

NAN PAO RESINS CHEMICAL CO., LTD.

2024 Annual Shareholders' Meeting

Meeting Agenda

Meeting type: Physical shareholders meeting

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

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

Notice to readers

This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the English and Chinese version, the Chinese version shall prevail for all intents and purposes.

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NAN PAO RESINS CHEMICAL CO., LTD.
General Shareholders Meeting 2024
Meeting Procedure

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

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Type of Meeting: Physical shareholders meeting

Time: 10 a.m., June 12, 2024

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

Chairman: Cheng-Hsien, Wu, Chairman of the Board of Directors

I. Call the Meeting to Order

II. Chairman's Address

III. Reported Matters

1. 2023 Business Report
2. 2023 Audit Committee's Review Report
3. To Report 2023 Employees and Directors Remuneration Distribution
4. To Report Distribution of Cash Dividends from 2023 Profits
5. To Report 2023 Directors Remuneration

IV. Acknowledged Matters

1. 2023 Business Report and Financial Statements
2. 2023 Earnings Distribution

V. Matters for Discussion

1. Amendments of "Procedures for Governing Loaning of Funds and Making of Endorsements"

※ After being discussed case by case, voting for the Acknowledged Matters and Matters for Discussion will take place at the same time. Vote counting will be conducted separately.

VI. Extemporaneous Motions

VII. Meeting Adjourned

Reported Matters

1. 2023 Business Report

Explanation: Please refer to Attachment 1 on page 7~12.

2. 2023 Audit Committee's Review Report

Explanation: Please refer to Attachment 2 on page 13.

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 on page 14.

Acknowledged Matters

Item 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 on pages 7~12 and Attachment 4 on pages 15~34.

Resolution:

Item 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 on page 35 for 2023 Earnings Distribution Table.

Resolution:

Matters for Discussion

Item 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 on pages 36~37.

Resolution:

※ Results of voting for the discussion matters above.

Extemporaneous Motions

Meeting Adjourned

Attachment

1. Business Report on pages 7~12
2. Audit Committee's Review Report on page 13
3. 2023 Directors' Remunerations on page 14
4. Independent Auditors' Report and 2023 Financial Statements on pages 15~34
5. 2023 Earnings Distribution Table on page 35
6. Comparison Table for the "Procedures for Governing Loaning of Funds and Making of Endorsements" Before and After Revision on pages 36~37

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:

- 1、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.
- 2、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

Appendix

1. Articles of Incorporation on pages 39~43
2. Rules of Procedure for Shareholders Meeting on pages 44~55
3. Shareholding of All Directors on page 56

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. Rules of Procedure 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
Shareholding of All Directors

Record Date : April 14, 2024

Title	Name	Date Elected	Shareholding when elected		Shareholding as of the date of suspension	
			Shares	%	Shares	%
Chairman	Cheng-Hsien, Wu	20230621	374,465	0.31%	363,321	0.30%
Director	Guang Rong Investment Ltd. Representative : Ming-Hsien, Hsu	20230621	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	20230621	10,920,248	9.06%	10,920,248	9.06%
Independent Director	Yun, Chen	20230621	0	0.00%	0	0.00%
Independent Director	Yung-Cheng, Chiang	20230621	0	0.00%	0	0.00%
Independent Director	Chin-Jung, Kuo	20230621	0	0.00%	0	0.00%
Total			20,162,845	16.72%	20,151,701	16.71%

Note 1. Total issued shares of the company as of April 14, 2024 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. Shareholding as of the date of suspension means the number of shares held recorded in the shareholders roster as of the date of suspension of share transfer.