

Nan Pao Resins Cemical Co., Ltd.
Minutes of the 2024 Annual General Shareholders' Meeting
(Translation)

Meeting time: 10:00 a.m., June 12, 2024

Place: Nan Pao International Conference Hall (No. 519, Zhongshan Rd., Xigang Dist., Tainan City)

Shares represented at the meeting:

The total issued shares of the Company is 120,570,780. A total of 103,841,322 valid issued shares of the Company were presented at the above meeting (including a total of 101,924,951 valid issued shares were presented by electronic voting), representing 86.12% of the above total valid issued shares of the Company.

Chairman: Cheng-Hsien, Wu (Chairman)

Recorder: Julie Lee

Attendance: Ming-Hsien, Hsu (The Representative of Guang Rong Investment Ltd.), Ying-Lin, Huang (The Representative of Guang Rong Investment Ltd.), Yun, Chen (Independent Director) and Chao Chin Yang (Independent Auditor of Deloitte & Touche)

I. Call the Meeting to Order

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

II. Chairman's Address (omitted)

III. Reported Matters

1. 2023 Business Report

Explanation: Please refer to Attachment 1.

2. 2023 Audit Committee's Review Report

Explanation: Please refer to Attachment 2.

3. To Report 2023 Employees and Directors Remuneration Distribution

Explanation: This Company's Board of Directors has approved on March 14, 2024 to allocate NT\$67,600,000 for employees' remuneration and NT\$28,600,000 for directors' remuneration from the earnings reserves of 2023. The aforementioned remuneration are to be distributed in cash, and the allocated amount is the same as the estimated expenses recognized in the current fiscal year.

4. To Report Distribution of Cash Dividends from 2023 Profits

Explanation: (1) Pursuant to Article 26 of the Company's Articles of Incorporation, the Board of Directors is authorized to propose the distribution of profits, in which the cash dividend shall be distributed after the board of directors resolution and report to the shareholders' meeting.

(2) The Board of Directors distributed cash dividends of NT\$1,808,561,700 from 2023 profit to shareholders at NT\$15 per share. Cash dividends were rounded to the nearest whole number. The total amount of cash dividends less than NT\$1 will be recognized as the "Other income" of the Company.

(3) The proposed cash dividends distribution has been approved by the Board of Directors. In the event of various factors causing any change to the total number of outstanding shares, the Board of Directors is fully authorized to resolve the relevant issues.

5. To Report 2023 Directors Remuneration

Explanation: For the directors' remuneration, including the remuneration policy, the details and amount of the remuneration received by individual directors, please refer to Attachment 3.

IV. Acknowledged Matters

Proposal 1: 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation: (1) The Company's 2022 Financial Statements (includes Consolidated Financial Statements) have been audited by independent auditors, Mr. Chao Chin Yang and Ms. Chi Chen Lee, of Deloitte & Touche, and submitted with Business Report to Audit Committee for review and issuance of Review Report on record.

(2) Please refer to Attachment 1 and Attachment 4.

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

Voting Results: Shares present at the time of voting: 103,841,322 shares (including a total of 101,924,951 shares were presented by electronic voting).

Voting Results	Total Votes	(Electronic Votes)	% of the represented share present
Votes in favor	98,603,133 votes	(97,279,070 votes)	94.96
Votes against	338 votes	(338 votes)	0.00
Votes invalid	0 vote	(0 vote)	0.00
Votes abstained / Not voted	5,237,851 votes	(4,645,543 votes)	5.04

Proposal 2: 2023 Earnings Distribution (Proposed by the Board of Directors)

Explanation: (1) The Company's 2023 Earnings Distribution was resolved by the Board of Directors and audited by Audit Committee.

(2) Please refer to Attachment 5 for 2023 Earnings Distribution Table.

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

Voting Results: Shares present at the time of voting: 103,841,322 shares (including a total of 101,924,951 shares were presented by electronic voting).

Voting Results	Total Votes	(Electronic Votes)	% of the represented share present
Votes in favor	98,715,133 votes	(97,391,070 votes)	95.06
Votes against	338 votes	(338 votes)	0.00
Votes invalid	0 vote	(0 vote)	0.00
Votes abstained / Not voted	5,125,851 votes	(4,533,543 votes)	4.94

V. Matters for Discussion

Proposal 1: Amendments of "Procedures for Governing Loaning of Funds and Making of Endorsements" (Proposed by the Board of Directors)

Explanation:(1) To align with the Company's funding costs, it is proposed to revise the "Procedures for Governing Loaning of Funds and Making of Endorsements" by changing the interest on fund loans to a variable rate and setting a minimum interest rate floor. Additionally, to avoid frequent amendments to the operating procedures, it is proposed to change the method of charging endorsement guarantee fees to a principle-based explanation, with specific regulations outlined in the internal guidelines.

(2) Please refer to Attachment 6.

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

Voting Results: Shares present at the time of voting: 103,841,322 shares (including a total of 101,924,951 shares were presented by electronic voting).

Voting Results	Total Votes	(Electronic Votes)	% of the represented share present
Votes in favor	98,381,639 votes	(97,057,576 votes)	94.74
Votes against	338 votes	(338 votes)	0.00
Votes invalid	0 vote	(0 vote)	0.00
Votes abstained / Not voted	5,459,345 votes	(4,867,037 votes)	5.26

VII. Extemporary Motions (none)

VIII. Meeting Adjourned

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

Chairman: Cheng-Hsien, Wu

Recorder: Julie Lee

Attachment 1

Nan Pao Resins Chemical Co., Ltd. Business Report

I. Review of 2023 Business Performance

1. Results of business plan

The total consolidated revenue of 2023 was NT\$20.58 billion, a decrease of 6.47% from the previous year. The total gross profit was NT\$6.49 billion, an increase of 22.75% from the previous year. The operating profit was NT\$2.96 billion, an increase of 62.49% from the previous year. The net income was NT\$2.57 billion, an increase of 37.78% from the previous year. Earnings per share after taxes was NT\$20.14.

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

Year Item		2023		2022		Variances	
		Amount	%	Amount	%	Amount	%
Net Operating Revenue		20,581,188	100	22,004,313	100	(1,423,125)	(6.47)
Gross Profit		6,490,460	32	5,287,537	24	1,202,923	22.75
Operating Profit		2,964,382	15	1,824,375	8	1,140,007	62.49
Pre-tax Income		3,393,761	16	2,385,414	11	1,008,347	42.27
Net Income		2,566,432	12	1,862,728	8	703,704	37.78
Net Income attributed to	Shareholders	2,428,215	12	1,741,459	8	686,756	39.44
	Non- controlling Interests	138,217	-	121,269	-	16,948	13.98
Earnings Per Share(dollar)		20.14		14.44		5.70	39.47

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	2023	2022
Cash inflow from operating	3,128,986	1,916,763
Cash (outflow) inflow from investing	(792,095)	206,201
Cash (outflow) from fundraising	(1,736,906)	(1,918,865)
Return on Assets (%)	10.91	7.59
Return on Equity (%)	17.00	11.67
Profit before tax to capital stock (%)	281.47	197.84
Net Profit Margin (%)	12.47	8.47

4. R&D Achievements

Nan Pao has devoted significant research and technological resources to sustain its growth and expand into new industries. It is committed to innovative product development and exploring new sectors, applying its expertise in areas such as high-performance adhesives for footwear, functional textile adhesives, adhesives for medical products, low-VOC adhesives and hot melts adhesives for automobiles, adhesives for flexible packaging materials, optical pressure-sensitive adhesives, construction chemicals, and functional coatings. In 2023, the research and development expenses accounted for approximately 2.52% of the consolidated operating revenue. Below is an overview of the product research and diversified applications of Nan Pao Group's subsidiaries in 2023.

- (1) Subsidiary Foshan Nan Pao Advanced Materials is committed to increasing the proportion of new and improved products in overall sales. The newly developed black medicated hot melt adhesive product line and the foam hot melt adhesive product for air filters have been launched into the market in 2023. Simultaneously, efforts have been made to comprehensively improve the cost-effectiveness of key products in industries such as medical supplies, labels, and waterproof membranes, further enhancing the competitiveness of the industry.
- (2) In contrast to other competitors who primarily focus their R&D efforts on the wind power market, subsidiary Changshu Yu Bo allocates significant resources to areas such as sports equipment, wind turbine blades, hydrogen cylinders, mass transportation, automotive, and high-performance composites for industrial applications. Moreover, it holds a leading position in technology within the industry.
- (3) Subsidiary Nanpao New Materials (Huaian), in order to enhance industry competitiveness, actively integrates the industry chain by seamlessly combining resin and carbon fiber to produce prepreg materials. These materials have been successfully applied in products such as 3C electronics, new energy vehicles, and high-end vehicles. Additionally, the subsidiary has developed applications for aerospace, medical equipment, sports goods, etc., to meet customers' one-stop requirements.

In order to jointly achieve sustainable economic development goals, Nan Pao actively collaborates with external research and development professional units. By leveraging its own strengths and those of external professional units, Nan Pao collaborates to develop innovative products and high-performance solutions. This strengthens academic and industrial exchange opportunities and resource sharing, promotes technological innovation, and fosters talent development. This creates a win-win cooperation among enterprises, schools, and research institutions. The R&D cooperation performance in 2023 is as follows:

- (1) Collaborated with a Japanese technical consultant to develop UV-curable optical pressure-sensitive adhesives. Leveraged the patent information from the Japanese technical consultant to gain insights into advanced UV-curing processes, enabling Nan Pao to adjust its existing formulations and develop adhesives with different performance characteristics. This collaboration integrated Nan Pao's inspection equipment and coating vendor resources, along with alignment with downstream electronic manufacturers' on-machine testing processes, resulting in a reduction of over one year in the originally estimated product development timeline. The innovative product is applied in the semiconductor industry, enhancing product pricing and gross margins.
- (2) Collaborated with the Department of Chemical Engineering at National Cheng Kung University (NCKU) to enhance the stability of acrylic emulsion processes. Utilizing Nuclear Magnetic Resonance (NMR) analysis, a technique for material molecular structure analysis, anomalies in the product were identified, serving as the basis for improving the production process. This collaboration integrated NCKU's analytical technology, inspection equipment, and vendor resources, expediting the acquisition of specialized raw materials and on-machine testing of products in the downstream process. As a result, the product development timeline was significantly reduced by at least 6 months, while simultaneously addressing quality issues and enhancing product yield. The related technology can be concurrently applied to various products, enhancing their performance and added value. After process improvements, the process time can be shortened by approximately 16%.
- (3) Collaborated with the Industrial Technology Research Institute (ITRI) to develop synthetic technology for low-carbon biomass and recycled materials, as well as high-performance products. Leveraging ITRI's analytical technology, testing equipment, and vendor resources, and coordinating with upstream, midstream, and downstream manufacturers in the industry chain, the product development timeline was significantly shortened by more than 1 year. This collaboration capitalized on Nan Pao's expertise in resin synthesis and paint formulation design to incorporate bio-based resins into various adhesives, coatings, and hot melt adhesive products, thereby enhancing product performance and added value. The results of sustainable and biomass products have also attracted cooperation from Fuji Soft Company and Kotobuki Corporation in Japan, jointly developing applications for recycled carbon powder materials in building coatings and Nan Pao's international conference hall seating. This initiative aims to promote the development of sustainable building coatings and biomass PU foam-related products.

II. Summary of 2024 Business Plan

1. Business Strategy

(1) Product Diversification and Application Expansion:

Continuously engage in product development to enhance potential growth opportunities and expand the application of products in other market segments. Simultaneously, focus on strategic acquisitions that offer synergistic benefits to strengthen the company's portfolio through complementary acquisitions, enabling Nan Pao to expand its global presence and product applications.

(2) Investment in Research and Development (R&D):

Increase investment in R&D to promote existing products for broader applications in other fields. Emphasize the connection between green products and environmental sustainability by continuously developing products with sustainable value that also meet environmental protection and market demands. Future efforts will focus on research and development of green products to advance towards a low-carbon economy, continuously pursuing sustainable growth.

(3) Low-Carbon Upgrading:

In response to increased transparency in ESG disclosure standards and challenges posed by global inflation, slowing demand, and inventory adjustments in the post-pandemic era, Nan Pao formulate energy-saving and emission-reduction strategies, collaborate with government initiatives promoting low-carbon projects to seize new business opportunities in energy conservation and carbon reduction, while also positioning for energy transformation and electrification to sustain revenue growth.

(4) Digital Optimization:

In line with market demand and the widespread adoption of digital technology, Nan Pao implement a phased digital transformation process. Firstly, introduce digital system platforms to achieve digitalization, initially reducing operating costs such as labor and resources. Additionally, accumulate database insights through familiarity with digital tools and increased system utilization to further achieve digital optimization. Ultimately, with a customer-centric approach, integrate digital tools comprehensively into business thinking and sales strategies, creating new business models and transforming the organization and culture to achieve long-term digital transformation goals.

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 2024 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 Nan Pao'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

Nan Pao adopts a "Golden Sample" strategy for product development, continuously 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

Over the years, Nan Pao has continuously invested in research and technology resources for the green and low-carbon industry supply chain. In 2023, in response to the "Large Enterprises Assisting Small Enterprises" project initiated by the Industrial Bureau of the Ministry of Economic Affairs, Nan Pao collaborated with its supply chain to promote green products and processes. With the support of government policies, this initiative not only benefits the Company itself but also encourages downstream partners to reduce carbon emissions, aiming to accelerate the penetration rate of green products.

In addition, Nan Pao passed liquidity tests, corporate governance evaluations, and various financial indicators in 2023 to become a constituent stock of the Corporate Governance 100 Index. The Company also focused on obtaining improved ratings from international ESG rating agencies such as S&P Global, FTSE Russell and Sustainalytics compared to the previous year, thereby enhancing corporate competitiveness and economic resilience.

Looking ahead, the global economy is expected to continue facing various challenges. Factors such as the sustainability of consumer momentum in the United States, trends in raw material prices, the economic outlook for mainland China, and the monetary policy directions of central banks worldwide will all impact Taiwan's trade and investment performance. It's important to anticipate and closely monitor these factors in advance.

Nan Pao places great importance on ESG principles and is committed to developing green products, aspiring for "green sustainability" to become one of the Company's core competitive advantages. The Company has declared its commitment to achieving net-zero emissions. In line with the launch of the International Carbon Trading Platform by the Taiwan Carbon Exchange on December 22, 2023, Nan Pao actively responded by becoming one of the first buyers of carbon credits and receiving the first purchase certificate. The purchased carbon credits, totaling two thousand metric tons, will be used to offset the

Company's own operations. Internally, efforts will also be made to promote energy-saving and carbon-reduction projects, including the installation of solar power generation equipment and the replacement of energy-consuming equipment, gradually realizing carbon reduction goals. Furthermore, Nan Pao is actively reducing solvent substances in its products and adjusting formulations by using recycled and biomass materials to lower the carbon footprint of its products. The Company aims to achieve carbon neutrality by 2050 through practical actions and is committed to focusing on long-term sustainability growth. The ESG sustainability strategy will be deeply integrated into the Company's culture, not only to meet trends and customer demands but also to pursue a more solid competitive advantage and symbiotic prosperity with society. Nan Pao will continue to uphold the principles of sustainable operation, implement corporate governance norms, create a sustainable development work environment for employees, provide customers with high-energy-efficient products and solutions that align with ESG principles, and create sustainable value for shareholders.

Chairman: Cheng-Hsien, Wu

Manager: Ming-Hsien, Hsu

Accounting Manager: Kun-Chin, Lin

Attachment 2

Nan Pao Resins Chemical Co., Ltd. Audit Committee's Review Report

To: 2024 General Shareholders' Meeting

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for earnings distribution. The CPA firm of Deloitte & Touche was retained to audit the Financial Statements and has issued an audit report. The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Nan Pao Resins Chemical Co., Ltd.

Audit Committee Convener :

Yun, Chen

March 14, 2024

Attachment 3

2023 Directors' Remunerations

Remuneration Paid to Directors and Independent Directors (Note 1)

Unit: NT\$1,000

Title/Name	Director's Remuneration								Total Remuneration (A+B+C+D) and Ratio to Net Income		Compensation Earned by a Director who is an Employee of the Company								Total Remuneration (A+B+C+D+E+F+G) and Ratio to Net Income (Note 3)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
	Basic Compensation(A)		Severance Pay and Pensions(B)		Compensation to Directors (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay and Pensions(F) (Note 2)		Profit Sharing(G)						
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
		Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock		
Chairman Cheng-Hsien, Wu	3,321	3,321	-	-	300	300	-	-	3,621 (0.15%)	3,621 (0.15%)	-	-	-	-	-	-	-	-	3,621 (0.15%)	3,621 (0.15%)	-
Director Pao Chien Enterprise Co., Ltd. Representative: Yuan-Whang, Liao	-	-	-	-	4,408	4,408	-	-	4,408 (0.18%)	4,408 (0.18%)	-	-	-	-	-	-	-	-	4,408 (0.18%)	4,408 (0.18%)	-
Director Guang Rong Investment Ltd.	-	-	-	-	22,842	22,842	-	-	22,842 (0.94%)	22,842 (0.94%)	-	-	-	-	-	-	-	-	22,842 (0.94%)	22,842 (0.94%)	-
Representative: Ming-Hsien, Hsu	-	-	-	-	-	-	-	-	-	-	5,622	5,622	334	334	2,051	-	2,051	-	8,007 (0.33%)	8,007 (0.33%)	-
Representative: Ying-Lin, Huang	-	-	-	-	-	-	-	-	-	-	3,054	3,054	90	90	540	-	540	-	3,684 (0.15%)	3,684 (0.15%)	-
Independent Director Yun, Chen	215	215	-	-	350	350	-	-	565 (0.02%)	565 (0.02%)	-	-	-	-	-	-	-	-	565 (0.02%)	565 (0.02%)	-
Independent Director Yung-Cheng, Chiang	215	215	-	-	350	350	-	-	565 (0.02%)	565 (0.02%)	-	-	-	-	-	-	-	-	565 (0.02%)	565 (0.02%)	-
Independent Director Yi-Hsi, Lee (Note 4)	75	75	-	-	-	-	-	-	75 (0.01%)	75 (0.01%)	-	-	-	-	-	-	-	-	75 (0.01%)	75 (0.01%)	-
Independent Director Chin-Jung, Kuo (Note 4)	140	140	-	-	350	350	-	-	490 (0.02%)	490 (0.02%)	-	-	-	-	-	-	-	-	490 (0.02%)	490 (0.02%)	-
Total	3,966	3,966	-	-	28,600	28,600	-	-	32,566 (1.34%)	32,566 (1.34%)	8,676	8,676	424	424	2,591	-	2,591	-	44,257 (1.82%)	44,257 (1.82%)	-

Note 1: Directors and Independent Directors' remuneration policies, procedures and structure, as well as the linkage to responsibilities, risks and time spent:

- According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the salary for the Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.
- The Articles of Incorporation also provide that the compensation to directors shall be no more than 3% of annual profits. The distribution of compensation of directors shall be made in accordance with the Company's "Rules for Distribution of Compensation to Directors, Functional Committee members and executive officers" based on the following principles: (1) Directors who serve as executive officers of the Company are not entitled to receive compensation to directors; (2) The Independent Directors also serve as members of the Functional Committees and thus participate in the discussion as well as resolutions of related committee meetings in accordance with the charter of each committee, therefore the Company provides additional compensation.

Note 2: Pensions funded according to applicable law.

Note 3: The remuneration paid to the directors from the Company and from all consolidated entities in 2023, including their employee compensation, both accounted for 1.82% of 2023 net income.

Note 4: Originally served by Yi-Hsi Lee. The position was replaced by Chin-Jung Kuo after the re-election on June 21, 2023.

Attachment 4

Independent Auditors' Report and 2023 Financial Statements

(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. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, based on our audits and the report of other auditors (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, 2023 and 2022, 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 of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 audits and the report of other auditors, 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, 2023. 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, 2023 is detailed as follows:

Authenticity of Revenue Recognition

As stated in Notes 4 (n) and 26, the Group's main source of revenue is revenue from the sale of adhesives and coatings. The sales amount of some customers changed significantly in 2023. 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 aforementioned customers 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 external parties based on the revenue recognition terms, commercial invoices, bill of lading and collections of these customers to check whether the sales actually occurred.

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. Total assets of these subsidiaries amounted to NT\$5,418,155 thousand and NT\$5,274,657 thousand as of December 31, 2023 and 2022, respectively, accounting for 23% and 21% of the total consolidated assets, respectively. Net sales revenue was NT\$6,261,112 thousand and NT\$5,749,177 thousand, respectively, accounting for 30% and 26% 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, 2023 and 2022 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, 2023 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 Chao-Chin Yang and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,574,565	19	\$ 3,996,346	16
Financial assets at amortized cost - current (Notes 4, 9, 10, and 36)	627,336	3	352,043	2
Notes receivable (Notes 4 and 11)	343,899	2	310,864	1
Accounts receivable (Notes 4, 11 and 26)	4,056,979	17	4,261,020	17
Accounts receivable - related parties (Notes 4, 11, 26 and 35)	349,908	2	307,095	1
Other receivables (Notes 4 and 11)	88,994	-	97,544	-
Current tax assets (Note 28)	381	-	3,936	-
Inventories (Notes 4 and 12)	2,662,968	11	2,824,543	12
Other current assets (Note 20)	<u>726,547</u>	<u>3</u>	<u>705,671</u>	<u>3</u>
Total current assets	<u>13,431,577</u>	<u>57</u>	<u>12,859,062</u>	<u>52</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	121,929	1	69,536	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,682,112	7	4,206,459	17
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 36)	37,907	-	128,484	1
Investments accounted for using the equity method (Notes 4 and 14)	30,312	-	39,286	-
Property, plant and equipment (Notes 4, 15 and 36)	5,808,353	25	5,507,684	22
Right-of-use assets (Notes 4 and 16)	1,324,936	6	1,179,673	5
Investment properties (Notes 4 and 17)	17,760	-	17,760	-
Goodwill (Notes 4, 18 and 31)	352,208	1	246,575	1
Other intangible assets (Notes 4 and 19)	456,917	2	122,033	1
Deferred tax assets (Notes 4 and 28)	294,970	1	256,284	1
Net defined benefit assets - non-current (Notes 4 and 24)	41,864	-	22,063	-
Other non-current assets (Note 20)	<u>63,551</u>	<u>-</u>	<u>90,884</u>	<u>-</u>
Total non-current assets	<u>10,232,819</u>	<u>43</u>	<u>11,886,721</u>	<u>48</u>
TOTAL	<u>\$ 23,664,396</u>	<u>100</u>	<u>\$ 24,745,783</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 36)	\$ 1,832,918	8	\$ 1,854,293	8
Contract liabilities - current (Notes 4 and 26)	29,380	-	34,241	-
Notes payable (Note 22)	344	-	463	-
Accounts payable (Notes 22 and 35)	2,176,712	9	2,658,505	11
Dividends payable	1,997	-	4,032	-
Other payables (Note 35)	1,355,367	6	1,080,261	4
Current tax liabilities (Note 28)	566,780	2	275,853	1
Lease liabilities - current (Notes 4 and 16)	102,212	-	87,235	-
Current portion of long-term borrowings (Notes 21 and 36)	145,577	1	138,721	1
Other current liabilities (Notes 23 and 35)	<u>181,147</u>	<u>1</u>	<u>202,620</u>	<u>1</u>
Total current liabilities	<u>6,392,434</u>	<u>27</u>	<u>6,336,224</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 21 and 36)	894,993	4	1,223,855	5
Deferred tax liabilities (Notes 4 and 28)	1,188,145	5	876,315	3
Lease liabilities - non-current (Notes 4 and 16)	632,576	3	656,265	3
Other non-current liabilities (Note 23)	<u>9,569</u>	<u>-</u>	<u>9,748</u>	<u>-</u>
Total non-current liabilities	<u>2,725,283</u>	<u>12</u>	<u>2,766,183</u>	<u>11</u>
Total liabilities	<u>9,117,717</u>	<u>39</u>	<u>9,102,407</u>	<u>37</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Share capital - ordinary shares	<u>1,205,707</u>	<u>5</u>	<u>1,205,707</u>	<u>5</u>
Capital surplus	<u>2,124,891</u>	<u>9</u>	<u>2,115,333</u>	<u>9</u>
Retained earnings				
Legal reserve	1,565,289	6	1,388,123	6
Special reserve	313,321	1	313,321	1
Unappropriated earnings	<u>7,029,050</u>	<u>30</u>	<u>5,982,451</u>	<u>24</u>
Total retained earnings	<u>8,907,660</u>	<u>37</u>	<u>7,683,895</u>	<u>31</u>
Other equity	<u>938,955</u>	<u>4</u>	<u>3,547,091</u>	<u>14</u>
Total equity attributable to owners of the Company	13,177,213	55	14,552,026	59
NON-CONTROLLING INTERESTS	<u>1,369,466</u>	<u>6</u>	<u>1,091,350</u>	<u>4</u>
Total equity	<u>14,546,679</u>	<u>61</u>	<u>15,643,376</u>	<u>63</u>
TOTAL	<u>\$ 23,664,396</u>	<u>100</u>	<u>\$ 24,745,783</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 35)	\$ 20,581,188	100	\$ 22,004,313	100
OPERATING COSTS (Notes 12, 24, 27 and 35)	<u>14,090,728</u>	<u>68</u>	<u>16,716,776</u>	<u>76</u>
GROSS PROFIT	<u>6,490,460</u>	<u>32</u>	<u>5,287,537</u>	<u>24</u>
OPERATING EXPENSES (Notes 11, 24 and 27)				
Selling and marketing expenses	1,998,296	10	2,031,894	9
General and administrative expenses	978,930	5	898,945	4
Research and development expenses	519,403	2	513,724	3
Expected credit loss	<u>29,449</u>	<u>-</u>	<u>18,599</u>	<u>-</u>
Total operating expenses	<u>3,526,078</u>	<u>17</u>	<u>3,463,162</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>2,964,382</u>	<u>15</u>	<u>1,824,375</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)				
Interest income	70,594	-	34,892	-
Other income	479,677	2	551,926	3
Other gains and losses	(7,657)	-	61,250	-
Finance costs	(104,261)	(1)	(86,315)	-
Share of loss of associates	<u>(8,974)</u>	<u>-</u>	<u>(714)</u>	<u>-</u>
Total non-operating income and expenses	<u>429,379</u>	<u>1</u>	<u>561,039</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	3,393,761	16	2,385,414	11
INCOME TAX EXPENSE (Notes 4 and 28)	<u>827,329</u>	<u>4</u>	<u>522,686</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,566,432</u>	<u>12</u>	<u>1,862,728</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,227	-	38,551	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(2,529,084)	(12)	(2,091,887)	(9)
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(236)</u>	<u>-</u>	<u>(7,720)</u>	<u>-</u>

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:	\$ (2,528,093)	(12)	\$ (2,061,056)	(9)
Exchange differences on translation of the financial statements of foreign operations	(115,243)	-	398,275	2
Income tax related to items that may be reclassified subsequently to profit or loss	19,763	-	(76,044)	-
	<u>(95,480)</u>	<u>-</u>	<u>322,231</u>	<u>2</u>
Other comprehensive loss for the year, net of income tax	<u>(2,623,573)</u>	<u>(12)</u>	<u>(1,738,825)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (57,141)</u>	<u>-</u>	<u>\$ 123,903</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,428,215	12	\$ 1,741,459	8
Non-controlling interests	<u>138,217</u>	<u>-</u>	<u>121,269</u>	<u>-</u>
	<u>\$ 2,566,432</u>	<u>12</u>	<u>\$ 1,862,728</u>	<u>8</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (178,663)	(1)	\$ (16,056)	-
Non-controlling interests	<u>121,522</u>	<u>1</u>	<u>139,959</u>	<u>1</u>
	<u>\$ (57,141)</u>	<u>-</u>	<u>\$ 123,903</u>	<u>1</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 20.14</u>		<u>\$ 14.44</u>	
Diluted	<u>\$ 20.08</u>		<u>\$ 14.39</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
	Retained Earnings					Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 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 2021 earnings (Note 25)											
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)	-	(723,425)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	10,852	-	-	-	-	-	-	10,852	(13,352)	(2,500)
Changes in ownership interests in subsidiaries (Note 32)	-	1,330	-	-	-	-	-	-	1,330	12,578	13,908
Issuance of employee share options by subsidiaries (Note 30)	-	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 25)	-	-	-	-	-	-	-	-	-	(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
Appropriation of 2022 earnings (Note 25)											
Legal reserve	-	-	177,166	-	(177,166)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)	-	(1,205,708)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	(195)	-	-	-	-	-	-	(195)	(122)	(317)
Changes in ownership interests in subsidiaries (Note 32)	-	6,618	-	-	-	-	-	-	6,618	67,628	74,246
Issuance of employee share options by subsidiaries (Note 30)	-	3,135	-	-	-	-	-	-	3,135	3,136	6,271
Net profit for the year ended December 31, 2023	-	-	-	-	2,428,215	-	-	-	2,428,215	138,217	2,566,432
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,258	(79,052)	(2,529,084)	(2,608,136)	(2,606,878)	(16,695)	(2,623,573)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,429,473	(79,052)	(2,529,084)	(2,608,136)	(178,663)	121,522	(57,141)
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	85,952	85,952
BALANCE AT DECEMBER 31, 2023	\$ 1,205,707	\$ 2,124,891	\$ 1,565,289	\$ 313,321	\$ 7,029,050	\$ (419,351)	\$ 1,358,306	\$ 938,955	\$ 13,177,213	\$ 1,369,466	\$ 14,546,679

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

(With Deloitte & Touche audit report dated March 14, 2024)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,393,761	\$ 2,385,414
Adjustments for:		
Depreciation expenses	586,801	481,823
Amortization expenses	68,010	28,982
Expected credit loss recognized on trade receivables	29,449	18,599
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(18,327)	6,599
Finance costs	104,261	86,315
Interest income	(70,594)	(34,892)
Dividend income	(390,075)	(477,714)
Compensation cost of employee share options	6,271	2,925
Share of loss of associates	8,974	714
(Gain) loss on disposal of property, plant and equipment	(1,996)	32,545
Gain on disposal of right-of-use assets	-	(1,374)
Gain on disposal of associates	-	(26,523)
Write-down of inventories	16,191	-
Impairment loss recognized on goodwill	2,096	-
Gain on lease modification	(20)	(304)
Changes in operating assets and liabilities		
Notes receivable	(27,055)	(2,207)
Accounts receivable	225,845	(367,800)
Accounts receivable - related parties	(42,912)	15,186
Other receivables	15,223	5,794
Inventories	171,197	255,522
Other current assets	(13,563)	(166,069)
Other non-current assets	(20,283)	(236)
Contract liabilities	(5,604)	(10,718)
Notes payable	(120)	(581)
Accounts payable	(498,061)	(13,649)
Other payables	25,575	146,116
Other current liabilities	(24,082)	(3,104)
Net defined benefit liabilities	(18,478)	(35,694)
Other non-current liabilities	406	(39,123)
Cash generated from operations	3,522,890	2,286,546
Interest received	66,459	41,139
Interest paid	(104,349)	(80,352)
Income tax paid	(356,014)	(330,570)
Net cash generated from operating activities	<u>3,128,986</u>	<u>1,916,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(4,738)	(13,487)
Net increase in financial assets at amortized cost	(193,926)	-

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net decrease in financial assets at amortized cost	\$ -	\$ 237,450
Purchase of financial assets at fair value through profit or loss	(34,066)	(40,000)
Acquisition of associates	-	(40,000)
Net cash outflow on acquisition of subsidiaries	(256,004)	-
Proceeds from disposal of non-current assets held for sale	-	405,000
Payments for property, plant and equipment	(557,738)	(874,311)
Proceeds from disposal of property, plant and equipment	7,851	3,338
Increase in refundable deposits	(399)	(2,727)
Payments for intangible assets	(7,425)	(2,048)
Proceeds from disposal of right-of-use assets	-	55,332
Acquisition of right-of-use assets	(135,725)	-
Dividends received	<u>390,075</u>	<u>477,714</u>
Net cash (used in) generated from investing activities	<u>(792,095)</u>	<u>206,261</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,449,540	9,803,903
Repayments of short-term borrowings	(6,602,609)	(10,146,397)
Proceeds from long-term borrowings	1,735,373	3,422,589
Repayments of long-term borrowings	(2,056,964)	(4,193,002)
Refund of guarantee deposits received	(539)	(2,179)
Repayment of the principal portion of lease liabilities	(62,764)	(54,320)
Cash dividends paid	(1,264,062)	(760,867)
Changes in non-controlling interests	65,311	11,408
Payments for transaction costs attributable to the issue of ordinary shares	<u>(192)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,736,906)</u>	<u>(1,918,865)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(21,766)</u>	<u>51,226</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	578,219	255,385
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,996,346</u>	<u>3,740,961</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,574,565</u>	<u>\$ 3,996,346</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including material accounting policy information (collectively referred to as the "standalone financial statements").

In our opinion, based on our audits and the report of other auditors (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, 2023 and 2022, and its standalone 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 Financial Statement Audit and Attestation Engagements of 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 Standalone 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 audits and the report of other auditors, 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, 2023. 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, 2023 is detailed as follows:

Authenticity of Revenue Recognition

As stated in Notes 4(m) and 24, the Company's main source of revenue is revenue from the sale of adhesives and coatings. The sales amount of some customers changed significantly in 2023. 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 customers 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 these customers to check whether the sales actually occurred.

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\$1,866,856 thousand and NT\$1,716,366 thousand as of December 31, 2023 and 2022, respectively, accounting for 10% and 9% of total assets, respectively. The comprehensive income in using equity method was NT\$241,185 thousand and NT\$134,332 thousand as of December 31, 2023 and 2022, respectively, accounting for 8% and 7% 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 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 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, 2023 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 Chao-Chin Yang and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2024

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,008,836	6	\$ 685,693	4
Notes receivable (Notes 4 and 11)	195,531	1	184,664	1
Accounts receivable (Notes 4, 11 and 24)	382,805	2	398,911	2
Accounts receivable - related parties (Notes 4, 11, 24 and 32)	1,127,438	6	1,155,050	6
Other receivables (Notes 4, 11 and 32)	15,693	-	18,080	-
Inventories (Notes 4 and 12)	606,969	3	579,674	3
Other current assets (Note 18)	20,749	-	17,823	-
Total current assets	3,358,021	18	3,039,895	16
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	121,929	1	69,536	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,664,892	9	4,186,079	22
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	13,703	-	14,332	-
Investments accounted for using the equity method (Notes 4 and 13)	10,243,511	56	8,826,750	46
Property, plant and equipment (Notes 4 and 14)	2,789,471	15	2,662,699	14
Right-of-use assets (Notes 4 and 15)	14,787	-	37,124	-
Investment properties (Notes 4 and 16)	17,760	-	17,760	-
Other intangible assets (Notes 4 and 17)	24,732	-	26,656	-
Deferred tax assets (Notes 4 and 26)	204,224	1	165,551	1
Net defined benefit assets - non-current (Notes 4 and 22)	54,588	-	31,736	-
Other non-current assets (Note 18)	9,643	-	48,904	-
Total non-current assets	15,159,240	82	16,087,127	84
TOTAL	\$ 18,517,261	100	\$ 19,127,022	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 1,180,342	6	\$ 1,210,866	6
Contract liabilities - current (Note 24)	13,416	-	5,517	-
Notes payable (Note 20)	128	-	317	-
Accounts payable (Notes 20 and 32)	708,431	4	725,328	4
Other payables (Notes 21 and 32)	1,193,134	7	490,922	3
Current tax liabilities (Note 26)	443,732	2	224,166	1
Lease liabilities - current (Notes 4 and 15)	5,646	-	10,378	-
Current portion of long-term borrowings (Note 19)	105,239	1	104,318	1
Other current liabilities (Notes 21, 24 and 32)	21,409	-	23,144	-
Total current liabilities	3,671,477	20	2,794,956	15
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	581,420	3	885,819	5
Deferred tax liabilities (Notes 4 and 26)	1,077,399	6	865,911	4
Lease liabilities - non-current (Notes 4 and 15)	9,499	-	27,217	-
Other non-current liabilities	253	-	1,093	-
Total non-current liabilities	1,668,571	9	1,780,040	9
Total liabilities	5,340,048	29	4,574,996	24
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital - ordinary shares	1,205,707	7	1,205,707	6
Capital surplus	2,124,891	11	2,115,333	11
Retained earnings				
Legal reserve	1,565,289	8	1,388,123	7
Special reserve	313,321	2	313,321	2
Unappropriated earnings	7,029,050	38	5,982,451	31
Total retained earnings	8,907,660	48	7,683,895	40
Other equity	938,955	5	3,547,091	19
Total equity	13,177,213	71	14,552,026	76
TOTAL	\$ 18,517,261	100	\$ 19,127,022	100

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 5,975,982	100	\$ 6,212,303	100
OPERATING COSTS (Notes 12, 22 and 32)	<u>3,790,087</u>	<u>63</u>	<u>4,539,629</u>	<u>73</u>
GROSS PROFIT	2,185,895	37	1,672,674	27
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(296,982)	(5)	(232,454)	(4)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>232,454</u>	<u>4</u>	<u>119,117</u>	<u>2</u>
REALIZED GROSS PROFIT	<u>2,121,367</u>	<u>36</u>	<u>1,559,337</u>	<u>25</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	477,568	8	533,725	9
General and administrative expenses	351,482	6	307,303	5
Research and development expenses	231,940	4	184,224	3
Expected credit loss	<u>5,311</u>	<u>-</u>	<u>9,475</u>	<u>-</u>
Total operating expenses	<u>1,066,301</u>	<u>18</u>	<u>1,034,727</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,055,066</u>	<u>18</u>	<u>524,610</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 25)				
Interest income	10,799	-	1,962	-
Other income	400,354	7	487,686	8
Other gains and losses	14,171	-	82,487	1
Finance costs	(35,119)	(1)	(37,176)	-
Share of profit of subsidiaries and associates	<u>1,460,831</u>	<u>25</u>	<u>947,245</u>	<u>15</u>
Total non-operating income and expenses	<u>1,851,036</u>	<u>31</u>	<u>1,482,204</u>	<u>24</u>
PROFIT BEFORE INCOME TAX	2,906,102	49	2,006,814	32
INCOME TAX EXPENSE (Notes 4 and 26)	<u>477,887</u>	<u>8</u>	<u>265,355</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>2,428,215</u>	<u>41</u>	<u>1,741,459</u>	<u>28</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 2,057	-	\$ 36,772	1
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(2,525,925)	(42)	(2,082,312)	(34)
Share of other comprehensive loss of subsidiaries accounted for using the equity method	(3,547)	-	(8,796)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(411)</u>	<u>-</u>	<u>(7,355)</u>	<u>-</u>
	<u>(2,527,826)</u>	<u>(42)</u>	<u>(2,061,691)</u>	<u>(33)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(96,930)	(2)	371,345	6
Share of other comprehensive (loss) income of subsidiaries accounted for using the equity method	(1,885)	-	8,875	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>19,763</u>	<u>-</u>	<u>(76,044)</u>	<u>(1)</u>
	<u>(79,052)</u>	<u>(2)</u>	<u>304,176</u>	<u>5</u>
Other comprehensive loss for the year, net of income tax	<u>(2,606,878)</u>	<u>(44)</u>	<u>(1,757,515)</u>	<u>(28)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (178,663)</u>	<u>(3)</u>	<u>\$ (16,056)</u>	<u>-</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 20.14</u>		<u>\$ 14.44</u>	
Diluted	<u>\$ 20.08</u>		<u>\$ 14.39</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Retained Earnings					Other Equity		Total Other Equity	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$ 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 2021 earnings (Note 23)									
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)
Arising from the difference between the 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
Appropriation of 2022 earnings (Note 23)									
Legal reserve	-	-	177,166	-	(177,166)	-	-	-	-
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	(195)	-	-	-	-	-	-	(195)
Changes in ownership interests in subsidiaries	-	6,618	-	-	-	-	-	-	6,618
Issuance of employee share options by subsidiaries	-	3,135	-	-	-	-	-	-	3,135
Net profit for the year ended December 31, 2023	-	-	-	-	2,428,215	-	-	-	2,428,215
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,258	(79,052)	(2,529,084)	(2,608,136)	(2,606,878)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,429,473	(79,052)	(2,529,084)	(2,608,136)	(178,663)
BALANCE AT DECEMBER 31, 2023	<u>\$ 1,205,707</u>	<u>\$ 2,124,891</u>	<u>\$ 1,565,289</u>	<u>\$ 313,321</u>	<u>\$ 7,029,050</u>	<u>\$ (419,351)</u>	<u>\$ 1,358,306</u>	<u>\$ 938,955</u>	<u>\$ 13,177,213</u>

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

(With Deloitte & Touche audit report dated March 14, 2024)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,906,102	\$ 2,006,814
Adjustments for:		
Depreciation expenses	217,743	154,871
Amortization expenses	8,340	7,795
Expected credit loss recognized on trade receivables	5,311	9,475
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(18,327)	6,599
Finance costs	35,119	37,176
Interest income	(10,799)	(1,962)
Dividend income	(389,158)	(476,491)
Share of profit of subsidiaries and associates	(1,460,831)	(947,245)
Loss on disposal of property, plant and equipment	237	-
Gain on disposal of associates accounted for using the equity method	-	(26,523)
Write-down of inventories	6,545	-
Unrealized gain on the transactions with subsidiaries	296,982	232,454
Realized gain on the transactions with subsidiaries	(232,454)	(119,117)
Net gain on foreign currency exchange	(537)	-
Gain on lease modification	(111)	-
Changes in operating assets and liabilities		
Notes receivable	(10,867)	53,191
Accounts receivable	10,795	(3,882)
Accounts receivable - related parties	27,612	(276,047)
Other receivables	2,387	1,772
Inventories	(33,840)	102,206
Other current assets	(2,926)	8,465
Contract liabilities	7,899	(9,133)
Notes payable	(189)	33
Accounts payable	(16,897)	(119,528)
Other payables	64,771	40,268
Other current liabilities	(1,735)	(2,619)
Net defined benefit plans	(20,795)	(33,165)
Cash generated from operations	1,390,377	645,407
Interest received	10,799	1,962
Interest paid	(34,572)	(34,671)
Income tax paid	(66,154)	(79,862)
Net cash generated from operating activities	1,300,450	532,836
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(4,738)	(13,487)
Net decrease in financial assets at amortized cost	629	18
Purchase of financial assets at fair value through profit or loss	(35,000)	(40,000)

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Financial assets at fair value through profit or loss return of investment	\$ 934	\$ -
Acquisitions of investments accounted for using the equity method	(401,307)	(40,000)
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	(306,835)	(567,361)
Proceeds from disposal of property, plant and equipment	300	976
Payments for intangible assets	(5,399)	(9,910)
Dividends received	<u>774,153</u>	<u>820,529</u>
Net cash generated from investing activities	<u>22,737</u>	<u>614,765</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,676,383	8,187,339
Repayments of short-term borrowings	(5,706,907)	(8,303,172)
Proceeds from long-term borrowings	300,000	2,975,000
Repayments of long-term borrowings	(604,318)	(3,654,800)
Increase in other payables	644,805	-
Repayment of the principal portion of lease liabilities	(7,886)	(6,495)
Cash dividends paid	(1,205,708)	(723,425)
Acquisition of additional interest in subsidiaries	(96,413)	(2,500)
Cash inflows from simple consolidation	<u>-</u>	<u>82,549</u>
Net cash used in financing activities	<u>(1,000,044)</u>	<u>(1,445,504)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	323,143	(297,903)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>685,693</u>	<u>983,596</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,008,836</u>	<u>\$ 685,693</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

Attachment 5

Nan Pao Resins Chemical Co., Ltd.
2023 Earnings Distribution Table

Unit : NT\$

Item		Amount
Beginning retained earnings		\$ 4,599,578,072
Net income	\$ 2,428,215,290	
Defined benefit plan remeasurement on retained earnings	1,257,327	
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		2,429,472,617
Less: 10% legal reserve		(242,947,262)
Distributable net profit		\$ 6,786,103,427
Distribution item:		
Shareholders dividends - Cash dividends (@\$15/share)		(1,808,561,700)
Unappropriated retained earnings		\$ 4,977,541,727
Note : The shareholders dividends was calculated based on total outstanding shares, 120,570,780 shares, as of March 14, 2024. 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 6

Nan Pao Resins Chemical Co., Ltd Comparison Table for the “Procedures for Governing Loaning of Funds and Making of Endorsements” Before and After Revision

Article	Amended Clauses	Original Clauses	Note
5.1.6	Interest Calculation Method: (1)The interest on funds lent by the Company is calculated on a monthly basis. (2)The interest rate for fund lending is <u>subject to the Company's funding cost, which may be adjusted flexibly, but shall not be lower than the maximum interest rate for short-term borrowing from general financial institutions at the time of lending by the company.</u>	Interest Calculation Method: (1)The interest on funds lent by the Company is calculated on a monthly basis. (2)The interest rate for fund lending is calculated based on the benchmark interest rate of the Bank of Taiwan as of January 1st of the year in which the fund lending starts. (3) If the source of funds lent by the Company to borrowers is from financial institutions, the interest rate shall not be lower than the lending rate of that financial institution.	In line with the Company's funding cost, the interest rate will be changed to a variable rate and a minimum interest rate floor will be set.
5.2.6	Procedures for handling endorsement/guarantee (5)Endorsement/guarantee fee charging method <u>The fee charged on making endorsements to a subsidiary by the Company should be based on the fee rates offered by financial institutions.</u>	Procedures for handling endorsement/guarantee (5)Endorsement/guarantee fee charging method For the subsidiaries which the Company directly, and indirectly, holds 100% of the voting shares, a handling fee of 0.1% of the used endorsement amount shall be charged quarterly; subsidiaries that are not 100% owned shall be charged a handling fee of 0.5% of the used endorsement amount every quarter.	It is proposed to change the charging method to a principle-based explanation, with specific regulations outlined in the internal guidelines.
5.4.1	Procedures for controlling subsidiaries (2)Subsidiaries shall report to the Company the amount, object, and term of the fund loan and making endorsements / guarantees for the previous month before the fifth day of each month.	Procedures for controlling subsidiaries (2)Subsidiaries shall report to the Company the amount, object, and term of the fund loan and making endorsements / guarantees for the previous month before the fifth day of each month. The handling of the fund loan and making endorsements/guarantees of the Company and its subsidiaries in the previous year and related matters shall be reported to the Shareholders' Meeting for future reference.	Revised according to the actual operational process of the Company.

Article	Amended Clauses	Original Clauses	Note
7.	Revision history: <u>7.16.Edition 3.1 approved and issued by the Board of Directors on March 14, 2024, and implemented after the resolution of the Shareholders' Meeting on June 12 , 2024</u>	Revision history:	Add the latest revision date