking to the future, the global economic outlook still faces many downward risks, such as the global economic slowdown trend that may continue into 2023 or even lead to a mild recession.

Facing the future development of the world, and in anticipation of industry supply and demand returning to a relatively stable state, Nan Pao will actively create and seize various energy-saving opportunities with its core technological innovation ability and sound financial structure. The company will accelerate the realization of its strategies by using sustainable products as the cornerstone. By continuously accumulating corporate competitiveness, the company is committed to implementing corporate governance, risk management, and sustainable operations, creating sustainable value for stakeholders, and keeping track of domestic and foreign policy development trends and regulatory changes. The company aims to minimize the negative impact of external environmental factors to maintain steady profit performance and repay shareholders for their support.

**Attachment 2**

**Nan Pao Resins Chemical Co., Ltd.  
Review Report of Audit Committee**

To: 2023 General Shareholders' Meeting

The Audit Committee has duly inspected and approved the Company's business report, financial statements and earning distribution plan for 2022 prepared and proposed by the Board of Directors, with the financial statements having been audited by independent auditors and issued certification of financial reports. The Audit Committee considered that the business reports, financial statements and earning distribution plan as proposed are fairly presented the Company's financial position and results. The aforementioned report is hereby submitted pursuant to the Securities and Exchange Act and the Company Act.

Nan Pao Resins Chemical Co., Ltd.

Audit Committee Convener :

Yun, Chen

March 27, 2023

## **Attachment 3**

### **(1) Consolidated Financial Statements** **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Nan Pao Resins Chemical Co., Ltd.

#### **Opinion**

We have audited the accompanying consolidated financial statements of Nan Pao Resins Chemical Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion and based on our and other independent auditors' reports (see Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our and other independent auditors' reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is detailed as follows:

### Authenticity of Revenue Recognition

As stated in Notes 4 (o) and 27 the Group's main source of revenue is revenue from the sale of adhesives, coatings, and construction material. The sales amount of some customers changed significantly in 2022. We considered the materiality of this to the consolidated financial statements as well as the regulations in the auditing standards regarding the presumed significant risk in revenue recognition, and thus deemed the authenticity of revenue recognition of the customers of adhesives department as a key audit matter.

1. We understood the design of the internal controls related to revenue recognition and tested on a sample basis its operating effectiveness.
2. We selected appropriate samples from the sales receipts of the customers mentioned above, and inspected the sales orders signed by external parties based on the revenue recognition terms, commercial invoices, bill of lading and collections of this customers to check whether the sales actually occurred, and also confirmed whether the transaction counterparty to the sale was the same as the counterparty receiving payment.

### **Other Matters**

Among the subsidiaries included in the consolidated financial statements of the Group, the financial statements of some of the subsidiaries were not audited by us, but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information included for these subsidiaries, is based solely on the report of other auditors. The total assets of these subsidiaries amounted to NT\$5,274,657 thousand and NT\$3,748,491 thousand as of December 31, 2022 and 2021, respectively, accounting for 21% and 14% of total consolidated assets, respectively. Net sales revenue was NT\$5,749,177 thousand and NT\$3,425,709 thousand, respectively, accounting for 26% and 19% of the consolidated net sales revenue, respectively.

We have also audited the parent company only financial statements of Nan Pao Resins Chemical Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matter that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hung-Ju Liao and Chi-Chen Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 27, 2023

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.*

**NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2022 AND 2021**

**(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,975,268	16	\$ 3,231,306	13
Financial assets at amortized cost - current (Notes 4, 9, 10, and 37)	373,121	2	1,064,825	4
Notes receivable (Notes 4 and 11)	310,864	1	308,657	1
Accounts receivable (Notes 4, 11 and 27)	4,261,020	17	3,746,166	15
Accounts receivable - related parties (Notes 4, 11, 27 and 36)	307,095	1	322,182	1
Other receivables (Notes 4 and 11)	97,544	-	108,967	-
Current tax assets (Note 29)	3,936	-	1,910	-
Inventories (Notes 4 and 12)	2,824,543	12	2,949,236	11
Non-current assets held for sale (Notes 4 and 13)	-	-	378,477	2
Other current assets (Note 21)	705,671	3	539,602	2
Total current assets	<u>12,859,062</u>	<u>52</u>	<u>12,651,328</u>	<u>49</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	69,536	-	36,135	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	4,206,459	17	6,284,859	24
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 37)	128,484	1	127,243	1
Investments accounted for using the equity method (Notes 4 and 15)	39,286	-	-	-
Property, plant and equipment (Notes 4, 16 and 37)	5,507,684	22	4,931,769	19
Right-of-use assets (Notes 4 and 17)	1,179,673	5	1,040,157	4
Investment properties (Notes 4 and 18)	17,760	-	17,760	-
Goodwill (Notes 4, 19 and 32)	246,575	1	238,377	1
Other intangible assets (Notes 4 and 20)	122,033	1	138,482	1
Deferred tax assets (Notes 4 and 29)	256,284	1	346,509	1
Net defined benefit assets - non-current (Notes 4 and 25)	22,063	-	-	-
Other non-current assets (Note 21)	90,884	-	115,016	-
Total non-current assets	<u>11,886,721</u>	<u>48</u>	<u>13,276,307</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 24,745,783</u>	<u>100</u>	<u>\$ 25,927,635</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 22 and 37)	\$ 1,854,293	8	\$ 2,157,674	8
Contract liabilities - current (Notes 4 and 27)	34,241	-	44,959	-
Notes payable (Note 23)	463	-	1,036	-
Accounts payable (Note 23)	2,658,505	11	2,590,168	10
Dividends payable	4,032	-	-	-
Other payables (Note 36)	1,080,261	4	912,530	3
Current tax liabilities (Note 29)	275,853	1	178,428	1
Lease liabilities - current (Notes 4 and 17)	87,235	-	78,256	-
Current portion of long-term borrowings (Notes 22 and 37)	138,721	1	193,146	1
Other current liabilities (Notes 24 and 36)	202,620	1	205,724	1
Total current liabilities	<u>6,336,224</u>	<u>26</u>	<u>6,361,921</u>	<u>24</u>
<b>NON-CURRENT LIABILITIES</b>				
Long - term borrowings (Notes 22 and 37)	1,223,855	5	1,935,075	8
Deferred tax liabilities (Notes 4 and 29)	876,315	3	786,425	3
Lease liabilities - non-current (Notes 4 and 17)	656,265	3	471,967	2
Net defined benefit liabilities - non-current (Notes 4 and 25)	-	-	51,816	-
Other non-current liabilities (Note 24)	9,748	-	50,392	-
Total non-current liabilities	<u>2,766,183</u>	<u>11</u>	<u>3,295,675</u>	<u>13</u>
Total liabilities	<u>9,102,407</u>	<u>37</u>	<u>9,657,596</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)</b>				
Share capital - ordinary shares	1,205,707	5	1,205,707	5
Capital surplus	2,115,333	9	2,101,673	8
Retained earnings				
Legal reserve	1,388,123	6	1,300,961	5
Special reserve	313,321	1	313,321	1
Unappropriated earnings	5,982,451	24	5,021,383	20
Total retained earnings	7,683,895	31	6,635,665	26
Other equity	3,547,091	14	5,334,802	20
Total equity attributable to owners of the Company	14,552,026	59	15,277,847	59
<b>NON-CONTROLLING INTERESTS</b>	1,091,350	4	992,192	4
Total equity	<u>15,643,376</u>	<u>63</u>	<u>16,270,039</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 24,745,783</u>	<u>100</u>	<u>\$ 25,927,635</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 27, 2023)

## NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 36)	\$ 22,004,313	100	\$ 17,980,007	100
OPERATING COSTS (Notes 12, 25, 28 and 36)	<u>16,716,776</u>	<u>76</u>	<u>13,877,962</u>	<u>77</u>
GROSS PROFIT	<u>5,287,537</u>	<u>24</u>	<u>4,102,045</u>	<u>23</u>
OPERATING EXPENSES (Notes 11, 25 and 28)				
Selling and marketing expenses	2,031,894	9	1,728,521	9
General and administrative expenses	898,945	4	832,346	5
Research and development expenses	513,724	3	485,459	3
Estimated credit loss	<u>18,599</u>	<u>-</u>	<u>3,525</u>	<u>-</u>
Total operating expenses	<u>3,463,162</u>	<u>16</u>	<u>3,049,851</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,824,375</u>	<u>8</u>	<u>1,052,194</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 15 and 28)				
Interest income	34,892	-	41,617	-
Other income	551,926	3	137,748	1
Other gains and losses	61,250	-	(7,445)	-
Finance costs	(86,315)	-	(54,797)	-
Share of profit of associates	<u>(714)</u>	<u>-</u>	<u>33,224</u>	<u>-</u>
Total non-operating income and expenses	<u>561,039</u>	<u>3</u>	<u>150,347</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,385,414	11	1,202,541	7
INCOME TAX EXPENSE (Notes 4 and 29)	<u>522,686</u>	<u>3</u>	<u>273,188</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,862,728</u>	<u>8</u>	<u>929,353</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 25, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	38,551	-	14,207	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(2,091,887)	(9)	5,125,642	29
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(7,720)</u>	<u>-</u>	<u>(2,892)</u>	<u>-</u>

(Continued)



# NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
	\$ (2,061,056)	(9)	\$ 5,136,957	29
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	398,275	2	(203,396)	(1)
Income tax relating to items may be reclassified subsequently to profit or loss	(76,044)	-	39,164	-
	<u>322,231</u>	<u>2</u>	<u>(164,232)</u>	<u>(1)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(1,738,825)</u>	<u>(7)</u>	<u>4,972,725</u>	<u>28</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 123,903</u>	<u>1</u>	<u>\$ 5,902,078</u>	<u>33</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,741,459	8	\$ 875,780	5
Non-controlling interests	<u>121,269</u>	<u>-</u>	<u>53,573</u>	<u>-</u>
	<u>\$ 1,862,728</u>	<u>8</u>	<u>\$ 929,353</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (16,056)	-	\$ 5,855,241	33
Non-controlling interests	<u>139,959</u>	<u>1</u>	<u>46,837</u>	<u>-</u>
	<u>\$ 123,903</u>	<u>1</u>	<u>\$ 5,902,078</u>	<u>33</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 14.44</u>		<u>\$ 7.26</u>	
Diluted	<u>\$ 14.39</u>		<u>\$ 7.24</u>	

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

(With Deloitte & Touche auditors' report dated March 27, 2023)

(Concluded)

**NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Equity Attributable to Owners of the Company										
	Retained Earnings					Other Equity			Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
BALANCE AT JANUARY 1, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,178,822	\$ 313,321	\$ 5,115,900	\$ (487,817)	\$ 838,995	\$ 351,178	\$ 10,266,601	\$ 929,683	\$ 11,196,284
Appropriation of the 2020 earnings (Note 26)											
Legal reserve	-	-	122,139	-	(122,139)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$7 per share	-	-	-	-	(843,995)	-	-	-	(843,995)	-	(843,995)
Disposal of financial assets at fair value through other comprehensive income (Notes 8 and 26)	-	-	-	-	(14,640)	-	14,640	14,640	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	875,780	-	-	-	875,780	53,573	929,353
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	10,477	(156,658)	5,125,642	4,968,984	4,979,461	(6,736)	4,972,725
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	886,257	(156,658)	5,125,642	4,968,984	5,855,241	46,837	5,902,078
Increase in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	15,672	15,672
BALANCE AT DECEMBER 31, 2021	1,205,707	2,101,673	1,300,961	313,321	5,021,383	(644,475)	5,979,277	5,334,802	15,277,847	992,192	16,270,039
Appropriation of the 2021 earnings (Note 26)											
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)	-	(723,425)
Difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition (Note 33)	-	10,852	-	-	-	-	-	-	10,852	(13,352)	(2,500)
Changes in ownership interests in subsidiaries (Note 33)	-	1,330	-	-	-	-	-	-	1,330	12,578	13,908
Issuance of employee share options by subsidiaries (Note 31)	-	1,478	-	-	-	-	-	-	1,478	1,447	2,925
Net profit for the year ended December 31, 2022	-	-	-	-	1,741,459	-	-	-	1,741,459	121,269	1,862,728
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	30,196	304,176	(2,091,887)	(1,787,711)	(1,757,515)	18,690	(1,738,825)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,771,655	304,176	(2,091,887)	(1,787,711)	(16,056)	139,959	123,903
Decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	(41,474)	(41,474)
BALANCE AT DECEMBER 31, 2022	\$ 1,205,707	\$ 2,115,333	\$ 1,388,123	\$ 313,321	\$ 5,982,451	\$ (340,299)	\$ 3,887,390	\$ 3,547,091	\$ 14,552,026	\$ 1,091,350	\$ 15,643,376

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

(With Deloitte & Touche audit report dated March 27, 2023)

# NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,385,414	\$ 1,202,541
Adjustments for:		
Depreciation expenses	481,823	440,169
Amortization expenses	28,982	30,887
Estimated credit loss recognized on trade receivables	18,599	3,525
Loss (gain) on fair value changes of financial assets at fair value through profit or loss	6,599	(11,135)
Finance costs	86,315	54,797
Interest income	(34,892)	(41,617)
Dividend income	(477,714)	(66,143)
Compensation cost of employee share options	2,925	-
Share of profit of associates	714	(33,224)
Loss on disposal of property, plant and equipment	32,545	2,271
Gain on disposal of right-of-use assets	(1,374)	-
Gain on disposal of associates	(26,523)	-
Write-downs of inventories	-	73,126
Gain on lease modification	(304)	(19)
Changes in operating assets and liabilities		
Notes receivable	(2,207)	(16,702)
Accounts receivable	(367,800)	(496,234)
Accounts receivable - related parties	15,186	(33,617)
Other receivables	5,794	42,176
Inventories	255,522	(864,303)
Other current assets	(166,069)	(152,060)
Other non-current assets	(236)	(1,326)
Contract liabilities	(10,718)	14,378
Notes payable	(581)	(13,266)
Accounts payable	(13,649)	351,616
Other payables	146,116	39,403
Other current liabilities	(3,104)	(903)
Net defined benefit liabilities	(35,694)	(30,334)
Other non-current liabilities	(39,123)	(2,499)
Cash generated from operations	2,286,546	491,507
Interest received	41,139	41,018
Interest paid	(80,352)	(52,368)
Income tax paid	(330,570)	(343,100)
Net cash generated from operating activities	<u>1,916,763</u>	<u>137,057</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(13,487)	(29,879)
Proceeds from capital reduction of investments accounted for under financial assets at fair value through other comprehensive income	-	868

(Continued)

## NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Net decrease of financial assets at amortized cost	726,027	213,353
Purchase of financial assets at fair value through profit or loss	(40,000)	(25,000)
Acquisition of associates	(40,000)	-
Net cash outflow on acquisition of businesses	-	(215,042)
Proceeds from disposal of non-current assets held for sale	405,000	-
Payments for property, plant and equipment	(874,311)	(653,145)
Proceeds from disposal of property, plant and equipment	3,338	18,493
Increase in refundable deposits	(2,727)	(3,555)
Payments for intangible assets	(2,048)	(5,325)
Proceeds from disposal of right - of - use assets	55,332	81,740
Dividends received	<u>477,714</u>	<u>88,643</u>
Net cash generated from (used in) investing activities	<u>694,838</u>	<u>(528,849)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	9,803,903	8,509,599
Repayments of short-term borrowings	(10,146,397)	(7,679,481)
Proceeds from long-term borrowings	3,422,589	2,799,412
Repayments of long-term borrowings	(4,193,002)	(2,393,135)
Proceeds from guarantee deposits received	-	334
Refund of guarantee deposits received	(2,179)	-
Repayment of the principal portion of lease liabilities	(54,320)	(52,991)
Cash dividends paid	(760,867)	(861,339)
Changes in non-controlling equity	<u>11,408</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,918,865)</u>	<u>322,399</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>51,226</u>	<u>(20,538)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>743,962</b>	<b>(89,931)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>3,231,306</b></u>	<u><b>3,321,237</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 3,975,268</b></u>	<u><b>\$ 3,231,306</b></u>

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

(With Deloitte & Touche auditors' report dated March 27, 2023)

(Concluded)

## **(2) Individual Financial Statements**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Nan Pao Resins Chemical Co., Ltd.

#### **Opinion**

We have audited the accompanying standalone financial statements of Nan Pao Resins Chemical Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion and based on our and other independent auditors' reports (see Other Matter paragraph), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our and other independent auditors' reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's standalone financial statements for the year ended December 31, 2022 is detailed as follows:

### Authenticity of Revenue Recognition

As stated in Notes 4(14) and 25 the Company's main source of revenue is revenue from the sale of adhesives, coatings, and construction material. The sales amount of some customers changed significantly in 2022. We considered the materiality of this to the standalone financial statements as well as the regulations in the auditing standards regarding the presumed significant risk in revenue recognition, and thus deemed the authenticity of revenue recognition of the aforementioned products as a key audit matter.

The key audit procedures performed with respect to the aforementioned key audit matter are as follows:

1. We understood the design of the internal controls related to revenue recognition and tested on a sample basis its operating effectiveness.
2. We selected appropriate samples from the sales receipts of the customers mentioned above, and inspected the sales orders signed by the customers based on the revenue recognition terms, commercial invoices, bill of lading and collections of this customers to check whether the sales actually occurred, and also confirmed whether the transaction counterparty to the sale was the same as the counterparty receiving payment.

### **Other Matters**

Among the standalone financial statements of the Company, the standalone financial statements of some of the invested companies in using equity method were not audited by us, but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information, is based solely on the report of other auditors. The total amount of investment accounted for using the equity method amounted to NT\$1,716,366 thousand and NT\$1,295,650 thousand as of December 31, 2022 and 2021, respectively, and both accounting for 9% and 6% of total assets, respectively. The comprehensive income in using equity method was NT\$134,332 thousand and NT\$59,100 thousand as of December 31, 2022 and 2021, respectively, accounting for 7% and 6% of total comprehensive income, respectively.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matter that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hung-Ju Liao and Chi-Chen Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 27, 2023

Notice to Readers

*The accompanying standalone financial statements are intended only to present the standalone 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 audit such standalone financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying standalone 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' report and standalone financial statements shall prevail.*



**NAN PAO RESINS CHEMICAL CO., LTD.**

**STANDALONE BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 664,615	4	\$ 473,941	3
Financial assets at amortized cost - current (Notes 4, 9 and 10)	21,078	-	509,655	3
Notes receivable (Notes 4 and 11)	184,664	1	237,855	1
Accounts receivable (Notes 4, 11 and 25)	398,911	2	398,621	2
Accounts receivable - related parties (Notes 4, 11, 25 and 33)	1,155,050	6	878,398	4
Other receivables (Notes 4, 11 and 33)	18,080	-	17,848	-
Inventories (Notes 4 and 12)	579,674	3	677,416	3
Non-current assets held for sale (Notes 4 and 13)	-	-	378,477	2
Other current assets (Note 19)	17,823	-	23,849	-
<b>Total current assets</b>	<b>3,039,895</b>	<b>16</b>	<b>3,596,060</b>	<b>18</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	69,536	1	36,135	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	4,186,079	22	6,254,904	31
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	14,332	-	13,699	-
Investments accounted for using the equity method (Notes 4 and 14)	8,826,750	46	8,096,299	39
Property, plant and equipment (Notes 4 and 15)	2,662,699	14	2,170,973	11
Right-of-use assets (Notes 4 and 16)	37,124	-	26,151	-
Investment properties (Notes 4 and 17)	17,760	-	17,760	-
Other intangible assets (Notes 4 and 18)	26,656	-	24,541	-
Deferred tax assets (Notes 4 and 27)	165,551	1	231,717	1
Net defined benefit assets - non-current (Notes 4 and 23)	31,736	-	-	-
Other non-current assets (Note 19)	48,904	-	58,613	-
<b>Total non-current assets</b>	<b>16,087,127</b>	<b>84</b>	<b>16,930,792</b>	<b>82</b>
<b>TOTAL</b>	<b>\$ 19,127,022</b>	<b>100</b>	<b>\$ 20,526,852</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 1,210,866	6	\$ 1,326,699	6
Contract liabilities - current (Note 25)	5,517	-	14,650	-
Notes payable (Note 21)	317	-	284	-
Accounts payable (Notes 21 and 33)	725,328	4	841,927	4
Other payables (Notes 22 and 33)	490,922	3	416,461	2
Current tax liabilities (Note 27)	224,166	1	135,500	1
Lease liabilities - current (Notes 4 and 16)	10,378	-	6,362	-
Current portion of long-term borrowing (Note 20)	104,318	1	104,800	1
Other current liabilities (Notes 22 and 33)	23,144	-	25,693	-
<b>Total current liabilities</b>	<b>2,794,956</b>	<b>15</b>	<b>2,872,376</b>	<b>14</b>
<b>NON-CURRENT LIABILITIES</b>				
Long - term borrowings (Note 20)	885,819	5	1,564,020	8
Deferred tax liabilities (Notes 4 and 27)	865,911	4	752,046	4
Lease liabilities - non-current (Notes 4 and 16)	27,217	-	20,152	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	-	-	38,201	-
Other non-current liabilities	1,093	-	2,210	-
<b>Total non-current liabilities</b>	<b>1,780,040</b>	<b>9</b>	<b>2,376,629</b>	<b>12</b>
<b>Total liabilities</b>	<b>4,574,996</b>	<b>24</b>	<b>5,249,005</b>	<b>26</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>				
Share capital - ordinary shares	1,205,707	6	1,205,707	6
Capital surplus	2,115,333	11	2,101,673	10
Retained earnings				
Legal reserve	1,388,123	7	1,300,961	6
Special reserve	313,321	2	313,321	2
Unappropriated earnings	5,982,451	31	5,021,383	24
<b>Total retained earnings</b>	<b>7,683,895</b>	<b>40</b>	<b>6,635,665</b>	<b>32</b>
Other equity	3,547,091	19	5,334,802	26
<b>Total equity</b>	<b>14,552,026</b>	<b>76</b>	<b>15,277,847</b>	<b>74</b>
<b>TOTAL</b>	<b>\$ 19,127,022</b>	<b>100</b>	<b>\$ 20,526,852</b>	<b>100</b>

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche auditors' report dated March 27, 2023)

## NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

### STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)	\$ 6,212,303	100	\$ 5,359,550	100
OPERATING COSTS (Notes 12, 23 and 33)	<u>4,539,629</u>	<u>73</u>	<u>4,137,788</u>	<u>77</u>
GROSS PROFIT	1,672,674	27	1,221,762	23
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(232,454)	(4)	(119,117)	(2)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>119,117</u>	<u>2</u>	<u>183,462</u>	<u>3</u>
REALIZED GROSS PROFIT	<u>1,559,337</u>	<u>25</u>	<u>1,286,107</u>	<u>24</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	533,725	9	457,914	9
General and administrative expenses	307,303	5	288,199	5
Research and development expenses	184,224	3	186,859	4
Estimated credit loss	<u>9,475</u>	<u>-</u>	<u>270</u>	<u>-</u>
Total operating expenses	<u>1,034,727</u>	<u>17</u>	<u>933,242</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>524,610</u>	<u>8</u>	<u>352,865</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 26)				
Interest income	1,962	-	179	-
Other income	487,686	8	77,483	1
Other gains and losses	82,487	1	(1,651)	-
Finance costs	(37,176)	-	(21,816)	-
Share of profit of subsidiaries and associates	<u>947,245</u>	<u>15</u>	<u>588,582</u>	<u>11</u>
Total non-operating income and expenses	<u>1,482,204</u>	<u>24</u>	<u>642,777</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	2,006,814	32	995,642	18
INCOME TAX EXPENSE (Notes 4 and 27)	<u>265,355</u>	<u>4</u>	<u>119,862</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,741,459</u>	<u>28</u>	<u>875,780</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				

(Continued)

## Nan Pao Resins Chemical Co., Ltd. and Subsidiaries

### STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	36,772	1	11,181	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(2,082,312)	(34)	5,124,424	96
Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	(8,796)	-	2,750	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(7,355)</u>	<u>-</u>	<u>(2,236)</u>	<u>-</u>
	<u>(2,061,691)</u>	<u>(33)</u>	<u>5,136,119</u>	<u>96</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	371,345	6	(191,403)	(4)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	8,875	-	(4,419)	-
Income tax relating to items may be reclassified subsequently to profit or loss	<u>(76,044)</u>	<u>(1)</u>	<u>39,164</u>	<u>1</u>
	<u>304,176</u>	<u>5</u>	<u>(156,658)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,757,515)</u>	<u>(28)</u>	<u>4,979,461</u>	<u>93</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (16,056)</u>	<u>-</u>	<u>\$ 5,855,241</u>	<u>109</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 14.44</u>		<u>\$ 7.26</u>	
Diluted	<u>\$ 14.39</u>		<u>\$ 7.24</u>	

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche auditors' report dated March 27, 2023)

(Concluded)

**NAN PAO RESINS CHEMICAL CO., LTD.**

**STANDALONE STANDALONE STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**(In Thousands of New Taiwan Dollars, Except Dividends Per Share )**

	Retained Earnings					Other Equity		Total Other Equity	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,178,822	\$ 313,321	\$ 5,115,900	\$ (487,817)	\$ 838,995	\$ 351,178	\$ 10,266,601
Appropriation of the 2020 earnings (Note 24)									
Legal reserve	-	-	122,139	-	(122,139)	-	-	-	-
Cash dividends distributed by the Company - \$7 per share	-	-	-	-	(843,995)	-	-	-	(843,995)
Disposal of financial assets at fair value through other comprehensive income (Notes 8 and 24)	-	-	-	-	(14,640)	-	14,640	14,640	-
Net profit for the year ended December 31, 2021	-	-	-	-	875,780	-	-	-	875,780
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	10,477	(156,658)	5,125,642	4,968,984	4,979,461
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	886,257	(156,658)	5,125,642	4,968,984	5,855,241
BALANCE AT DECEMBER 31, 2021	1,205,707	2,101,673	1,300,961	313,321	5,021,383	(644,475)	5,979,277	5,334,802	15,277,847
Appropriation of the 2021 earnings (Note 24)									
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)
Difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	-	10,852	-	-	-	-	-	-	10,852
Changes in ownership interests in subsidiaries	-	1,330	-	-	-	-	-	-	1,330
Issuance of employee share options by subsidiaries	-	1,478	-	-	-	-	-	-	1,478
Net profit for the year ended December 31, 2022	-	-	-	-	1,741,459	-	-	-	1,741,459
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	30,196	304,176	(2,091,887)	(1,787,711)	(1,757,515)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,771,655	304,176	(2,091,887)	(1,787,711)	(16,056)
BALANCE AT DECEMBER 31, 2022	\$ 1,205,707	\$ 2,115,333	\$ 1,388,123	\$ 313,321	\$ 5,982,451	\$ (340,299)	\$ 3,887,390	\$ 3,547,091	\$ 14,552,026

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche audit report dated March 27, 2023)

# NAN PAO RESINS CHEMICAL CO., LTD.

## STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,006,814	\$ 995,642
Adjustments for:		
Depreciation expenses	154,871	148,124
Amortization expenses	7,795	9,828
Estimated credit loss recognized on trade receivables	9,475	270
Net gain (loss) on fair value changes of financial assets at fair value through profit or loss	6,599	(11,135)
Finance costs	37,176	21,816
Interest income	(1,962)	(179)
Dividend income	(476,491)	(65,735)
Share of profit of subsidiaries and associates	(947,245)	(588,582)
Net gain on disposal of property, plant and equipment	-	(410)
Gain on disposal of associates	(26,523)	-
Write-downs of inventories	-	59,895
Unrealized gain on the transactions with subsidiaries	232,454	119,117
Realized gain on the transaction with subsidiaries	(119,117)	(183,462)
Changes in operating assets and liabilities		
Notes receivable	53,191	(47,074)
Accounts receivable	(3,882)	11,741
Accounts receivable - related parties	(276,047)	32,358
Other receivables	1,772	(4,692)
Inventories	102,206	(270,465)
Other current assets	8,465	(5,319)
Contract liabilities	(9,133)	8,871
Notes payable	33	(5,615)
Accounts payable	(119,528)	195,080
Other payables	40,268	21,409
Other current liabilities	(2,619)	(4,196)
Net defined benefit plans	(33,165)	(28,116)
Cash generated from operations	645,407	409,171
Interest received	1,962	179
Interest paid	(34,671)	(21,577)
Income tax paid	(79,862)	(176,510)
Net cash generated from operating activities	<u>532,836</u>	<u>211,263</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(13,487)	(29,878)
Refunded capital of financial assets at fair value through other comprehensive income	-	868
Net decrease of financial assets at amortized cost	488,595	25,458
Purchase of financial assets at fair value through profit or loss	(40,000)	(25,000)

(Continued)

# NAN PAO RESINS CHEMICAL CO., LTD.

## STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisitions of investments accounted for using the equity method	(40,000)	(51,696)
Proceeds from capital reduction of investments accounted for using the equity method	59,000	-
Proceeds from disposal of non-current assets held for sale	405,000	-
Payments for property, plant and equipment	(567,361)	(391,167)
Proceeds from disposal of property, plant and equipment	976	461
Payments for intangible assets	(9,910)	(2,634)
Dividends received	<u>820,529</u>	<u>658,319</u>
Net cash generated from investing activities	<u>1,103,342</u>	<u>184,731</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	8,187,339	6,340,312
Repayments of short-term borrowings	(8,303,172)	(5,948,787)
Proceeds from long-term borrowings	2,975,000	2,720,000
Repayments of long-term borrowings	(3,654,800)	(2,318,268)
Repayment of the principal portion of lease liabilities	(6,495)	(6,473)
Cash dividends paid	(723,425)	(843,995)
Acquisition of additional interest in subsidiaries	(2,500)	(151,905)
Cash inflows from simple consolidation	<u>82,549</u>	<u>-</u>
Net cash used in financing activities	<u>(1,445,504)</u>	<u>(209,116)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	190,674	186,878
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>473,941</u>	<u>287,063</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 664,615</u>	<u>\$ 473,941</u>

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche auditors' report dated March 27, 2023)

(Concluded)

**Attachment 4****Nan Pao Resins Chemical Co., Ltd.  
2022 Earnings Distribution Plan**

Unit : NT\$

Item		Amount
Beginning retained earnings		\$ 4,210,795,618
Net income	\$ 1,741,459,678	
Defined benefit plan remeasurement on retained earnings	30,196,159	
The after-tax net income for the period plus the amount of items adjusted to the current year's undistributed earnings other than after-tax net income for the period		1,771,655,837
Less: 10% legal reserve		(177,165,583)
Distributable net profit		\$ 5,805,285,872
Distribution item:		
Shareholders dividends - Cash dividends (@\$10/share)		(1,205,707,800)
Unappropriated retained earnings		\$ 4,599,578,072
Note : The shareholders dividends was calculated based on total outstanding shares, 120,570,780 shares, as of March 27, 2023. Actual dividend per share will be calculated based on the actual issued and outstanding shares as of the ex-dividend date. The total amount of dividend shall remain the same.		

Chairman: Cheng-Hsien, Wu

Manager: Ming-Hsien, Hsu

Accounting Manager: Kun-Chin, Lin

## Attachment 5

### Nan Pao Resins Chemical Co., Ltd Comparison Table of “Code of Ethical Conduct”

Article	Amended Clauses	Original Clauses	Note
1.	Purpose: <u>In order to enable the directors, managers and all employees of the company to perform their duties, their relevant behaviors can comply with the company's ethical standards.</u> The Code of Ethical Conduct is formulated with reference to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies."	Purpose: <del>The Code of Ethical Conduct is formulated to establish the Company's good behavior pattern and help interested parties better understand the ethical standards of the Company.</del> The Code of Ethical Conduct is formulated with reference to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies."	Amended according to Article 1 of “The Reference Model for The Ethical Code of Conduct” formulated by listed OTC companies and the company's actual operating procedures
2.	Scope: <u>This code applies to the directors, managers and all employees of the company (hereinafter referred to as "the company's personnel").</u>	(New article)	Amended according to the company's actual operating procedures
3. (Former Article 2.)	<u>Definition: Managerial officers of the Company, including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and accounting officers, chief of corporate governance and other persons authorized to manage affairs and sign documents on behalf of the Company.</u>	<del>Scope: Directors and managerial officers of the Company, including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company.</del>	Article change and text revised
(Former Article 3.)	(Article deleted)	<del>Definition: None.</del>	Article change
4.	Authority and Responsibility: 4.1. <u>The human resources department of the company is responsible for the formulation and editing of this operating procedure.</u> 4.2. <u>This code is only a guideline for the company's personnel. Questions about specific matters that may be involved in this code may be reported to the company's legal department, and external legal counsel may be consulted as appropriate.</u>	Authority and Responsibility: <del>None.</del>	Amended according to the company's actual operating procedures



Article	Amended Clauses	Original Clauses	Note
5.1.	<p>Prevention of conflicts of interest</p> <p>5.1.1. <u>The company's personnel</u> shall handle their official affairs in an objective and efficient manner to prevent conflicts of interest arising from personal interests or possible involvement in the overall interests of the Company, and to avoid improper benefits for themselves, their spouses, or relatives within the second family due to their positions in the Company.</p> <p>(Omitted)</p>	<p>Prevention of conflicts of interest</p> <p>5.1.1. <del>Directors and managerial officers</del> shall handle their official affairs in an objective and efficient manner to prevent conflicts of interest arising from personal interests or possible involvement in the overall interests of the Company, and to avoid improper benefits for themselves, their spouses, <del>parents, children,</del> or relatives within the second family due to their positions in the Company.</p> <p>(Omitted)</p>	Amended according to Article 2 of "The Reference Model for The Ethical Code of Conduct" formulated by listed OTC companies and the company's actual operating procedures
5.2.	<p>Minimizing incentives to pursue personal gain</p> <p>The company's <u>personnel</u> shall increase the legitimate interests available to the Company, and shall avoid any of the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain by using the Company's property or information or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using the Company's property or information or taking advantage of their positions.</p> <p>(3) Competing with the Company</p>	<p>Minimizing incentives to pursue personal gain</p> <p>When the Company <del>has an opportunity to gain profit,</del> its <del>directors or managerial officers</del> shall increase the legitimate interests available to the Company, and shall avoid any of the following activities:</p> <p>a. <del>Seeking an opportunity to pursue personal gain by using the Company's property or information or taking advantage of their positions.</del></p> <p>b. <del>Obtaining personal gain by using the Company's property or information or taking advantage of their positions.</del></p> <p>e. Competing with the Company</p>	Amended according to the company's actual operating procedures
5.3.	<p>Confidentiality</p> <p>5.3.1. <u>The company's personnel</u> shall be bound by the obligation to maintain the confidentiality of any information regarding the company <u>and</u> its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>5.3.2. <u>The company's personnel</u> shall strictly abide by the obligation of confidentiality</p>	<p>Confidentiality</p> <p><del>The directors and managerial officers</del> of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company <del>itself or</del> its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.</p> <p>(New Paragraph on this article)</p>	Amended according to the company's actual operating procedures

Article	Amended Clauses	Original Clauses	Note
	<p><u>for the confidential information, technical data, personal data or any other information, business situation, etc. that are not known to the public due to the execution of business knowledge or access to the company, affiliated companies or any other third party. Unless necessary for the performance of the work, it shall not be inquired or used arbitrarily.</u></p> <p><u>5.3.3. Without the prior written consent of the company, the company's personnel shall not copy the confidential information or make backup copies of the confidential information, and shall not disclose, inform, deliver or transfer such information to others in any way or publish it in any other form.</u></p>	<p>(New Paragraph on this article)</p>	
5.4.	<p>Fair trade</p> <p><u>5.4.1. The company's personnel shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</u></p> <p><u>5.4.2. The company's personnel shall not request, promise, deliver or accept any form of gifts, entertainment, kickbacks, bribes or other illegitimate benefits for the benefit of individuals, companies or third parties when performing their duties.</u></p> <p><u>5.4.3. The company's personnel shall conduct fair trade and competition with the company's customers, suppliers and competitors, and shall not engage in any conduct that violates fair trade, including:</u></p>	<p>Fair trade</p> <p><del>Directors and managerial officers</del> shall treat all suppliers, customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>(New Paragraph on this article)</p> <p>(New Paragraph on this article)</p>	<p>Amended according to the company's actual operating procedures</p>

Article	Amended Clauses	Original Clauses	Note
	<p>(1) <u>Negotiating prices or other trading conditions with competitors.</u></p> <p>(2) <u>Agreement binding.</u></p> <p>(3) <u>Agreements with competitors not to deal with or only on specific terms with a specific customer or supplier.</u></p> <p>(4) <u>Forced tying of different types of products or services.</u></p> <p>(5) <u>Agreement with competitors to allocate markets or customers.</u></p>		
5.5.	<p>Safeguarding and proper use of the Company's assets  <u>The Company's assets should be protected and used only for legitimate business purposes of the Company. The company's personnel has the responsibility to safeguard the Company's assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft or wastes of the assets will all directly impact the Company's profitability.</u></p>	<p>Safeguarding and proper use of the Company's assets  <del>All directors and managerial officers have</del> the responsibility to safeguard the Company's assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, <del>negligence in care</del>, or wastes of the assets will all directly impact the Company's profitability.</p>	Amended according to the company's actual operating procedures
5.6.	<p>Legal compliance  <u>5.6.1. The company's personnel shall abide by all laws, regulations and company policies that regulate company activities, and shall not intentionally violate any laws or make false statements about the company's products or services.</u>  <u>5.6.2. The directors and managers of the company shall also abide by the relevant laws and regulations of the Securities Exchange Act on the prevention of insider trading, and shall not engage in related securities transactions when they have important undisclosed information about the company.</u></p>	<p>Legal compliance  (New Paragraph on this article)</p> <p>Directors <del>or</del> managerial officers shall <del>follow and promote</del> the Securities Exchange Act <del>and other laws and regulations.</del></p>	(1) Article change and text revised (2) Amended according to the company's actual operating procedures
5.7.	<p>Encouraging reporting on illegal or unethical activities  <u>The Company shall conduct education and publicity on the</u></p>	<p>Encouraging reporting on illegal or unethical activities  The Company shall <del>raise</del> <u>employees' awareness of ethics</u></p>	Amended according to the company's actual

Article	Amended Clauses	Original Clauses	Note
	<p><u>code of ethics for its personnel. If the staff of the company suspects or discovers that there is a violation of laws and regulations or the Code of Ethical Conduct, they may report the specific facts through the company's reporting system. The Company will handle reporting cases in a confidential manner and will make every effort to keep the identities of the whistleblowers confidential and keep them safe from retaliation and threats.</u></p>	<p><del>internally and encourage employees to report to supervisors, managerial officers, chief internal auditors, or other appropriate individuals upon suspicion or discovery of any activity in violation of law or regulations or the Code of Ethical Conduct. The Company has established "Regulations Governing Whistle-blowing from Internal and External Parties," and the Company shall do its best to keep the identity of the whistleblower confidential and to protect them from reprisals and threats.</del></p>	<p>operating procedures</p>
5.8.	<p><u>Disciplinary measures When the company personnel violates the Code of Ethical Conduct, they shall be punished, including termination of the employment contract, in accordance with the company's personnel management rules or the results of deliberation by the management. The company establish a relevant complaint system to provide the violator with remedies.</u></p>	<p><del>Disciplinary measures When a director or managerial officer violates the Code of Ethical Conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the Code, and if the matter is serious, it shall be reported to the Board of Directors and shall without delay be disclosed on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the Code violated, and the disciplinary actions that were taken. If the disciplinary personnel think that the Company performed improper treatment regarding the reported matter, causing its legitimate rights and interests to suffer infringement, a grievance may be filed in accordance with the grievance handling procedures to provide the violator with remedies.</del></p>	<p>Amended according to the company's actual operating procedures</p>
5.9.	<p><u>Applicable Procedures for Exemption If any exemption for the company personnel from compliance with the code should be adopted by a resolution of the board of directors, and that information on the date on which the Board of Directors adopts the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind</u></p>	<p><del>Applicable Procedures for Exemption The Code of Ethical Conduct adopted by a Company must require that any exemption for directors, supervisors, or managerial officers from compliance with the Code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopts the resolution for exemption,</del></p>	<p>Amended according to the company's actual operating procedures</p>

Article	Amended Clauses	Original Clauses	Note
	the application of the exemption should be disclosed <u>with regulation</u> , in order that the shareholders may evaluate the appropriateness of the Board's resolution to <u>protect</u> the company's interests.	objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed <del>without delay on the MOPS</del> , in order that the shareholders may evaluate the appropriateness of the Board's resolution <del>to forestall any arbitrary or dubious exemption from the Code, and to safeguard</del> the interests of the Company <del>by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</del>	
5.10.	Method of Disclosure <u>The Company shall disclose the Code of Ethical Conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS.</u>	Method of Disclosure This Code of Ethical Conduct and any amendments <del>hereto</del> <del>are disclosed on the Company's website, in the Company's annual report, in the prospectus, and on the MOPS.</del>	Amended according to the company's actual operating procedures
5.11.	<u>Enforcement</u> <u>A company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to the audit committee, and submitted to a shareholders meeting.</u>	(New article)	Amended according to the company's actual operating procedures
8.	Revision history: (Omitted) <u>Implemented after the revision of version 2.1 was resolved by the board of directors on August 10, 2022.</u>	Revision history: (Omitted)	Add the last revision date

**Attachment 6**

**Nan Pao Resins Chemical Co., Ltd**  
**List of Candidates of Directors**

No.	Title	Name	Gender	Shares(Note) (Unit: share)	Education/ Experience
01	Director	Wu, Cheng-Hsien	Male	374,465	Master of Applied Chemistry, National Tsing Hua University General Manager and Executive President of Nan Pao Resins Chemical Co., Ltd. Chairman of Nan Pao Resins Chemical Co., Ltd.
02	Director	Guang Rong Investment Ltd. Representative : Hsu, Ming-Hsien	Male	8,868,132	Master of Industrial Management, National Cheng Kung University Vice President of Nan Pao Resins Chemical Co., Ltd. CEO of Nan Pao Resins Chemical Co., Ltd.
03	Director	Guang Rong Investment Ltd. Representative : Huang, Ying-Lin	Male	8,868,132	Master of Applied Chemistry, Waseda University, Japan Senior Specialist of Nan Pao Resins Chemical Co., Ltd. Executive Assistant of Nan Pao Resins Chemical Co., Ltd.
04	Director	Pou Chien Enterprise Co., Ltd.	—	10,920,248	—
05	Independent Director	Chen, Yun	Male	—	Ph.D. of Synthetic Chemistry, Faculty of Engineering, University of Tokyo, Japan Department Head, Distinguished Professor and Honorary Professor of National Cheng Kung University
06	Independent Director	Chiang, Yung-Cheng	Male	—	Bachelor of Law, Soochow University Judge of Taiwan Kaohsiung District Court Judge of Taiwan High Court Attorney of ChengBang & ChengYang United Law Firm
07	Independent Director	Kuo, Chin-Jung	Female	—	Master of Accounting, Southern Illinois University, USA Deputy Chairman of Accounting and Auditing Committee of Taipei Institute of Certified Public Accountants Director and Supervisor of National Federation of Certified Public Accountants of the Republic of China Adjunct Assistant Professor of Department of Accounting, Tamkang University Chairman of Corporate Legal Person Accounting and Auditing Committee of Taiwan Institute of Certified Public Accountants Director of RSM Taiwan

Note: Shares held on the book closure starting date of AGM 2023 (April 23, 2023).

**Attachment 7**

**Nan Pao Resins Chemical Co., Ltd**  
**List of Non-competition Restriction of Candidates of Directors**

Name	Serve Concurrently in Taiwan	Serve Concurrently Overseas
Wu, Cheng-Hsien	Chairman and director of Nan Pao Application Material Co., Ltd.	Director of Nan Pao Overseas Holdings Ltd. Director of Nan Pao Group Holdings Ltd. Director of Treasure Wealth (HK) Ltd. Director of Greatwill Materials (HK) Ltd. Director of Nan Pao Resins Chemical Philippines, Inc. Director of Goldford Investments Ltd. Director of Nan Pao Resins (Holdings) Ltd. Director of Eastlion Enterprises Ltd. Director of Nan Pao Resins (Dongguan) Co., Ltd. Director of Nan Pao Resins Development Ltd. Director of Dongguan Jiaqin Electronic Ltd. Director of NP Australia Pty. Ltd. Director of RLA Polymers Pty. Ltd. Director of RLA Polymers (M) SDN. BHD. Director of Nan Pao Advanced Investment Co., Ltd. Director of Nan Pao (KunShan) Electronic Commerce Co., Ltd. Director of Nan Pao Resins (HK) Limited Director of Profit Land Ltd. Director of Nan Pao Resins (Foshan) Co., Ltd. Director of All Saints Enterprises Ltd. Director of Nan Pao Resins (China) Co., Ltd. Director of Fuqing Nan Pao Investment Ltd. Director of Fuqing Nan Pao Resins Co., Ltd. Director of Thai Nan Pao Investments Ltd.

Name	Serve Concurrently in Taiwan	Serve Concurrently Overseas
		Director of Thai Nanpao Resins Chemical Co., Ltd. Director of ITLS Holding Pte. Ltd. Director of Aftek Materials Vietnam Co., Ltd. Director of Nanpao Advanced Materials Vietnam Co., Ltd. Director of Nan Pao Philippines Export Inc. Chairman and supervisor of PT. ITLS Indonesia
Guang Rong Investment Ltd. Representative : Hsu, Ming-Hsien	CEO of Nan Pao Resins Chemical Co., Ltd.	Director of Greatwill Materials (HK) Ltd. Director of Ongoing Profits Ltd. Director of Rising Sun Associates Ltd. Director of Nan Pao Resins (Vietnam) Enterprise Ltd. Director of Nan Pao Resins Chemical Philippines, Inc. Director of Goldford Investments Ltd. Director of Nan Pao Resins (Holdings) Ltd. Director of Eastlion Enterprises Ltd. Director of Nan Pao Resins (Dongguan) Co., Ltd. Director of Nan Pao Resins Development Ltd. Director of Nan Pao Materials Vietnam Co., Ltd. Director of Nan Pao Resins International Ltd. Director of Nan Pao Advanced Investment Co., Ltd. Director of Nan Pao (KunShan) Electronic Commerce Co., Ltd. Director of Nanpao New Materials (Huaian) Co., Ltd. Director of NanPao Fine Chemical Materials (Anhui) Co., Ltd. Director of Giant Profit Development Ltd. Director of All Saints Enterprises Ltd. Director of Nan Pao Resins (China) Co., Ltd. Director of Fuqing Nan Pao Investment Ltd. Director of Wealth Castle Development Ltd. Director of Fuqing Nan Pao Resins Co., Ltd.



Name	Serve Concurrently in Taiwan	Serve Concurrently Overseas
		Director of Thai Nan Pao Investments Ltd. Director of Thai Nanpao Resins Chemical Co., Ltd. Director of Nanpao Advanced Materials Vietnam Co., Ltd. Director of Nan Pao Resins (HK) Limited Director of Earnest Wealth Co., Ltd. Supervisor of Foshan Nan Pao Advanced Materials Co., Ltd. Supervisor of Dongguan Jiaqin Electronic Ltd. Supervisor of Nan Pao Resins (Foshan) Co., Ltd.
Guang Rong Investment Ltd. Representative : Huang, Ying-Lin	Executive Assistant of Nan Pao Resins Chemical Co., Ltd. Chairman and Director of ITLS International Development Co., Ltd. Director of Biorich Biotechnology Co., Ltd. Director of Prince Pharmaceutical Co., Ltd. Director of FlexUP Technologies Corp.	Director of Greatwill Materials (HK) Ltd. Director of Ongoing Profits Ltd. Director of Rising Sun Associates Ltd. Director of Nan Pao Resins (Vietnam) Enterprise Ltd. Director of Goldford Investments Ltd. Director of Nan Pao Resins (Holdings) Ltd. Director of Eastlion Enterprises Ltd. Director of Nan Pao Resins Development Ltd. Director of Nan Pao Materials Vietnam Co., Ltd. Director of Nan Pao Resins International Ltd. Director of NanPao Fine Chemical Materials (Anhui) Co., Ltd. Director of Profit Land Ltd. Director of Giant Profit Development Ltd. Director of Great Mount Enterprises Ltd. Director of Fuqing Nan Pao Investment Ltd. Director of Wealth Castle Development Ltd. Director of ITLS Holding Pte. Ltd. Chairman and supervisor of PT. Indo Nan Pao Resins Chemical Co., Ltd.