

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

## **Handbook for the 2023 Annual General Shareholders' Meeting**

Meeting type: Physical shareholders meeting  
Meeting time: 10 a.m., June 21, 2023  
Venue: International Conference Hall  
(No. 519, Zhongshan Rd., Xigang Dist., Tainan City)

**Notice to readers**

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

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# **Chapter I. Meeting Procedures**

- I. Call the Meeting to Order
- II. Chairman's Address
- III. Reported Matters
- IV. Acknowledged Matters
- V. Election Matters
- VI. Other Proposals
- VII. Extemporaneous Motions
- VIII. Meeting Adjourned

## Chapter II. Meeting Agenda

Meeting type: Physical shareholders meeting

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

Venue: International Conference Hall

(No. 519, Zhongshan Rd., Xigang Dist., Tainan City)

Chairman: Cheng-Hsien, Wu

I. Call the Meeting to Order

II. Chairman's Address

III. Reported Matters

1. 2022 Business Report
2. Audit Committee's Review Report on the 2022 annual final accounting books and statements
3. Report on 2022 employees' and directors' remuneration
4. Report on distribution of cash dividends from 2022 profits
5. Amendments to the Company's "Code of Ethical Conduct"
6. Report on the implementation of short-form merger with subsidiary Progroups Technology Co., Ltd.
7. Report on the implementation of short-form merger with subsidiary Nan Pao Electronic Material Co., Ltd.

IV. Acknowledged Matters

1. Acknowledgment of the 2022 Business Report and Financial Statements
2. Acknowledgment of the 2022 Earnings Distribution

V. Election Matters

Board of Directors election (Includes independent directors)

VI. Other Proposals

1. Discussion to remove the non-competition restrictions of directors

VII. Extemporaneous Motions

VIII. Meeting Adjourned

## **Reported Matters**

### **Item 1: 2022 Business Report**

Explanation: Please refer to Attachment 1 on Page 8 to 11.

### **Item 2: Audit Committee's Review Report on the 2022 annual final accounting books and statements**

Explanation: Please refer to Attachment 2 on Page 12.

### **Item 3: Report on 2022 employees' and directors' remuneration**

Explanation: 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.

### **Item 4: Report on distribution of cash dividends from 2022 profits**

Explanation: (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.

### **Item 5: Amendments to the Company's "Code of Ethical Conduct"**

Explanation: In order to conform to operational needs, the Company proposed to amend the "Code of Ethical Conduct ". Please refer to Attachment 5 on Page 34 to 39 for details.

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

Explanation: (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.

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

Explanation: (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.

## **Acknowledged Matters**

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

Explanation: (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 on Page 8 to 11 and Attachment 3 on Page 13 to 32 for details.

Resolution:

### **Item 2: Acknowledgment of the 2022 Earnings Distribution** (Proposed by the Board of Directors)

Explanation: (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 on Page 33 for the Company's 2022 Earnings Distribution Plan.

Resolution:

## **Election Matters**

### **Item 1: Board of Directors election (Includes independent directors)**

(Proposed by the Board of Directors)

Explanation: (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 on Page 40 for the List of Candidates of Directors, their shareholdings, educational background and working experience.

(4) Please refer to Appendix 3 on Page 61 to 63 for "Procedures for Election of Director".

(5) Submit for election.



## **Other Proposals**

### **Item 1: Discussion to remove the non-competition restrictions of directors**

(Proposed by the Board of Directors)

- Explanation: (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 on Page 41 to 43 for “List of Non-competition Restriction of Candidates of Directors”.

Resolution:

**※ Results of voting for the agenda above and election:**

## **Extemporaneous Motions**

## **Meeting Adjourned**

## Chapter III. Attachments

### 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	<u>7,683,895</u>	<u>31</u>	<u>6,635,665</u>	<u>26</u>
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>	<u>1,091,350</u>	<u>4</u>	<u>992,192</u>	<u>4</u>
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	-
Total current assets	<u>3,039,895</u>	<u>16</u>	<u>3,596,060</u>	<u>18</u>
<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	-
Total non-current assets	<u>16,087,127</u>	<u>84</u>	<u>16,930,792</u>	<u>82</u>
<b>TOTAL</b>	<u>\$ 19,127,022</u>	<u>100</u>	<u>\$ 20,526,852</u>	<u>100</u>
<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	-
Total current liabilities	<u>2,794,956</u>	<u>15</u>	<u>2,872,376</u>	<u>14</u>
<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	-
Total non-current liabilities	<u>1,780,040</u>	<u>9</u>	<u>2,376,629</u>	<u>12</u>
Total liabilities	<u>4,574,996</u>	<u>24</u>	<u>5,249,005</u>	<u>26</u>
<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
Total retained earnings	<u>7,683,895</u>	<u>40</u>	<u>6,635,665</u>	<u>32</u>
Other equity	3,547,091	19	5,334,802	26
Total equity	<u>14,552,026</u>	<u>76</u>	<u>15,277,847</u>	<u>74</u>
<b>TOTAL</b>	<u>\$ 19,127,022</u>	<u>100</u>	<u>\$ 20,526,852</u>	<u>100</u>

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</p> <p><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></p> <p><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><del>Directors or managerial officers shall follow and promote the Securities Exchange Act 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 employees' awareness of ethics</del></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>
<p>5.8.</p>	<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>
<p>5.9.</p>	<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 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 Director of Nan Pao Group Holdings Director of Treasure Wealth (HK) Director of Greatwill Materials (HK) Director of Nan Pao Resins Chemical Co., Ltd. Director of Goldford Investment Management Director of Nan Pao Resins (Hong Kong) Director of Eastlion Enterprises Limited Director of Nan Pao Resins (Dongguan) Director of Nan Pao Resins Development Director of Dongguan Jiaqin Electronics Director of NP Australia Pty. Ltd. Director of RLA Polymers Pty. Ltd. Director of RLA Polymers (M) Sdn Bhd Director of Nan Pao Advanced Materials Director of Nan Pao (KunShan) Chemical Director of Nan Pao Resins (HK) Director of Profit Land Ltd. Director of Nan Pao Resins (Foshan) Director of All Saints Enterprises Director of Nan Pao Resins (China) Director of Fuqing Nan Pao Investment Director of Fuqing Nan Pao Resins Director of Thai Nan Pao Investment

Name	Serve Concurrently in Taiwan	Serve Concur
		Director of Thai Nanpao Resins Director of ITLS Holding Pte. Lt Director of Aftek Materials Vietn Director of Nanpao Advanced M Director of Nan Pao Philippines Chairman and supervisor of PT.
Guang Rong Investment Ltd. Representative : Hsu, Ming-Hsien	CEO of Nan Pao Resins Chemical Co., Ltd.	Director of Greatwill Materials (C Director of Ongoing Profits Ltd. Director of Rising Sun Associate Director of Nan Pao Resins (Viet Director of Nan Pao Resins Chen Director of Goldford Investment Director of Nan Pao Resins (Hol Director of Eastlion Enterprises I Director of Nan Pao Resins (Dor Director of Nan Pao Resins Deve Director of Nan Pao Materials V Director of Nan Pao Resins Inter Director of Nan Pao Advanced I Director of Nan Pao (KunShan) I Director of Nanpao New Materia Director of NanPao Fine Chemic Director of Giant Profit Develop Director of All Saints Enterprises Director of Nan Pao Resins (Chi Director of Fuqing Nan Pao Inve Director of Wealth Castle Develo Director of Fuqing Nan Pao Resi

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.

## **Chapter IV. Appendices**

### **Appendix 1**

## **Nan Pao Resins Chemical Co., Ltd. Articles of Incorporation**

### **Chapter 1 General Provisions**

- 1 The Company is incorporated in accordance with the regulations on companies limited by shares under the Company Act and named “Nan Pao Resins Chemical Co., Ltd.”
- 2 The scope of business of the Company are as follows:
  1. C801060 Synthetic Rubber Manufacturing
  2. C801100 Synthetic Resin and Plastic Material Manufacturing
  3. C802120 Industrial Catalyst Manufacturing
  4. C802200 Varnish, Lacquer, Dye, and Pigment Manufacturing
  5. ZZ99999 Business items not prohibited or restricted by law except those requiring special approval
- 3 The Company’s head office is in Tainan City, and may, pursuant to a resolution adopted by the Board of Directors and the competent authority, set up branches, offices, or factories in appropriate locations within domestic or overseas when deemed necessary.
- 4 The total amount of the Company’s reinvested capital may exceed 40% of the paid-in capital and shall make an external guarantee.

### **Chapter 2 Capital**

- 5 The total capital stock of the Company is 2 billion New Taiwan Dollars, divided into 200 million shares at 10 New Taiwan Dollars each, unissued shares are authorized to be issued by the resolution of the Board of Directors. A total of 8 million shares among the total number of shares referred to the preceding paragraph shall be reserved for the issuance of convertible shares of employee stock options.
- 5.1 The Company repurchases its treasury shares to employees, reserves the issuance of common shares in cash for employees to subscribe, issues employee stock option certificates, and issues restricted shares for employee, which could be entitled to the qualified employees of controlled entities or subsidiaries of the Company meeting certain specific requirements. The Board of Directors is authorized to decide the conditions and the subscription.
- 6 All the shares issued by the Company, the issuing company may be exempted from printing any share certificate for the shares issued. If the company prints stock certificates, it will be name-bearing and shall be handled in accordance with the provisions of the Company Act and other relevant laws and regulations.
- 7 The Company’s shareholder services affairs are in compliance with Regulations Governing the Administration of Shareholder Services of Public Companies and relevant regulations.
- 8 All changes made to the list of shareholders shall not be made within sixty days prior to an upcoming annual shareholders’ meeting, within thirty days prior to a provisional shareholders’ meeting, or within five days prior to the base date on which the Company issues dividends, bonuses, or other interests.

### **Chapter 3 Shareholders’ Meeting**

- 9 Shareholders’ meetings of the Company are of two types, namely regular meetings and provisional meetings. Regular meetings shall be convened by the board of directors within six months after the end of each fiscal year. Provisional meetings shall be convened in accordance with relevant laws, rules, and regulations when necessary.

10 When the Company holds a shareholders' meeting, it should exercise its voting right by way of electronic transmission and may in writing. It shall be executed in accordance with relevant laws and regulations.

If a shareholder is unable to attend the shareholders' meeting, the shareholder may appoint a proxy to attend the meeting in accordance with Article 177 of the Company Act and exercise his/her/its rights. The proxy is not limited to the shareholders of the company.

11 Unless otherwise stipulated by laws and regulations, the shareholders' meetings shall be convened by the Board of Directors and the meeting shall be chaired by the Chairman of the Company. When the Chairman of the Board is on leave, shall appoint one of the directors to act as the Chair in accordance with Article 208 of the Company Act.

12 The shareholder of the Company is entitled to one vote for each share held unless otherwise stipulated by law.

13 Unless otherwise stipulated by law, a resolution made at a shareholders' meeting shall be adopted by a majority vote at a meeting attended by shareholders representing half of the total number of shares issued. The resolutions made in a shareholders' meeting shall be recorded in the minutes and shall be handled in accordance with Article 183 of the Company Act.

14 When the company convenes a shareholders' meeting, the shareholders' meeting may be held via visual communication network. The relevant operating procedures of the visual communication network shall be handled in accordance with the Company Law and the regulations of the competent authority.

15 After the public offering of the Company's stock, if the Company wants to cancel the public offering, it must be approved by the Board of Directors and approved at a shareholders' meeting.

#### **Chapter 4 Board of Directors' Meeting**

16 The Board of Directors' meeting shall be convened at least once every quarter.

The Board of Directors shall be convened by the chairman of the Board of Directors, except that the first Board of Directors of each session shall be convened by the director with the most voting rights representing the votes obtained after re-election.

A notice specifying the reason for convening a Board meeting shall be sent to all directors seven days before the scheduled meeting day, however a Board meeting may be convened on short notice when in emergency circumstances.

The notice of the Board of Directors' meeting shall be by email.

17 The Company has established five to nine seats of directors. The number of directors is determined by the Board of Directors. Among the above-mentioned directors, at least three are independent directors. The election of directors shall be elected from a nomination system by shareholders among a list of nominees for directors. Independent directors and non-independent directors shall be elected together, and the number of elected candidates shall be calculated separately. The directors shall have a term of office of three years and may be re-elected.

The professional qualifications, shareholding, the prohibition on positions held at other companies, nomination and selection process, and other matters of the Company's Independent Directors, are processed in compliance with relevant regulations.

The Company may purchase liability insurance for directors, within the scope of business during their term of office.

- 17.1 In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the company has established an Audit Committee, and may establish different types of functional committees. The Audit Committee shall be composed of the entire independent directors and shall be responsible for implementing the supervisory functions and powers stipulated by the Company Act, Securities and Exchange Act and other laws and regulations.
- 18 The compensation of the directors should authorize the Board of Directors to set a compensation standard based on the value of their participation in and contribution to the operation of the Company and with reference to domestic and foreign industry standards.
- 19 Except as otherwise stated in the Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.
- 20 The directors shall elect from among themselves a chairman of the Board of Directors by a majority vote at a meeting attended by over two-thirds of all the directors. The chairman is the chairperson of the board of directors and represents the company externally. When the chairman of the Board is on leave or for any reason is unable to exercise the powers of the chairman, one of the directors shall be appointed to act as the chair by the chairperson. When the chairman does not make such appointment, directors shall elect one person from among themselves to serve as the chair.
- 21 A director may authorize other directors in writing to attend the meeting of the Board of Directors as a proxy, and may exercise voting rights on behalf of all matters raised at the meeting. The proxy can only accept a proxy from one person. Attending via video conferencing is deemed as attending in person.
- 22 Directors shall exercise their powers in accordance with the resolutions adopted by the Board of Directors and the shareholders' meeting.
- When the vacancy of directors reaches one-third of the total number for any reason, the board of directors shall convene a shareholders' meeting in accordance with the law to elect it. Except for the general re-election of directors, the term of office of the new director shall be extended to the expiration of the original term.

### **Chapter 5 Managerial Officers**

- 23 The Company shall have several managers. Their appointment, dismissal, and remuneration shall be subject to Article 29 of the Company Act.

### **Chapter 6 Accounting**

- 24 The fiscal year of the Company starts from January 1st to December 31st of each year. After the close of each fiscal year, the following reports shall be compiled by the Board of Directors and submitted to the shareholders for acceptance:
1. Business Report;
  2. Financial Statement;
  3. Proposal Concerning Appropriation of Earnings or Covering of Losses.
- 25 Before the company distributes the surplus, the Company shall set aside 2% to 6% of its annual profits as remuneration to its employees and no more than 3% of its annual profits as remuneration to its directors. However, the Company shall have reserved a sufficient amount to offset its accumulated losses.
- Employees' remuneration may be distributed in shares or cash, and the recipients may include employees of its controlled entities or subsidiary companies who meet certain conditions set by the Board of Directors or its authorized persons.



Distribution of directors' and employees' remuneration are resolved by a majority vote at a Board of Directors' meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

- 26 If there are earnings after the close of the fiscal year, the Company shall distribute the earnings in the following order:
1. Paying the tax.
  2. Offsetting losses.
  3. Setting aside a legal capital reserve at 10% of the earnings left over, but this limit is not applicable when the statutory surplus reserve has reached the company's paid-in capital.
  4. The special surplus reserve recognized or reversed in accordance with law and regulations or supervisory authorities.
  5. If there is still surplus, together with the accumulated undistributed surplus, it is proposed to distribute the surplus in a distribution plan.

The Company's profit distribution or loss appropriation shall be made after the end of each quarter. If the surplus distribution is paid in cash, it shall be handled by a resolution of the board of directors in accordance with the provisions of Article 228-1 and Article 240, paragraph 5 of the Company Act, and shall be reported to the shareholders' meeting, and there is no need to submit it to the shareholders' meeting for approval.

The Company is at the steady growth stage of its business, and for future business expansion plans, the dividend distribution shall not be less than 10% of the remaining profits of the current year. The distribution of earnings may be in the form of cash dividends or stock dividends, with cash dividends being the priority, and may also be distributed in the form of stock dividends. However, the proportion of stock dividend distribution shall not be higher than 80% of the total dividends.

However, in order to maintain the Company's earnings per share, the impact of stock dividends on the Company's business performance shall be taken into account. If the annual earnings per share of the dividend payment is more than 20% lower than the previous year, a proposal regarding the earning distribution, in which the dividend payout amount and ratio are appropriately adjusted, shall be prepared by the Board of Directors and submitted to the shareholders for a resolution.

### **Chapter 7 Supplementary Provisions**

- 27 The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.
- 28 In regard to all matters not provided in the Articles of Association, the Company Law and other regulations shall govern.
- 29 The Articles of Association was enacted on August 30, 1963; the first amendment was made on October 5, 1966; the second amendment was made on September 21, 1968; the third amendment was made on June 14, 1971; the fourth amendment was made on March 15, 1972; the fifth amendment was made on March 25, 1973; the sixth amendment was made on September 27, 1974; the seventh amendment was made on January 11, 1975; the eighth amendment was made on December 16, 1975; the ninth amendment was made on October 20, 1976; the tenth amendment was made on December 15, 1976; the eleventh amendment was made on November 8, 1978; the twelfth amendment was made on September 18, 1979; the thirteenth amendment was made on August 30, 1980; the fourteenth amendment was made on August 20, 1981; the fifteenth amendment was made on September 23, 1981; the sixteenth amendment was made on June 23, 1983; the seventeenth amendment was made on August 20, 1984;

the nineteenth amendment was made on June 27, 1985; the twentieth amendment was made on November 1, 1985; the twenty-first amendment was made on May 31, 1986; the twenty-second amendment was made on April 8, 1987; the twenty-third amendment was made on October 9, 1987; the twenty-fourth amendment was made on May 3, 1988; the twenty-fifth amendment was made on June 10, 1989; the twenty-sixth amendment was made on October 12, 1989; the twenty-seventh amendment was made on April 27, 1990; the twenty-eighth amendment was made on May 16, 1991; the twenty-ninth amendment was made on May 4, 1992; the thirtieth amendment was made on June 1, 1993; the thirty-first amendment was made on June 29, 1994; the thirty-second amendment was made on May 30, 1995; the thirty-third amendment was made on June 20, 2000; the thirty-fourth amendment was made on December 11, 2000; the thirty-fifth amendment was made on June 25, 2002; the thirty-sixth amendment was made on June 27, 2003; the thirty-seventh amendment was made on May 21, 2004; the thirty-eighth amendment was made on May 25, 2004; the thirty-ninth amendment was made on June 28, 2005; the fortieth amendment was made on June 27, 2006; the forty-first amendment was made on July 21, 2006; the forty-second amendment was made on October 23, 2008; the forty-third amendment was made on June 27, 2011; the forty-fourth amendment was made on June 27, 2014; the forty-fifth amendment was made on June 27, 2016; the forty-sixth amendment was made on May 16, 2017; the forty-seventh amendment was made on December 12, 2017; the forty-eighth amendment was made on June 14, 2019; the forty-ninth amendment was made on June 23, 2022.

## **Appendix 2**

### **Nan Pao Resins Chemical Co., Ltd. Rule of Procedures for Shareholders' Meeting**

1. Purpose: To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
2. Scope: The rules of procedures for this Corporation's shareholders meeting, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
3. Definition: None.
4. Authority and Responsibility: None.
5. Content:
  - 5.1. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
    - 5.1.1. Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent.

This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

      - A. For physical shareholders meetings, to be distributed on-site at the meeting.
      - B. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
      - C. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

- 5.1.2. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- 5.1.3. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out for convening the shareholders meeting and the essential contents explained in the notice of the reasons. None of the above matters may be raised by an extraordinary motion.
- 5.1.4. Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
- 5.1.5. A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- 5.1.6. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- 5.1.7. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
- 5.1.8. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
- 5.2. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

- 5.2.1. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- 5.2.2. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- 5.2.3. If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- 5.3. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.
- 5.4. This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.
  - 5.4.1. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.
  - 5.4.2. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
  - 5.4.3. This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.
  - 5.4.4. Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

- 5.4.5. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- 5.4.6. In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.
- 5.4.7. In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
- 5.5. To convene a virtual shareholders meeting, this Corporation shall include the following particulars in the shareholders meeting notice:
- (1) How shareholders attend the virtual meeting and exercise their rights.
  - (2) Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
    - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
    - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
    - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
    - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
  - (3) To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.
- 5.6. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

- 5.6.1. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for 6 months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
- 5.6.2. It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- 5.6.3. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- 5.6.4. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- 5.7. This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
  - 5.7.1. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
  - 5.7.2. Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.
- 5.8. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
  - 5.8.1. The chair shall call the meeting to order at the appointed meeting time. At the same time, relevant information such as the number of non-voting rights and the number of shares present is announced. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting

- adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.
- 5.8.2. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 5.4.
- 5.8.3. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- 5.9. If a shareholders meeting is convened by the board of directors, relevant motions (including interim motions and amendments to the original motion) shall be voted on a case-by-case basis, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
- 5.9.1. The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
- 5.9.2. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- 5.9.3. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting, and arrange adequate voting time.
- 5.10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- 5.10.1. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.



- 5.10.2. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- 5.10.3. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
- 5.10.4. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- 5.10.5. Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 5.10. to 5.10.3. do not apply.  
If the previous question does not violate any regulations or go beyond the scope of the agenda, it is appropriate to disclose the question during the shareholders' meeting on the video conference platform for everyone's understanding.
- 5.11. Voting at a shareholders meeting shall be calculated based the number of shares.
  - 5.11.1. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
  - 5.11.2. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
  - 5.11.3. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
  - 5.11.4. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- 5.12. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
  - 5.12.1. When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to

have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

- 5.12.2. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- 5.12.3. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- 5.12.4. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
- 5.12.5. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- 5.12.6. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.
- 5.12.7. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

- 5.12.8. When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting. In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.
- 5.12.9. When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 5.4. decide to attend the physical shareholders meeting in person, they shall revoke their registration 2 days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.
- 5.12.10. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.
- 5.13. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the list of unsuccessful directors and the number of voting rights.
- 5.13.1. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- 5.14. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- 5.14.1. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- 5.14.2. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and vote results (including statistical weight), when electing directors and supervisors, the number of votes for each candidate shall be disclosed. The minutes shall be retained for the duration of the existence of this Corporation.

- 5.14.3. Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.
- When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.
- 5.15. On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
- 5.15.1. During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.
- 5.15.2. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
- 5.16. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- 5.16.1. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- 5.16.2. At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.
- 5.16.3. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

- 5.17. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- 5.17.1. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
- 5.17.2. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- 5.18. In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
- 5.19. When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.
- 5.20. In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.
- 5.20.1. In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.
- Shareholders who didn't register to participate in the original shareholders' meeting via video conference shall not be allowed to participate in the postponed or resumed meeting.
- 5.20.2. For a meeting to be postponed or resumed under the Article 5.20.1, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.
- 5.20.3. During a postponed or resumed session of a shareholders meeting held under the Article 5.20.1, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

- 5.20.4. When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in Article 5.20.1, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.
- Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
- 5.20.5. When postponing or resuming a meeting according to the Article 5.20.1, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.
- 5.20.6. For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the Article 5.20.1.
- 5.21. When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
- 5.22. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
6. Related Document: None.
7. Reference Document: None.
8. Amendment Records:
- 8.1. Edition 1.0 approved and issued by the Board of Directors on May 16, 2014.
- 8.2. Edition 1.1 approved by the Board of Directors on March 20, 2018, and implemented after the resolution of the general Shareholders' Meeting on June 14, 2018.
- 8.3. Edition 1.2 approved by the Board of Directors on March 25, 2021, and implemented after the resolution of the general Shareholders' Meeting on July 20, 2021.
- 8.4. Edition 1.3 approved by the Board of Directors on March 24, 2022, and implemented after the resolution of the general Shareholders' Meeting on June 23, 2022.

## **Appendix 3**

### **Nan Pao Resins Chemical Co., Ltd. Procedures for Election of Director**

1. Purpose: For the fairness, impartiality, and openness in the election of directors, the Procedure is formulated in accordance with the provisions of Articles 21 and 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
2. Scope: Except as otherwise provided by law or by the Articles of Association, elections of the Company's directors shall be conducted in accordance with the Procedure.
3. Definition: None.
4. Authority and Responsibility: None.
5. Content:
  - 5.1. The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. Each Board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present within the Board as a whole are as follows:
    - I. Operation judgment ability.
    - II. Accounting and financial analysis ability.
    - III. Operation management ability.
    - IV. Crisis management ability.
    - V. Industry knowledge.
    - VI. International market perspective.
    - VII. Leadership ability.
    - VII. Decision ability.More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director. Elections of the Company's directors shall be conducted in accordance with the candidate nomination system and procedure set out in Article 192-1 of the Company Act.
  - 5.2. The qualifications for the independent directors of the Company shall comply with Articles 2-9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and relevant practices shall be implemented pursuant to article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
  - 5.3. Elections of the Company's independent directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. If the number of independent directors is less than that required by the first paragraph of Article 14-2 of the Securities Exchange Act, new independent directors shall be elected at the most recent Shareholders' Meeting. When independent directors are dismissed, the Company shall convene a provisional Shareholders' Meeting to elect new independent directors within 60 days of the actual dismissal.
  - 5.4. The election of the directors of the Company adopts the nomination system procedure and adopts the cumulative voting method. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

- 5.5. The Board of Directors shall prepare ballots in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the Shareholders' Meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- 5.6. The number of directors will be as specified in the Company's Articles of Association, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person that is not in attendance.
- 5.7. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting.
- 5.8. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name in the ballot, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.
- 5.9. A ballot is invalid under any of the following circumstances:
- I. The ballot was not prepared by the Board of Directors.
  - II. A blank ballot is placed in the ballot box.
  - III. The writing is unclear and indecipherable or has been altered.
  - VI. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, but upon checking it shows that the candidate's name and identity card number do not match.
  - V. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
  - VI. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
- 5.10. The voting rights shall be calculated on site immediately after the end of the poll, and the list of elected directors shall be announced by the chair on site.
- 5.11. The Board of Directors of the Company shall issue notifications to the persons elected as directors.



5.12. The Procedure and any amendments hereto shall be implemented after approval by the Shareholders' Meeting.

6. Related Document: None.

7. Reference Document: None.

8. Amendment Record:

8.1. Edition 1.0 approved and issued by the Board of Directors on May 16, 2014.

8.2. Edition 2.0 approved by the Board of Directors on October 17, 2017, and implemented after the resolution of the provisional Shareholders' Meeting on December 12, 2017.

**Appendix 4****Nan Pao Resins Chemical Co., Ltd  
Shareholding of Directors**

Date : April 23, 2023

Position	Name	Date Elected	Shareholding while elected		Current Shareholding	
			Shares	%	Shares	%
Chairman	Cheng-Hsien, Wu	20200616	441,808	0.37%	374,465	0.31%
Director	Guang Rong Investment Ltd. Representative : Ming-Hsien, Hsu	20200616	8,868,132	7.35%	8,868,132	7.35%
Director	Guang Rong Investment Ltd. Representative : Ying-Lin, Huang					
Director	Pou Chien Enterprise Co., Ltd Representative : Yuan-Whang, Liao (Note 3)	20200616	10,920,248	9.06%	10,920,248	9.06%
Independent director	Yun, Chen	20200616	0	0.00%	0	0.00%
Independent director	Yung-Cheng, Chiang	20200616	0	0.00%	0	0.00%
Independent director	Yi-Hsi, Lee	20200616	0	0.00%	0	0.00%
Total			20,230,188	16.78%	20,162,845	16.72%

Note 1. Total issued shares of the company as of April 23, 2022 is 120,570,780 shares.

Note 2. The Company has appointed two or more independent directors and established an audit committee. The total shareholding percentage held by all directors excluding independent directors has been reduced to 80% on a proportional basis, and there is no requirement for a supervisor to hold a certain number of shares under applicable laws.

Note 3. The representative of Pou Chien Enterprise Co., Ltd. was originally Nai-Yung, Tsai and was replaced by Yuan-Whang, Liao on October 6, 2022.