

NAN PAO RESINS CHEMICAL CO., LTD.

2024 Annual Report

This annual report is available at:

- The Company's website: <https://www.nanpao.com.tw/>
- MOPS (Market Observation Post System): <https://mops.twse.com.tw/>

Printed on April 30, 2025

Notice to readers

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

I. Names, title, telephone number, and e-mail addresses of the Company's spokesperson and deputy spokesperson

	Spokesperson	Deputy Spokesperson
Name	Kun-Chin, Lin	Sen-Mao, Kuo
Title	Assistant Manager of Financial Management Division	Executive General Manager of Adhesives and Specialty Business Division
Tel	886-6-795-4766	886-6-795-4766
E-mail	IR@nanpao.com	IR@nanpao.com

II. Address and telephone number of the head office and plant

	Address	Tel
Head Office	No. 519, Zhongshan Rd., Xigang Dist., Tainan City	886-6-796-5888
Plant No. 1	No. 521, Zhongshan Rd., Xigang Dist., Tainan City	886-6-795-6634
Plant No. 5	No. 506, Zhongshan Rd., Xigang Dist., Tainan City	886-6-795-2710
Plant Bao Li	No. 508 and 510, Zhongshan Rd., Xigang Dist., Tainan City	886-6-795-2710

III. Name, address, website, and telephone number of the stock transfer agency

Name	Transfer Agency, Chinatrust Commercial Bank
Address	5F, No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
Website	https://www.ctbcbank.com/
Tel	886-2-6636-5566

IV. Name of the certificated public accountant ("CPA"), name of the accounting firm, address, website and telephone number from the most recent annual financial report:

Name of the CPA	Chao-Chin, Yang and Chi-Chen, Lee
Name of the Firm	Deloitte & Touche Taiwan
Address	13F, No. 189, Sec. 1, Yongfu Rd., Zhongxi Dist., Tainan City
Website	https://www.deloitte.com.tw/
Tel	886-6-213-9988

V. Name of the trading venue and method of inquiry for overseas listed securities:
None.

VI. Company website: <https://www.nanpao.com.tw/>

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I. Letter to Shareholders

Dear Shareholders,

Despite differences in economic and financial structures across countries in 2024, leading to divergent trends in economic performance and inflation, global economic growth remained resilient. Key contributing factors included easing inflation, reduced labor market pressures, and robust demand for artificial intelligence (AI) products. Developed economies, in particular, experienced a notable recovery in trade, benefiting from improved supply chains and rising service demand. However, geopolitical risks such as the Russia-Ukraine war, escalating tensions in the Middle East, and ongoing US-China trade conflicts continued to dampen economic sentiment.

In terms of adhesive products for footwear materials, Nan Pao has established long-term partnerships with major international sports brands, focusing on overall industry development and increasing market share. The Company continues to collaborate with these brands to co-develop new adhesive technologies for innovative materials. These efforts have started to yield results and are gradually contributing to revenue. Nan Pao expects to achieve growth that outpaces the industry, further optimizing product mix and strengthening its market position. For industrial and other consumer-related adhesive applications, customer demand has steadily recovered and returned to a growth trajectory. Nan Pao continues to explore new growth opportunities through innovative adhesive solutions aimed at enhancing product performance and manufacturing efficiency. The Company is especially focused on the semiconductor and electronics industries, as well as adhesives for woodworking and textiles. Initial results have been promising, with strong performance seen in adhesives for semiconductor, optical, and woodworking applications. Regarding the construction and coatings business, construction products have shown stable pricing and revenue trends, moving steadily toward growth targets. The Company is also expanding its footprint through strategic acquisitions. In the coatings segment, growth momentum remains robust, with a focus on improving profitability.

In summary, despite a challenging external economic environment, Nan Pao Group achieved record-high revenue and profit in 2024, thanks to the concerted efforts of all employees. The following is an overview of Nan Pao Group's business performance and outlook for the year 2024:

I. Review of 2024 Business Performance

1. Results of Business Plan

The total consolidated revenue of 2024 was NT\$22.98 billion, an increase of 11.67% from the previous year. The total gross profit was NT\$7.52 billion, an increase of 15.90% from the previous year. The operating profit was NT\$3.59 billion, an increase of 21.20% from the previous year. The net income was NT\$2.79 billion, an increase of 8.59% from the previous year. Earnings per share after taxes was NT\$22.26.

Unit : NT\$1,000 (EPS lists in dollars)

Item \ Year	2024		2023		Varieties	
	Amount	%	Amount	%	%	%
Net Operating Revenue	22,982,598	100	20,581,188	100	2,401,410	11.67
Gross Profit	7,522,258	33	6,490,460	32	1,031,798	15.90
Operating Profit	3,592,749	16	2,964,382	15	628,367	21.20
Pre-tax Income	3,756,850	16	3,393,761	16	363,089	10.70
Net Income	2,786,880	12	2,566,432	12	220,448	8.59

Year Item		2024		2023		Varieties	
		Amount	%	Amount	Amount	%	Amount
Net Income attributed to	Shareholders	2,684,261	12	2,428,215	12	256,046	10.54
	Non-controlling Interests	102,619	-	138,217	-	(35,598)	(25.76)
Earning Per Share(dollar)		22.26		20.14		2.12	10.53

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\$1,000 ; %

Item	2024	2023
Cash inflow from operating	2,802,120	3,128,986
Cash (outflow) from investing	(644,951)	(792,095)
Cash (outflow) from fundraising	(34,773)	(1,736,906)
Return on Assets (%)	11.28	10.91
Return on Equity (%)	18.28	17.00
Profit before tax to capital stock (%)	311.59	281.47
Net Profit Margin (%)	12.13	12.47

4. R&D Achievements

In line with the development trend of corporate sustainability, Nan Pao has been transitioning its product line from traditional solvent-based adhesives to water-based adhesives. This shift not only effectively improves the factory working environment but also significantly reduces carbon emissions. Since adhesives must be formulated according to the specific production environment of each customer's factory, Nan Pao has established 28 production sites across seven global regions to provide localized services and promptly meet customer needs. Through the development of green products using environmentally friendly materials, Nan Pao has not only increased the unit price of its shipments but also secured more new orders. As a result, the Company has achieved growth against the trend, even as overall output from some branded footwear manufacturers has declined.

Beyond athletic footwear, high-end green products now account for more than 60% of Nan Pao's total revenue. Over the next five years, the Company will continue to promote the sales of green products, aiming to raise their share to over 80% of total sales. Nan Pao also plans to increase its investment in R&D and technical resources, with a focus on product innovation and exploring new industries. The goal is to expand the application of related products to a broader range of fields, including high-performance footwear adhesives, functional textile adhesives, hygiene product adhesives, low-VOC automotive adhesives and hot melt adhesives, flexible packaging adhesives, optical pressure-sensitive adhesives, construction chemicals, and functional coatings. In 2024, R&D expenses accounted for approximately 2.36% of Nan Pao's consolidated operating revenue.

The overview of Nan Pao Group's product R&D and diversified applications in 2024 is as follows:

- (1) Nan Pao is actively expanding into adhesive products for the semiconductor and other electronics sectors. The Company has successfully developed a high-adhesion UV debonding adhesive, which reacts rapidly and leaves no residue after exposure to ultraviolet light, significantly improving process efficiency and yield. Since 2023, the Company has begun small-scale shipments, and in 2024, revenue from this product has doubled. Currently, the product is mainly supplied to coating manufacturers, who then deliver it to OSAT (Outsourced Semiconductor Assembly and Test) providers for use in packaging processes.
- (2) Subsidiary Yun Teh Industrial Co., Ltd., specializes in the design and production of epoxy resin curing systems. It develops a wide range of curing agents, from general-purpose to high-grade, tailored for various applications and customer needs. End-use markets include industrial adhesives, floor coating materials, paints, and civil engineering sectors. In the short term, Yun Teh plans to pursue more product certifications from branded clients in the fields of marine, protective and automotive coatings, adhesives, sealants, high-performance composites, and renewable energy.
- (3) Subsidiary Spark Foamtech Enterprise Co., Ltd., possesses proprietary material formulations and equipment, along with experience in supercritical technology development. It has achieved full-process integration from equipment design to production technology, giving it a significant cost advantage. Spark also holds leading industry expertise in high-performance supercritical foamed materials and bio-based/environmentally friendly material formulations. By leveraging Nan Pao's professional expertise in the chemical industry and its market influence, Spark is deepening collaborations with international brands to further enhance market penetration in the footwear industry.

To actively promote sustainable economic development, Nan Pao has collaborated with multiple external research institutions to jointly develop bio-based and high-performance products, further strengthening the exchange and cooperation between academia and industry. In 2024, Nan Pao achieved significant results in R&D collaborations, successfully shortening product development cycles, enhancing process and quality stability, and increasing product added value. In response to global ESG and net-zero carbon emission trends, Nan Pao is actively participating in government-led low-carbon initiatives and working together with various upstream and downstream partners to promote green products and green manufacturing processes. Through these supply chain collaborations, the Company aims to reduce greenhouse gas emissions by an estimated 8,000 to 10,000 metric tons. These collaborations have not only promoted technological innovation and talent development, but have also significantly enhanced Nan Pao's competitiveness in green products and sustainable development.

II. Summary of 2025 Business Plan

1. Business Strategy

(1) Product Diversification and Application Expansion:

To continuously enhance potential growth opportunities, Nan Pao is actively engaged in product development and expanding the application of its products across various sectors. In addition, the Company is closely monitoring strategic acquisition targets that offer synergistic benefits. Through bolt-on acquisitions, Nan Pao aims to achieve vertical or horizontal integration, further expanding its global market presence and broadening the scope of product applications.

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

Nan Pao continues to increase its investment in R&D to drive market expansion of existing products while focusing on the development of green products with sustainable value, providing solutions that address both environmental protection and market demand. In particular, through collaborations with brand partners, the Company is developing new materials and high-end eco-friendly materials, gradually increasing the proportion of high-margin green product lines. These innovative R&D achievements not only enhance product competitiveness but also serve as a strong growth driver for the Company's revenue.

(3) Low-Carbon Upgrading:

In response to increasing transparency in ESG disclosure standards and the challenges posed by a slowing global economy, Nan Pao is proactively formulating energy-saving and carbon-reduction strategies. The Company is also aligning with government-led low-carbon initiatives to seize new business opportunities in energy conservation and emissions reduction. At the same time, Nan Pao is accelerating its deployment in the fields of energy transition and electrification to sustain revenue growth.

(4) Digital Optimization:

With the growing adoption and widespread application of artificial intelligence (AI) technologies, Nan Pao is accelerating its digital transformation and has planned a phased implementation of its digital strategy. By introducing advanced digital system platforms, the Company aims to digitize business operations and reduce labor and resource costs in the initial stages. Furthermore, through the deep integration of AI technologies and digital tools, Nan Pao is actively optimizing processes, improving operational efficiency, and building a robust database to support the development of future innovative products and services. Ultimately, Nan Pao will center its digital transformation around customer needs, fully integrating AI-driven digital tools to create new business models. The Company will continue to adapt its strategies in response to market changes, with the goal of achieving long-term digital transformation and maintaining its leadership in industry innovation.

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 2025 is expected to maintain a stable development.

3. Important Production and Marketing Strategies

(1) Industry Focus on Innovation and Excellence

In the adhesives business, Nan Pao continues to expand its presence in the footwear adhesive market through innovative products and exceptional service, while maintaining a stable market share among leading global sports brands. At the same time, the Company is actively developing new growth drivers beyond footwear adhesives. For instance, Nan Pao is promoting a more comprehensive range of solutions for the footwear manufacturing process, including shoe material cleaners, surface treatment agents, and hardeners. Additionally, the Company has launched an innovative woodworking adhesive that offers ten times the production efficiency and delivers outstanding performance, effectively reducing shrinkage, enhancing heat resistance, lowering noise, and improving comfort. In terms of market strategy, Nan Pao is focused on five key sectors: textiles, electronics, flexible packaging materials, woodworking, and hygiene products. The Company's strategic approach begins with penetrating local customer bases, then securing partnerships with leading domestic clients, and ultimately entering the supply chains of top-tier international brands, further strengthening Nan Pao's market competitiveness and leadership position.

(2) Green Products and Industrial Opportunities

Nan Pao is committed to providing efficient and environmentally friendly solutions. In the industrial and technology sectors, the Company has successfully developed optical adhesives for LCD polarizers and touch panels that offer both high heat and high humidity resistance. Its acid-free adhesive technology enables customers to achieve low-corrosion, low-contamination designs for ITO films. In the coatings and construction materials segment, Nan Pao has collaborated with the Industrial Technology Research Institute (ITRI) and Fujifilm to repurpose hydrophobic waste toner into eco-friendly water-based coatings. These coatings are suitable for use on interior decorations, outdoor buildings, and furniture surfaces. These innovative products not only meet industry demands but also reflect Nan Pao's strong commitment to sustainable development.

(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.

(4) Focus on Innovation-Driven “NextGen” Growth Strategy

Nan Pao is advancing its “NextGen” growth strategy by focusing on leading players in key industries and carefully selected partners, targeting strategic customers and proactively seeking collaboration opportunities. Through joint development of innovative adhesive solutions, the Company aims to anticipate market needs and challenges, respond quickly, and deliver the most suitable products. Ultimately, by expanding new products and applications, Nan Pao seeks to increase market share and improve profit margins.

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

For many years, Nan Pao has consistently invested in R&D and technological resources, focusing on the innovative development of green and low-carbon industry supply chains. With government support, the Company actively strengthens resource recycling and supply chain decarbonization capabilities. Through policy support, technological innovation, and industry collaboration, Nan Pao is positioning itself to seize the development opportunities arising from the global green economy transformation. At the same time, the Company is committed to improving its ratings with major international ESG rating agencies such as S&P Global, FTSE Russell, and Sustainalytics, further enhancing its corporate competitiveness and economic resilience. In 2025, the Company was selected for the first time to be included in the S&P Global Sustainability Yearbook, demonstrating the Group’s long-term dedication and achievements in sustainable development.

Looking ahead to the global economic outlook for 2025, adjustments to U.S. tariff policies have increased uncertainty in international trade and commerce. The ongoing Russia-Ukraine war and the Israel-Hamas conflict have further intensified supply chain disruption risks and shipping cost pressures. Additionally, the sluggish real estate market in Mainland China and escalating U.S.-China trade tensions have weakened domestic demand, while extreme climate changes have driven up the prices of bulk commodities and energy, presenting numerous challenges to the global economy. Against this backdrop, the only way to ensure stable revenue growth is to embrace the trends of ESG and net-zero emissions, actively expand opportunities in the green energy and electrification markets, and strategically position the Company in emerging markets.

Nan Pao envisions "green sustainability" as its core competitive advantage and has officially committed to achieving net-zero emissions. Through concrete actions, the Company is advancing its 2050 carbon-neutral plan while remaining focused on long-term sustainable development and embedding ESG strategies into its corporate culture. By aligning with market trends and customer demands, Nan Pao not only strives for a solid competitive edge but also aims to achieve symbiotic growth with society. Moving forward, the Company will continue to uphold sustainable business practices, implement corporate governance standards, create a sustainable work environment for employees, offer high-performance products and solutions that align with ESG principles to customers, and generate long-term value for shareholders.

Chairman: Cheng-Hsien, Wu

Chief Executive Officer: Ming-Hsien, Hsu

Chief Accounting Officer: Kun-Chin, Lin

II. Corporate Governance Report

I. Information on Directors and Management

(I) Directors

1. Information Regarding Directors

As of April 19, 2025

Title	Nationality/ Company Registry	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Positions	Executives, Directors or Supervisors, who are Spouses or Within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Taiwan, R.O.C.	Cheng-Hsien, Wu	Male/ 71~80	20230621	3	20140627	374,465	0.31	363,321	0.30	89,742	0.07	—	—	<ul style="list-style-type: none"> • M.S. in Applied Chemistry, National Tsing Hua University; • Executive General Manager of Adhesives and Specialty Business Division and General Manager, Nan Pao Resins Chemical Co., Ltd. 	Note 2	—	—	—
Director	Taiwan, R.O.C.	Pou Chien Enterprise Co., Ltd.	—	20230621	3	20081212	10,920,248	9.06	5,920,248	4.91	—	—	—	—	—	—	—	—	—
	Taiwan, R.O.C.	Wang-Chyan, Lin (Note 1)	Male 51~60	20240318	3	20240318	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> • M.S. in Philosophy, Tunghai University; • Deputy General Manager and Chief Human Resources Officer of Pou Sheng International (Holdings) Limited.; • Executive Senior Manager of Global Supply Chain Management Head Office, Pou Chen Corporation 	Note 3	—	—	—
Director	Taiwan, R.O.C.	Guang Rong Investment Ltd.	—	20230621	3	20140627	8,868,132	7.35	8,868,132	7.35	—	—	—	—	—	—	—	—	—
	Taiwan, R.O.C.	Ming-Hsien, Hsu	Male 61~70	20230621	3	20140627	483,211	0.40	75,211	0.06	113,554	0.09	400,000	0.33	<ul style="list-style-type: none"> • M.S. in Industrial Management, National Cheng Kung University; • Deputy General Manager of Planning Office, Nan Pao Resins Chemical Co., Ltd. ; • Chief Executive Officer of Nan Pao Resins Chemical Co., Ltd. 	Note 4	—	—	—
Director	Taiwan, R.O.C.	Guang Rong Investment Ltd.	—	20230621	3	20140627	8,868,132	7.35	8,868,132	7.35	—	—	—	—	—	—	—	—	—
	Taiwan, R.O.C.	Ying-Lin, Huang	Male 31~40	20230621	3	20200616	1,000,936	0.83	1,000,936	0.83	—	—	3,709,000	3.08	<ul style="list-style-type: none"> • M.S. in Applied Chemistry, Waseda University, Japan; • Senior Specialist of New Business Development Center, Nan Pao Resins Chemical Co., Ltd. ; • Special Assistant of CEO's Office, Nan Pao Resins Chemical Co., Ltd. • Executive General Manager of Sports Goods Adhesives and Materials Business Division, Nan Pao Resins Chemical Co., Ltd. 	Note 5	—	—	—

Title	Nationality/ Company Registry	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Positions	Executives, Directors or Supervisors, who are Spouses or Within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independ- ent Director	Taiwan, R.O.C.	Yun, Chen	Male 71~80	20230621	3	20171212	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> • Ph.D. of Synthetic Chemistry, Faculty of Engineering, University of Tokyo, Japan; • Distinguished Professor and Honorary Professor of National Cheng Kung University 	—	—	—	—
Independ- ent Director	Taiwan, R.O.C.	Yung-Cheng, Chiang	Male 61~70	20230621	3	20171212	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Law, Soochow University; • Judge of Taiwan Kaohsiung District Court; • Judge of Taiwan High Court Kaohsiung Branch Court; • Attorney of Cheng Bang & Cheng Yang Joint Law Firm 	Note 6	—	—	—
Independ- ent Director	Taiwan, R.O.C.	Chin-Jung, Kuo	Female 61~70	20230621	3	20230621	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> • M.S. in Accounting, University of Southern Illinois, USA • Deputy Chairperson, Accounting and Audit Committee, Taipei City Certified Public Accountants Association • Director and Supervisor, National Federation of CPA Associations of the Republic of China • Adjunct Assistant Professor, Department of Accounting, Tamkang University • Chairman, Accounting and Audit Committee, CPA Associations R.O.C.(Taiwan) • Managing Partner, RSM Taiwan • Chairman, Taipei Tax Agents Association 	Note 7	—	—	—

Note 1: Mr. Wang-Chyan, Lin was appointed as the representative person of Pou Chien Enterprise Co., Ltd. on March 18, 2024, replacing Mr. Yuan-Whang, Liao who resigned on the same day.

Note 2: Corporate Director Representative and Chairman of Nan Pao Application Material Co., Ltd.; Director of Nan Pao Overseas Holdings Ltd.; Nan Pao Group Holdings Ltd.; Treasure Wealth (HK) Ltd.; Greatwill Materials (HK) Ltd.; Nan Pao Resins Chemical Philippines, Inc.; Goldford Investments Ltd.; Nan Pao Resins (Holdings) Ltd.; Eastlion Enterprises Ltd.; Nan Pao Resins (Dongguan) Co. Ltd.; Nan Pao Resins Development Ltd.; Dongguan Jiaqin Electronics Ltd.; NP Australia Pty. Ltd.; RLA Polymers Pty. Ltd.; RLA Polymers (M) SDN. BHD.; Nanpao Advanced Investment Co., Ltd.; Nan Pao (KunShan) Electronic Commerce Co., Ltd.; Nan Pao Resins (HK) Limited; Profit Land Ltd.; Nan Pao Resins (Foshan) Co., Ltd.; All Saints Enterprises Ltd.; Nan Pao Resins (China) Co., Ltd.; Fuqing Nan Pao Investment Ltd.; Fuqing Nan Pao Resins Co., Ltd.; Thai Nanpao Resins Chemical Co., Ltd.; ITLS Holding Pte. Ltd.; Nan Pao Advanced Materials Vietnam Co., Ltd.; Australasian Tiling Adhesves Pty. Ltd. ; Corporate Director Representative of Nan Pao Resins Chemical Philippines, Inc.; Nan Pao Philippines Export Inc.; Supervisor of PT. ITLS Indonesia.

Note 3: Director of Prime Asia Holdings Corporation; Prime Asia Leather Corporation; Prime Asia (S.E.Asia)Leather Corporation; Optima Worldwide Corporation; Prime Asia (Vietnam) Co., Ltd. ; Taiwan Branch (British Virgin Islands); Top Units Developments Ltd.; Jumbo Power Enterprises Ltd.; Ka Yuen Rubber Factory Ltd.; Prosperous Industrial (Holdings) Limited; Ka Te Footwear Material (Shishi) Limited; Yangzhou Baoyi Shoes Manufacturing Co., Ltd.; Jiang Xi Hwa Ching Foam Ltd.; Dong Guan Yue Guan Paper Products Co., Ltd.; Poushun Paper Products Manufacturing Co., Ltd.; Dongguan Yu Xiang Shoes Material Co., Ltd.; Dong Guan Yu Yuen Mold Co., Ltd.; Corporate Director Representative of San Famg Chemical Industry Co.,Ltd. ; Corporate Director Representative and Chairman of I-tech. Sporting Enterprise Ltd.

Note 4: Director of Greatwill Materials (HK) Ltd.; Ongoing Profits Ltd.; Rising Sun Associate Ltd.; Nan Pao Resins (Vietnam) Enterprise Ltd.; Nan Pao Resins Chemical Philippines, Inc.; Goldford Investments Ltd.; Nan Pao Resins (Holdings) Ltd.; Eastlion Enterprises Ltd.; Nan Pao Resins (Dongguan) Co. Ltd.; Nan Pao Resins Development Ltd.; Nan Pao Materials Vietnam Co.,Ltd.; Nan Pao Resins International Ltd.; NanPao Advanced Investment Co., Ltd.; Nan Pao (KunShan) Electronic Commerce Co., Ltd.; Nan Pao Resins (HK) Limited; Giant Profit Development Ltd.; All Saints Enterprises Ltd.; Nan Pao Resins (China) Co., Ltd.; Fuqing Nan Pao Investment Ltd.; Wealth Castle Development Ltd.; Fuqing Nan Pao Resins Co., Ltd.; Thai Nan Pao Investments Ltd.; Thai Nanpao Resins Chemical Co., Ltd.; Nan Pao Advanced Materials Vietnam Co., Ltd.; Nanpao New Materials (Huaian) Co., Ltd.; Earnest Wealth Co., Ltd.; Independent Director and member of the Compensation Committee of Lightel Corporation; Supervisor of Dongguan Jiaqin Electronics Co., Ltd. ; Nan Pao Resins (Foshan) Co., Ltd. ; Ching Lin International Development Co., Ltd.; Yu Tang Investment Co., Ltd.; Member of the Compensation Committee, Minson Integration, Inc.

Note 5: Corporate Director Representative and Chairman of Sheng Lin Invstment Ltd.; ITLS International Development Co., Ltd.; Nanpao Fine Materials Co., Ltd.; Chairman of Sheng Bao Investment Co., Ltd.; Guang Lin Investment Co., Ltd.; Ching Lin International Development Co., Ltd.; Director of Greatwill Materials (HK) Ltd.; Ongoing Profits Ltd.; Rising Sun Associates Ltd.; Nan Pao Resins (Vietnam) Enterprise Ltd.; Goldford Investments Ltd.; Nan Pao Resins (Holdings) Ltd.; Eastlion Enterprises Ltd.; Nan Pao Resins Development Ltd.; Nan Pao Materials Vietnam Co., Ltd.; Nan Pao Resins International Ltd.; Changshu Yu Bo Polymer Materials Co., Ltd.; Profit Land Ltd.; Giant Profit Development Ltd.; Great Mount Enterprises Ltd.; Fuqing Nan Pao Investment Ltd.; Wealth Castle Development Ltd.; Thai Nan Pao Investments Ltd.; ITLS Holding Pte. Ltd.; Nan Pao Materials Resins India Private Ltd.; Contact BioSolutions Australia Pty. Ltd. ; Opulence Optronics Co., Ltd.; Nan Pao Village Industry Co., Ltd.; Nan Pao Village Development Co., Ltd.; Advant Analytics Tactics Ltd.; Corporate Director Representative of Apogee Optocom Co., Ltd.; Ferrule Precision Co., Ltd.; Biorich Biotechnology Co., Ltd.; Nan Pao Industry Co., Ltd.; Yun Teh Industrial Co., Ltd.; Spark Foamtech Enterprise Co., Ltd.; Corporate Representative Director of Prince Pharmaceutical Co., Ltd.; Supervisor of PT. Indo Nan Pao Resins Chemical Co., Ltd.

Note 6: Independent Director of Long Da Construction & Development Corporation. ; Taiwan Secom Co., Ltd.; Top High Image Corp.

Note 7: Director of Guangkai Co., Ltd.; Guangyi Development Enterprise Co. Ltd.; Independent Director of Cystech Electronics Corp.; Supervisor of Dayeh International Development Co., Ltd.; Guangxin Investment Co., Ltd.; Chairman of the Accounting and Auditing Committee of CPA Associations R.O.C.(Taiwan) ; Managing Partner of RSM Taiwan ; Chairman of Taipei Tax Agents Association.

Table 1: Major Shareholders of Institutional Shareholder

As of April 19, 2025

Institutional Shareholder	Major Shareholders of the Institutional Shareholder	Shareholding Percentage
Pou Chien Enterprise Co., Ltd.	Pao Chien Chemical Engineering Holdings	100%
Guang Rong Investment Ltd.	Samoan Guang Rong Investment Ltd.	100%

Table 2: Major Shareholder of the Major Institutional Shareholder

As of April 19, 2025

Institutional Shareholder	Major Shareholders of the Institutional Shareholder	Shareholding Percentage
Pao Chien Chemical Engineering Holdings	Key International Co., Ltd.	100%
Samoan Guang Rong Investment Ltd.	Worthy Virtue Electronic Industrial Co., Ltd.	100%

2. Directors' Professional Qualifications and Independent Directors' Independence Status

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Independent Directorships in Other Public Companies
Cheng-Hsien, Wu S Committee member (Note 1)	<p>Chairman Wu graduated from the Department of Chemistry at National Tsing Hua University and later obtained a M.S. degree in Applied Chemistry at the same university.</p> <ul style="list-style-type: none"> Industry Experience: Chairman Wu joined Nan Pao Resins in 1977, starting in the R&D department. Over the years, he has held various key positions, including Plant Manager of the Bao Li Plant, General Manager of the R&D department, Executive General Manager of the Adhesives and Specialty Business Division, and General Manager. Since 2013, he has served as the Chairman of the Company. Risk Management Experience: Chairman Wu serves as a member of the Company's Sustainable Development Committee, which is responsible for overseeing risk management practices, including sustainability risk, compliance risk, and information security risk. <p>Chairman Wu has been dedicated to the chemical resins industry for over 20 years, with proven expertise in business management, strategic leadership, and ESG practices.</p>	<p>Chairman Wu serves as a director, supervisor, or chairman of the Company's affiliated enterprises.</p> <p>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.</p>	0
Pou Chien Enterprise Co., Ltd. Representative: Wang-Chyan, Lin	<p>Director Lin holds a master's degree from the Graduate Institute of Philosophy at Tunghai University. He currently serves as a Director of Prosperous Industrial (Holdings) Limited, Director of San Fang Chemical Industry Co., Ltd., and Chairman of I-tech. Sporting Enterprise Ltd. He previously served as Deputy General Manager of Pou Sheng International (Holdings) Limited. from 2021 to 2024.</p> <ul style="list-style-type: none"> Industry Experience: Since 2016, Director Lin has held various positions in human resources management at Pou Chien Group. In March 2024, he was appointed the Executive Senior Manager of Global Supply Chien Management Head Office of Pou Chen Corporation. <p>Director Lin possesses professional expertise in human resources management and business administration.</p>	<p>Director Lin is representative of the Company's institutional director (Pou Chien Enterprise).</p> <p>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.</p>	0

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Independent Directorships in Other Public Companies
<p>Guang Rong Investment Ltd. Representative: Ming-Hsien, Hsu S Committee member (Note 1)</p>	<p>Director Hsu graduated from the Department of Business Administration at National Sun Yat-sen University and later obtained a M.S. degree from the Institute of Industrial Management at National Cheng Kung University. He currently serves as an Independent Director and a Member of the Compensation Committee of Lightel Corporation and a Member of the Compensation Committee of Minson Integration, Inc.</p> <ul style="list-style-type: none"> • Industry Experience: Director Hsu joined Nan Pao Resins in 1986, where he has held various managerial roles including Manager of the General Administration Division and Deputy General Manager of the Planning Division. • Risk Management Experience: Director Hsu serves as a member of the Company's Sustainable Development Committee, which is responsible for overseeing risk management practices, including sustainability risk, compliance risk, and information security risk. • Information Security Experience: Director Hsu also serves as the Convener of the Information Security Committee, overseeing the Group's digital transformation and information security strategy. Under his leadership, the Company obtained ISO 27001 Information Security Management System (ISMS) certification on July 22, 2022, and became a member of TWCERT/CC. <p>Since assuming the role of Chief Executive Officer in 2017, Director Hsu has led the Company on a stable path toward sustainable innovation, low-carbon manufacturing, and digital transformation, in pursuit of the Company's vision to "become an indispensable strategic partner to industries through innovative and eco-friendly products."</p> <p>Director Hsu has over 20 years of experience in the management of the chemical resins industry, with professional expertise in business operations, leadership and strategic decision-making, and ESG development.</p>	<p>Director Hsu serves as the Company's CEO, director and supervisor of the Company's affiliates. He is representative of the Company's institutional director (Guang Rong Investment), one of the Company's top five institutional shareholders.</p> <p>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.</p>	<p>0</p>

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Independent Directorships in Other Public Companies
Guang Rong Investment Ltd. Representative: Ying-Lin, Huang	<p>Director Huang graduated from the Department of Chemistry at the University of Southern California and later obtained a M.S. degree from the Graduate School of Applied Chemistry at Waseda University in Japan. He currently serves as a Director of Apogee Optocom Co., Ltd. and Contact BioSolutions Australia Pty. Ltd.</p> <ul style="list-style-type: none"> Industry Experience: Director Huang joined Nan Pao's New Business Development Center in 2023, and has held key roles including Special Assistant to the CEO and Executive General Manager of Sports Goods Adhesives and Materials Business Division. <p>Director Huang possesses professional expertise in business management and strategic leadership.</p>	<p>Director Huang serves as the Executive General Manager in Sports Goods Adhesives and Materials Business Division of the Company, director, supervisor or Chairman of the Company's affiliates. He is representative of the Company's institutional director (Guang Rong Investment), one of the Company's top five institutional shareholders. Moreover, the individual or under nominees hold more than 1% of the Company's issued shares.</p> <p>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.</p>	0

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Independent Directorships in Other Public Companies
Yun, Chen A Convener C Convener S Convener (Note 1)	<p>Independent Director Chen graduated from the Department of Chemical Engineering at Tunghai University. He subsequently obtained a M.S. degree in Macromolecule from National Tsing Hua University and a Ph.D. in Synthetic Chemistry, Faculty of Engineering from University of Tokyo, Japan. He currently serves as an Honorary Professor in the Department of Chemical Engineering at National Cheng Kung University.</p> <ul style="list-style-type: none"> • Industry Experience: Independent Director Chen previously worked as a polymerization engineer at Xin Zhong Fiber Industrial Co., Ltd. (1975–1977) and served as Deputy Manager of the Joint Research and Development Department at Chien Hsin and Kuang Nan Enterprises Co., Ltd. (1977–1984). • Risk Management Experience: Independent Director Chen serves as the Convener of the Audit Committee and the Sustainable Development Committee of the Company, which are responsible for overseeing risk management practices in the areas of financial risk, internal control risk, sustainability risk, compliance risk, and information security risk. <p>Independent Director Chen has been dedicated to education and research in polymer chemistry, optoelectronic polymer materials, and fluorescent sensing materials for over 30 years, and possesses strong expertise in ESG-related matters.</p>	<p>Before and during his tenure, and in the two years prior to his appointment, Independent Director Chen met the qualifications stipulated by the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. Additionally, as provided by Article 14-3 of the Securities and Exchange Act, Independent Directors have been granted the authority to fully participate in decision-making and express their opinions, enabling them to independently carry out their relevant duties.</p>	0

<div>Criteria</div> <div>Name</div>	Professional Qualification and Experience	Independence Status	Number of Independent Directorships in Other Public Companies
<p>Yung-Cheng, Chiang</p> <p>A Committee member</p> <p>C Committee member</p> <p>S Committee member</p> <p>(Note 1)</p>	<p>Independent Director Chiang graduated from the Department of Law at Soochow University. He currently serves as an Independent Director of Long Da Construction & Development Corporation, Taiwan Secom Co., Ltd. and Top High Image Corp., as well as a practicing attorney at Cheng Pang / Cheng Yang Law Firm. He previously held positions as a Judge at the Kaohsiung District Court (1986–1997) and the Kaohsiung Branch of the Taiwan High Court (1997–1999), and served as a Director of Nan Ho Hsing Industrial Co., Ltd.</p> <ul style="list-style-type: none"> • Risk Management Experience: Independent Director Chiang serves as a member of the Audit Committee and the Sustainable Development Committee of the Company, which are responsible for overseeing risk management practices in the areas of financial risk, internal control risk, sustainability risk, compliance risk, and information security risk. <p>Independent Director Chiang has practiced law for over 25 years and possesses professional expertise in legal affairs and ESG-related matters.</p>	<p>Before and during his tenure, and in the two years prior to his appointment, Independent Director Chiang met the qualifications stipulated by the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. Additionally, as provided by Article 14-3 of the Securities and Exchange Act, Independent Directors have been granted the authority to fully participate in decision-making and express their opinions, enabling them to independently carry out their relevant duties.</p>	<p>3</p>

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Independent Directorships in Other Public Companies
Chin-Jung, Kuo <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">A</div> Committee member </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">C</div> Committee member </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">S</div> Committee member </div> (Note 1)	<p>Independent Director Kuo earned a M.S. degree in Industrial Management from National Cheng Kung University and later obtained a M.S. degree in Accounting from Southern Illinois University in the United States. She currently serves as the Chairman of the Accounting and Auditing Committee of CPA Association R.O.C. (Taiwan), Managing Partner of RSM Taiwan, Chairman of Taipei Tax Agents Association, Independent Director of Cystech Electronics Corp. Her past roles include Assistant Professor in the Department of Accounting at Tamkang University (2010–2024), Deputy Chairman of the Accounting and Auditing Committee of the Taipei CPA Association (2014–2017), Board Member and Supervisor of the National Federation of Certified Public Accountants Associations of the R.O.C. (2015–2021), and Supervisor of Objective Design Co., Ltd. (2017–2023).</p> <ul style="list-style-type: none"> • Risk Management Experience: Independent Director Kuo serves as a member of the Audit Committee and the Sustainable Development Committee of the Company, which are responsible for overseeing risk management practices in the areas of financial risk, internal control risk, sustainability risk, compliance risk, and information security risk. <p>Independent Director Kuo holds CPA certifications in Taiwan, the United States, and Mainland China, and has over 25 years of experience in accounting practice, taxation, and advisory services. She possesses deep expertise in accounting, business management, leadership and decision-making, taxation and ESG-related matters.</p>	<p>Before and during her tenure, and in the two years prior to his appointment, Independent Director Kuo met the qualifications stipulated by the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. Additionally, as provided by Article 14-3 of the Securities and Exchange Act, Independent Directors have been granted the authority to fully participate in decision-making and express their opinions, enabling them to independently carry out their relevant duties.</p>	1

Note 1:Functional Committees :

A

 Audit Committee

C

 Compensation Committee

S

 Sustainable Development Committee

Note 2:None of the directors of the Company has disqualifying conditions under Article 30 of the Company Act.

3. Board Diversity and Independence

(1) Diversity of the Board:

In line with the policy of membership diversification for the board of directors, as stipulated in the "Corporate Governance Best Practice Principles" which includes but not restrict the following two standards:

A. Basic condition: gender, age, nationality, race and culture, etc.

B. Professional knowledge and skill: professional background (such as law, accounting, industry, finance, marketing or technology), professional skill and industrial experience.

The Company select 7 directors (including 3 independent directors) at 2023 Shareholders' Meeting on June 21, 2023. The members of the board are all outstanding figures in industry and academia, boasting mutually complemented industrial experience, as well as expertise in finance, accounting and law, meeting the diversified board management targets (Please refer to Note 1: Implementation of Board Diversity Policy).

Management Objectives:

A. The female directors shall reach one-third of the Board;

B. Independent directors shall comprise more than one-third of the Board;

C. The number of directors concurrently serve as company executives shall not exceed one-third of the Board;

D. No more than two directors shall have a spousal or second-degree family relationship.

Status of Objective Achievement:

A. The female directors account for 14.29% of the Board, which does not reach one-third;

B. Independent directors account for 42.86% of the Board;

C. The directors concurrently serve as company executives account for 28.57% of the Board;

D. No directors have spousal or second-degree kinship relationships.

Unachieved
Achieved
Achieved
Achieved

If the board of directors does not reach one-third representation of either gender, the Company shall explain the reasons and the measures planned to enhance gender diversity on the Board:

In the past, the selection of board members has primarily focused on candidates' professional backgrounds, industry and management experience, and their potential contribution to the Company's future development. Gender ratio was not specifically restricted. However, to further promote gender equality on the Board, the Company established a new management objective in 2024 to have female board members account for one-third of the Board seats. Future plans and measures to enhance gender diversity on the Board please refer to page 30: Goals to strengthen the functionality of the board of directors and assessment of implementation results.

Note 1: Implementation of Board Diversity Policy

<div> <div>Items</div> <div></div> </div> <div>Name</div>	Basic Condition and Value			Date First Appointment	Tenure as Independent Directors	Employed by NanPao	Concurrently Serve as Manager	Professional Knowledge and Skills							Industry Experience		
	Gender	Age	Nationality					Business Management	Leadership Decision-making	Accounting	Taxation	Legal	Human Resources	ESG	Chemical Engineering	Sports and Leisure	Textile Fibers
Cheng-Hsien, Wu	Male	71-80	ROC	20140627				✓	✓					✓	✓		
Ming-Hsien, Hsu	Male	61-70	ROC	20140627		✓	✓	✓	✓					✓	✓		
Ying-Ling, Huang	Male	31-40	ROC	20200616		✓	✓	✓	✓						✓		
Wang-Chyan, Lin	Male	51-60	ROC	20240318				✓	✓				✓			✓	
Yun, Chen (Independent Director)	Male	71-80	ROC	20171212	7-9 year									✓		✓	✓
Yung-Cheng, Chiang (Independent Director)	Male	61-70	ROC	20171212	7-9 year							✓		✓			
Chin-Jung, Kuo (Independent Director)	Female	61-70	ROC	20230621	1-3 year			✓	✓	✓	✓			✓			

(2) Independence of the Board:

- A. 7 seats include 3 independent directors (42.86%). All independent directors meet the independence conditions of the "Measures for the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed".
- B. Independent directors shall serve no more than three consecutive terms, and concurrently serve as independent directors of other public companies shall not exceed three. There are 2 independent directors whose term of office is 7-9 years, and 1 independent director whose term of office is 1-3 years.
- C. There is no spouse or second-degree relative relationship between directors (there is no circumstance specified in Item 3 and Item 4 of Article 26-3 of the Securities Exchange Act).
- D. All directors uphold a high degree of self-discipline. Those who have an interest in the proposals listed on the board of directors, themselves or the legal person they represent, shall not participate in the discussion when the important content of their interest relationship is stated at the board meeting, if it is harmful to the interests of the Company, the directors shall be abstained from discussion and voting, and shall not act on behalf of other directors to exercise their voting rights (please refer to page 29 The recusal of Directors due to conflict of interests)

(II) The Management

As of April 19, 2025

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Positions	Managers Who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	Taiwan R.O.C.	Ming-Hsien, Hsu	Male	20161215	75,211	0.06	113,554	0.09	400,000	0.33	<ul style="list-style-type: none"> • M.S. in Industrial Management, National Cheng Kung University; • Bachelor of Business Management, National Sun Yat-sen University; • Deputy General Manager of Nan Pao Resins Chemical Co., Ltd. 	Note 1	—	—	—
Executive General Manager of Sports Goods Adhesives and Materials Business Division	Taiwan R.O.C	Ying-Lin, Huang	Male	20230510	1,000,936	0.83	—	—	3,709,000	3.08	<ul style="list-style-type: none"> • M.S. in Applied Chemistry, Waseda University, Japan; • Senior Specialist of New Business Development Center, Nan Pao Resins Chemical Co., Ltd. ; • Special Assistant of CEO's Office, Nan Pao Resins Chemical Co., Ltd. • Executive General Manager of Sports Goods Adhesives and Materials Business Division, Nan Pao Resins Chemical Co., Ltd. 	Note 2	—	—	—
Executive General Manager of Paints and Coatings Business Division	Taiwan R.O.C	Shun-Hsing, Wu	Male	20220810	—	—	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Business Administration, National Taipei University of Technology; • Assistant Manager of Sales, ITLS International Development Co., Ltd; • Assistant Manager of Chemical Construction Department, Nan Pao Resins Chemical Co., Ltd. 	Note 3	—	—	—
Executive General Manager of Adhesives and Specialty Business Division (Deputy Spokesperson)	Taiwan R.O.C	Sen-Mao, Kuo	Male	20170101	79,616	0.07	—	—	—	—	<ul style="list-style-type: none"> • M.S. in Chemical Engineering, National Cheng Kung University; • Bachelor of Industrial Chemistry, National Taiwan, University of Science and Technology; • Assistant Manager in Adhesives and Specialty Business Division, Nan Pao Resins Chemical Co., Ltd.; • Deputy General Manager in Adhesives and Specialty Business Division, Nan Pao Resins Chemical Co., Ltd. 	Note 4	—	—	—
General Manager of Operation Management Division	Taiwan, R.O.C.	Yi-Jen, Fang	Male	20160401	11,809	0.01	—	—	—	—	<ul style="list-style-type: none"> • EMBA of National Sun Yat-sen University; • Bachelor of Chemical Engineering, Southern Taiwan University of Science and Technology; • Technical Service Manager in Sports Goods Adhesives and Materials Business Division, Nan Pao Resins Chemical Co., Ltd.; • Footwear Technical Service Assistant Manager in Sport Goods Adhesives and Materials Business Division, Nan Pao Resins Chemical Co., Ltd. • General Manager of the First Business Department in Sport Goods Adhesives and Materials Business Division, Nan Pao Resins Chemical Co., Ltd. 	—	—	—	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Positions	Managers Who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Deputy General Manager of Executive Office, Adhesives and Specialty Business Division	Taiwan, R.O.C.	Kuo-Chin, Liu	Male	20240808	4,405	0.00	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Traffic Engineering and Management, Feng Chia University; • Assistant Manager of Adhesives and Specialty Business Division, Nan Pao Resins (China) Co., Ltd.; • Deputy General Manager of Adhesives and Specialty Business Division, Nan Pao Resins (Vietnam) Enterprise Ltd. 	—	—	—	—
R&D Deputy General Manager of R&D & Innovation Division (R&D Officer)	Taiwan, R.O.C.	Yong-Ching, Shen	Male	20160401	16,500	0.01	—	—	—	—	<ul style="list-style-type: none"> • Ph.D. in Applied Chemistry, National Chiao Tung University; • M.S. in Chemistry, National Tsing Hua University; • Bachelor of Chemistry, National Chung Hsing University; • Deputy Researcher, Full-time Researcher, Supervisor, Deputy Head of Industrial Technology Research Institute (ITRI); • Visiting Scholar in Sheffield University 	Note 5	—	—	—
R&D Deputy General Manager of Sports Goods Adhesives and Materials Business Division	Taiwan, R.O.C.	Sen-Pei, Hung	Male	20101001	25,564	0.02	—	—	—	—	<ul style="list-style-type: none"> • M.S. in Chemical Engineering, Chung Yuan Christian University; • Bachelor of Chemical Engineering, Chung Yuan Christian University; • R&D Manager in Sports Goods Adhesives and Materials Business Division, Nan Pao Resins Chemical Co., Ltd.; • Footwear R&D Assistant Manager in R&D & Innovation Division, Nan Pao Resins Chemical Co., Ltd. 	—	—	—	—
Deputy General Manager of Planning Department, Strategic Management Division	Taiwan, R.O.C.	Jung-Wen, Kuo	Male	20221109	29,000	0.02	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Industrial Engineering, Feng Chia University; • General Manager of Nan Pao Resins (Dongguan) Co., Ltd. ; • General Manager of Dongguan Jiaqin Electronic Co., Ltd. 	Note 6	—	—	—
Deputy General Manager of Footwear Production Dept., Operation Management Division	Taiwan, R.O.C.	Ming-Ding, Tsai	Male	20191111	9,500	0.01	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Chemical Engineering, National Cheng Kung University; • Manager of Footwear Production Department in Operation Management Division, Nan Pao Resins Chemical Co., Ltd. 	—	—	—	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Positions	Managers Who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Manager of Overseas Sales Division	Taiwan, R.O.C.	Chin-Fu, Hsu	Male	20191111	244,666	0.20	6,000	0.00	—	—	<ul style="list-style-type: none"> • EMBA of National Sun Yat-sen University; • Manager of Sports Goods Adhesive and Materials Business Division, Nan Pao Resins Chemical Co., Ltd. 	Note 7	—	—	—
Assistant Manager of Footwear Second Business Dept., Sports Goods Adhesives and Materials Business Division	Taiwan, R.O.C.	Cheng-Hao, Kuo	Male	20230809	—	—	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Economics, University of California, Irvine. • Global Marketing Manager of Daiyu International • Assistant Manager in Footwear Marketing Department of Sport Goods Adhesives and Materials Business Division, Nan Pao Resins Chemical Co., Ltd. 	—	—	—	—
Polyester Polyol Technology Assistant Manager of R&D & Innovation Division	Taiwan, R.O.C.	Yan-Cheng, Chen	Male	20181108	5,000	0.00	—	—	—	—	<ul style="list-style-type: none"> • M.S. in Chemical, Chung Yuan Christian University; • Bachelor of Chemical, Chung Yuan Christian University; • R&D Manager of Eternal Materials Co., Ltd. 	—	—	—	—
Assistant Manager in Financial Management Division (Spokesperson / Accounting Officer / Company Secretary)	Taiwan, R.O.C.	Kun-Chin, Lin	Male	20160503	20,120	0.02	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Accounting, Tunghai University; • Team Leader in Ernst & Young Taiwan; • Manager in Administration Division and Spokesperson, Mildex Optical Inc.; • CFO in Tai Shih Fu Enterprise Co., Ltd.; • CFO in Mirada Hwa Tai Co. Ltd. 	Note 8	—	—	—
Assistant Manager of IT Dept., Strategic Management Division (Chief Information Security Officer)	Taiwan, R.O.C.	Pei-Yi, Kuo	Male	20210325	3,460	0.00	—	—	—	—	<ul style="list-style-type: none"> • M.S. in Institute of Automation and Control, National Taiwan University of Science and Technology; • Bachelor of Control Engineering, National Chiao Tung University; • Manager of IT Department, Nan Pao Resins Chemical Co., Ltd. 	—	—	—	—
Junior Manager of Auditing Office (Audit Officer)	Taiwan, R.O.C.	Li-Jung, Huang	Female	20220211	1,000	0.00	—	—	—	—	<ul style="list-style-type: none"> • Bachelor of Accounting, National Changhua University of Education; • Supervisor in Ernst & Young Taiwan; • Section Manager of Financial Management Division, Nan Pao Resins Chemical Co., Ltd. • Supervisor of Prince Pharmaceutical Co., Ltd. 	—	—	—	—

- Note 1: Director of Greatwill Materials (HK) Ltd.; Ongoing Profits Ltd.; Rising Sun Associate Ltd.; Nan Pao Resins (Vietnam) Enterprise Ltd.; Nan Pao Resins Chemical Philippines, Inc.; Goldford Investments Ltd.; Nan Pao Resins (Holdings) Ltd.; Eastlion Enterprises Ltd.; Nan Pao Resins (Dongguan) Co. Ltd.; Nan Pao Resins Development Ltd.; Nan Pao Materials Vietnam Co.,Ltd.; Nan Pao Resins International Ltd.; NanPao Advanced Investment Co., Ltd.; Nan Pao (KunShan) Electronic Commerce Co., Ltd.; Nan Pao Resins (HK) Limited; Giant Profit Development Ltd.; All Saints Enterprises Ltd.; Nan Pao Resins (China) Co., Ltd.; Fuqing Nan Pao Investment Ltd.; Wealth Castle Development Ltd.; Fuqing Nan Pao Resins Co., Ltd.; Thai Nan Pao Investments Ltd.; Thai Nanpao Resins Chemical Co., Ltd.; Nan Pao Advanced Materials Vietnam Co., Ltd.; Nanpao New Materials (Huaian) Co., Ltd.; Earnest Wealth Co., Ltd.; Independent Director and member of the Compensation Committee of Lightel Corporation; Supervisor of Dongguan Jiaqin Electronics Co., Ltd. ; Nan Pao Resins (Foshan) Co., Ltd. ; Ching Lin International Development Co., Ltd.; Yu Tang Investment Co., Ltd.; Member of the Compensation Committee, Minson Integration, Inc.
- Note 2: Corporate Director Representative and Chairman of Sheng Lin Invstment Ltd.; ITLS International Development Co., Ltd.; Nanpao Fine Materials Co., Ltd.; Chairman of Sheng Bao Investment Co., Ltd.; Guang Lin Investment Co., Ltd.; Ching Lin International Development Co., Ltd.; Director of Greatwill Materials (HK) Ltd.; Ongoing Profits Ltd.; Rising Sun Associates Ltd.; Nan Pao Resins (Vietnam) Enterprise Ltd.; Goldford Investments Ltd.; Nan Pao Resins (Holdings) Ltd.; Eastlion Enterprises Ltd.; Nan Pao Resins Development Ltd.; Nan Pao Materials Vietnam Co., Ltd.; Nan Pao Resins International Ltd.; Changshu Yu Bo Polymer Materials Co., Ltd.; Profit Land Ltd.; Giant Profit Development Ltd.; Great Mount Enterprises Ltd.; Fuqing Nan Pao Investment Ltd.; Wealth Castle Development Ltd.; Thai Nan Pao Investments Ltd.; ITLS Holding Pte. Ltd.; Nan Pao Materials Resins India Private Ltd.; Contact BioSolutions Australia Pty. Ltd. ; Opulence Optronics Co., Ltd.; Nan Pao Village Industry Co., Ltd.; Nan Pao Village Development Co., Ltd.; Advant Analytics Tactics Ltd.; Corporate Director Representative of Apogee Optocom Co., Ltd.; Ferrule Precision Co., Ltd.; Biorich Biotechnology Co., Ltd.; Nan Pao Industry Co., Ltd.; Yun Teh Industrial Co., Ltd.; Spark Foamtech Enterprise Co., Ltd.; Corporate Representative Director of Prince Pharmaceutical Co., Ltd.; Supervisor of PT. Indo Nan Pao Resins Chemical Co., Ltd.
- Note 3: Director of Noroo-NanPao Paints & Coatings (Vietnam) Co., Ltd.; Dongguan Jiaqin Electronics Co., Ltd.; Nan Pao Philippines Export Inc.; Director and General Manager of ITLS Vietnam Co., Ltd.; Corporate Director Representative of Nan Pao Application Material Co., Ltd.; ITLS International Development Co., Ltd.; Yun Teh Industrial Co., Ltd.; Corporate Director Representative and Chairman of Biorich Biotechnology Co., Ltd.; Supervisor of Nan Pao Advanced Investment Co., Ltd.; Nan Pao (KunShan) Electronic Commerce Co., Ltd.; Nan Pao Resins (China) Co., Ltd.; Fuqing Nan Pao Resins Co., Ltd.
- Note 4: Corporate Director Representative and Chairman of Nan Pao Advanced Materials Co., Ltd.; Director of Foshan Nan Pao Advanced Materials Co., Ltd.; Nan Pao Resins Chemical Philippines, Inc.; NP Australia Pty. Ltd.; RLA Polymers Pty. Ltd.; RLA Polymers (M) SDN. BHD.; Thai Nan Pao Investments Ltd.; Nan Pao Resins India Pvt. Ltd.; Nan Pao Philippines Export Inc.; Apex Polytech Co., Ltd.
- Note 5: Corporate Director Representative and Chairman of Phymed Bio-Tec Co., Ltd.; Nan Pao Chemical Co., Ltd.; FlexUP Technologies Corp.; Yu Po Chemical Co., Ltd.; Corporate Director Representative of Nan Pao Advanced Materials Co., Ltd.; Director of Opulence Optronics Co., Ltd.; Profit Land Ltd.
- Note 6: Corporate Director Representative of Perfect & Outstanding Technology Inc.
- Note 7: Director of Nan Pao Resins India Pvt Ltd.; Chairman of Nan Pao Resins Chemical (Bangladesh) Co., Ltd.
- Note 8: Corporate Director Representative of Phymed Bio-Tec Co., Ltd.; Nanpao Fine Materials Co., Ltd.; Nan Pao Resins Chemical (Bangladesh) Co., Ltd.; Director of Nan Pao Materials Resins India Private Ltd.; Corporate Supervisor Representative of Opulence Optronics Co., Ltd.; Supervisor of Foshan Nan Pao Advanced Materials Co., Ltd.; Nanpao New Materials Technology (Huaian) Co., Ltd.; Changshu Yu Bo Polymer Materials Co., Ltd.; PT. Indo Nan Pao Resins Chemical Co., Ltd ; NanPao Fine Chemical Materials (Anhui) Co., Ltd.; Yu Po Chemical Co., Ltd.; Yun Teh Industrial Co., Ltd.

II. Remuneration Paid to Directors, General Managers and Deputy General Managers

(I) Remuneration Paid to Directors and Independent Directors in 2024

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
	Basic Compensation(A)		Severance Pay (B)		Compensation to Directors (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (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	Cash	Stock	Cash	Stock	The Company	From All Consolidated Entities	
Chairman Cheng-Hsien, Wu	3,501	3,501	-	-	500	500	-	-	4,001 (0.15%)	4,001 (0.15%)	-	-	-	-	-	-	-	-	4,001 (0.15%)	4,001 (0.15%)	-
Director Pao Chien Enterprise Co., Ltd.	-	-	-	-	5,309	5,309	-	-	5,309 (0.20%)	5,309 (0.20%)	-	-	-	-	-	-	-	-	5,309 (0.20%)	5,309 (0.20%)	-
Representative: Yuan-Whang, Liao (Note 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Representative: Lin Wang-Chyan (Note 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director Guang Rong Investment Ltd.	-	-	-	-	27,371	27,371	-	-	27,371 (1.02%)	27,371 (1.02%)	-	-	-	-	-	-	-	-	27,371 (1.02%)	27,371 (1.02%)	-
Representative: Ming-Hsien, Hsu	-	-	-	-	-	-	-	-	-	-	6,262	6,262	351	351	2,616	-	2,616	-	9,229 (0.35%)	9,229 (0.35%)	-
Representative: Ying-Lin, Huang	-	-	-	-	-	-	-	-	-	-	4,697	4,697	95	95	2,016	-	2,016	-	6,808 (0.25%)	6,808 (0.25%)	-
Independent Director Yun, Chen	240	240	-	-	380	380	-	-	620 (0.02%)	620 (0.02%)	-	-	-	-	-	-	-	-	620 (0.02%)	620 (0.02%)	-
Independent Director Yung-Cheng, Chiang	240	240	-	-	380	380	-	-	620 (0.02%)	620 (0.02%)	-	-	-	-	-	-	-	-	620 (0.02%)	620 (0.02%)	-
Independent Director Chin-Jung, Kuo	240	240	-	-	380	380	-	-	620 (0.02%)	620 (0.02%)	-	-	-	-	-	-	-	-	620 (0.02%)	620 (0.02%)	-
Total	4,221	4,221	-	-	34,320	34,320	-	-	38,541 (1.43%)	38,541 (1.43%)	10,959	10,959	446	446	4,632	-	4,632	-	54,578 (2.03%)	54,578 (2.03%)	-
*Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee of parent company/ all consolidated entities/ non-consolidated affiliates) to Nan Pao and all consolidated entities in the 2024 financial statements: None.																					

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 2024, including their employee compensation, both accounted for 2.03% of 2024 net income.

Note 4: Mr. Lin Wang-Chyan was appointed as the representative person of Pou Chien Enterprise Co., Ltd. on March 18, 2024, replacing Mr. Liao Yuan-Whang who resigned on the same day.

(II) Remuneration Paid to General Managers and Deputy General Managers in 2024

Unit: NT\$1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing (D)				Total Remuneration (A+B+C+D) and Ratio to Net Income		Compensation Paid to General Managers and Deputy General Managers from Non-consolidated Affiliates
		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			
CEO	Ming-Hsien, Hsu	16,756	16,756	4,152	4,152	18,461	18,461	8,247	-	8,247	-	47,616 (1.77%)	47,616 (1.77%)	-
Executive General Manager of Sports Goods Adhesives and Materials Business Division	Ying-Lin, Huang													
Executive General Manager of Paints and Coatings Business Division	Shun-Hsing, Wu													
Executive General Manager of Adhesives and Specialty Business Division	Sen-Mao, Kuo													
General Manager of Operation Management Division	Yi-Jen, Fang													
Deputy General Manager of Executive Office, Adhesives and Specialty Business Division	Kuo-Chin, Liu (Note)													
R&D Deputy General Manager of R&D & Innovation Division	Yong-Ching, Shen													
R&D Deputy General Manager of Sports Goods Adhesives and Materials Business Division	Sen-Pei, Hung													
Deputy General Manager of Planning Department, Strategic Management Division	Ping-Feng, Lai													
Deputy General Manager of Planning Department, Strategic Management Division	Jung-Wen, Kuo													
Deputy General Manager of Footwear Production Dept., Operation Management Division	Ming-Ding, Tsai													

Note : Kuo-Chin, Liu resigned on June 30, 2024 and assumed on Aug. 8, 2024.

Table of Remuneration Ranges

Remuneration Range	Name of the General Manager and Deputy General Manager	
	The Company	Companies in the Consolidated Financial Statements
Under NT\$ 1,000,000	-	-
NT\$ 1,000,000 ~Under NT\$ 2,000,000	-	-
NT\$ 2,000,000 ~Under NT\$ 3,500,000	Ping-Feng, Lai / Jung-Wen, Kuo	Ping-Feng, Lai / Jung-Wen, Kuo
NT\$ 3,500,000 ~Under NT\$ 5,000,000	Yong-Ching, Shen / Sen-Mao, Kuo / Yi-Jen, Fang / Sen-Pei, Hung / Kuo-Chin, Liu / Ming-Ding, Tsai	Yong-Ching, Shen / Sen-Mao, Kuo / Yi-Jen, Fang / Sen-Pei, Hung / Kuo-Chin, Liu / Ming-Ding, Tsai
NT\$ 5,000,000 ~Under NT\$ 10,000,000	Ming-Hsien, Hsu / Ying-Lin, Huang / Shun-Hsing, Wu	Ming-Hsien, Hsu / Ying-Lin, Huang / Shun-Hsing, Wu
NT\$ 10,000,000 ~Under NT\$ 15,000,000	-	-
NT\$ 15,000,000 ~Under NT\$ 30,000,000	-	-
NT\$ 30,000,000 ~Under NT\$ 50,000,000	-	-
NT\$ 50,000,000 ~Under NT\$ 100,000,000	-	-
NT\$ 100,000,000 and Over	-	-
Total	11	11

(III) Employees' Profit Sharing Paid to Management in 2024

As of December 31, 2024 / Unit: NT\$1,000

Title	Name	Stock	Cash	Total	Ratio to Net Income
CEO	Ming-Hsien, Hsu	-	13,677	13,677	0.51%
Executive General Manager of Sports Goods Adhesives and Materials Business Division	Ying-Lin, Huang				
Executive General Manager of Paints and Coatings Business Division	Shun-Hsing, Wu				
Executive General Manager of Adhesives and Specialty Business Division	Sen-Mao, Kuo				
General Manager of Operation Management Division	Yi-Jen, Fang				
Deputy General Manager of Executive Office, Adhesives and Specialty Business Division	Kuo-Chin, Liu				
Deputy General Manager of R&D & Innovation Division	Yong-Ching, Shen				
R&D Deputy General Manager of Sports Goods Adhesives and Materials Business Division	Sen-Pei, Hung				
Deputy General Manager of Planning Department, Strategic Management Division	Jung-Wen, Kuo				
Deputy General Manager of Footwear Production Dept., Operation Management Division	Ming-Ding, Tsai				
Assistant Manager of Overseas Sales Division	Chin-Fu, Hsu				
Assistant Manager of Footwear Second Business Dept., Sports Goods Adhesives and Materials Business Division	Cheng-Hao, Kuo				
Polyester Polyol Technology Assistant Manager of R&D & Innovation Division	Yan-Cheng, Chen				
Assistant Manager of Financial Management Division	Kun-Chin, Lin				
Assistant Manager of IT Dept., Strategic Management Division	Pei-Yi, Kuo				

Note: As of the date of publication of this Annual Report, the 2024 employees' profit sharing has not been resolved; hence, the distribution amount is calculated based on the ratio of last year's actual distribution.

(IV) Comparison of Remuneration for Directors, General Managers and Deputy General Managers in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, General Managers and Deputy General Managers

1. Analysis of ratio of total remuneration to net income

Unit : NT\$1,000 ; %

Title	The Company				For All Consolidated Entities			
	2023		2024		2023		2024	
	Total Remune-ration	Ratio to Net Income	Total Remune-ration	Ratio to Net Income	Total Remune-ration	Ratio to Net Income	Total Remune-ration	Ratio to Net Income
Directors	44,257	1.82	54,578	2.03	44,257	1.82	54,578	2.03
General Managers and Deputy General Managers	52,876	2.18	47,616	1.77	52,876	2.18	47,616	1.77

Note: The total amount of director remunerations include the compensation paid to concurrent employees, hence there are parts of overlap with the total amount paid to general managers and deputy general managers.

2. Remuneration policies, standards, and packages for remuneration payment, as well as the procedures for determining remuneration, and its linkage to business performance and future risk exposure:

(1) Remuneration Policy, Standards, and Structure:

A.The remuneration for the Company's directors is determined in accordance with Article 18 of the Company's Articles of Incorporation. It is based on the directors' level of participation in the Company's operations and their contribution value, taking into account industry standards. The Compensation Committee reviews and proposes the remuneration, which is then approved by the Board of Directors. If the Company has profits in a given fiscal year, up to 3% of these profits will be allocated as directors' remuneration in accordance with Article 25 of the Articles of Incorporation.

B.The Company's salary management regulations specify various allowances and bonuses. The remuneration for managers considers their professional experience and references the Company's and industry's market salary standards. Relevant bonuses are determined based on the Company's annual operating performance, financial status, operational status, and individual work performance. If the Company has profits in a given fiscal year, 2% to 6% of these profits will be allocated as employees' compensation in accordance with Article 25 of the Articles of Incorporation.

C.The remuneration provided by the Company, as stipulated by Articles of Compensation Committee, includes cash compensation, stock options, profit-sharing in the form of shares, retirement benefits or severance payments, various allowances, and other substantive incentive measures. The scope and standards are consistent with those required for disclosure in the annual reports of publicly listed companies concerning the remuneration of directors and managers.

(2) Procedure for Determining Remuneration:

A.The Company bases its remuneration on the "Board Performance Evaluation Measures" and various internal bonus regulations. It has established the "Remuneration Payment Measures for Directors, Functional Committees, and Managers" to regulate the remuneration policies and principles for directors and managers. The relevant performance evaluations and salary remuneration policies, systems, standards, and structures are reviewed by the Compensation Committee and then submitted to the Board of Directors for approval.

- B. The salary remuneration for managers is based on their professional experience and references the Company's and the industry's market salary levels, and is given according to the "Remuneration Payment Measures for Directors, Functional Committees, and Managers." This incentivizes managers to achieve and exceed company goals, create profits, and improve operational performance. The Company regularly evaluates managers' salary remuneration to ensure it is closely related to the Company's performance. Bonuses are issued based on overall operational results, unit performance, and individual relative performance contributions, considering corporate core values, leadership and management abilities, and future risk factors. Managers' performance is comprehensively evaluated based on operational results (e.g., financial goals, business goals, customer goals, department growth rates, market share, asset quality, etc.) and management quality (e.g., brand management, human resource management, innovation and integrated marketing, internal control, etc.).
- C. The Company regularly evaluates and reviews the performance assessments and remuneration of directors and managers for reasonableness through the Compensation Committee and the Board of Directors. This evaluation considers individual performance rates and contributions to the Company, overall operational performance, industry future risks and development trends, and any necessary reviews based on actual operational conditions and relevant regulations. Reasonable remuneration is provided to balance sustainable operation and risk management. The actual remuneration for directors and managers in 2024 was reviewed by the Compensation Committee and then submitted to the Board of Directors for approval.
- (3) Relation to Operational Performance and Future Risks:
- A. The review of the remuneration policy, standards, and system is primarily based on the Company's overall operational status, with performance achievement rates and contributions determining remuneration standards. This approach enhances the overall organizational team effectiveness of the Board of Directors and the management department. Industry remuneration standards are also referenced to ensure competitive salaries for the Company's management to retain excellent talent.
- B. The Company stipulates in the "Remuneration Payment Measures for Directors, Functional Committees, and Managers," that directors concurrently serving as managers of the Company shall not receive director remuneration. In addition, when there is a significant decline in the Company's net profit after tax, the growth rate of directors' remuneration shall not exceed that of the previous year, thereby aligning it with the Company's overall operating performance.
- C. To establish a mechanism linking the performance evaluation and salary remuneration of directors and managers to individual performance and future risks, the aforementioned internal regulations also specify that, in the event of moral hazard or other incidents that negatively affect the Company's image or reputation, their remuneration can be reduced by a resolution of the Board of Directors. If there are internal management failures, personnel misconduct, or other major risk events that damage the Company's image and reputation, it will affect the issuance of managers' bonuses, which can be reduced or not issued. If managers violate the group's employee code of conduct, requiring them to return bonuses received from the Company, deliver any improperly received benefits and their interest, and pay punitive liquidated damages, the penalties for such violations can be increased by a resolution of the Board of Directors. If the variable remuneration granted to managers is based on financial results that need to be restated due to fraud or other significant misconduct by the managers, the variable remuneration can be reclaimed by a resolution of the Board of Directors.

III. Implementation of Corporate Governance

(I) Board of Directors

The Chairman convened 6 meetings in 2024. The attendance status is as follows.

Title	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remarks
Chairman	Cheng-Hsien, Wu	6	0	100	Should attend 6 times
Director	Pou Chien Enterprise Co., Ltd.	6	0	100	Should attend 6 times
	Representative: Yuan-Whang, Liao				
	Representative: Wang-Chyan, Lin(Note 1)				
Director	Guang Rong Investment Ltd. Representative: Ming-Hsien, Hsu	6	0	100	Should attend 6 times
Director	Guang Rong Investment Ltd. Representative: Ying-Lin, Huang	6	0	100	Should attend 6 times
Independent Director	Yun, Chen	6	0	100	Should attend 6 times
Independent Director	Yung-Cheng, Chiang	5	1	83.33	Should attend 6 times
Independent Director	Chin Jung, Kuo	6	0	100	Should attend 6 times

Note 1: Mr. Lin Wang-Chyan was appointed as the representative person of Pou Chien Enterprise Co., Ltd. on March 18, 2024.

Other matters to be specified:

- Where any of the following circumstances occurs with respect to the operation of the Board of Directors, meeting dates, sessions, contents of resolutions, opinions of all independent directors, and actions taken by the Company in response to opinions of independent directors shall be noted:
 - Matters prescribed under Article 14-3 of the Securities and Exchange Act. Please refer to "Audit Committee" in page 31. All the independent directors agreed to pass all the proposals.
 - Except for the matters mentioned in the preceding paragraph, matters resolved by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement : None.
- For any recusal of Directors due to conflict of interests in certain proposals, name of the Director, contents of resolutions, reasons for the recusal and participation in the voting shall be noted :

Date	Contents of Resolutions	Name of Director	Reason for Recusal	Resolution
20240125	The Company's proposal of 2023 performance-based bonuses for managers.	Cheng-Hsien, Wu / Ming-Hsien, Hsu / Ying-Lin, Huang	Abstained from voting as the above directors also serve as managers concurrently	Except for Chairman Cheng-Hsien, Wu, Director Ming-Hsien, Hsu, and Director Ying-Lin, Huang, who recused themselves due to conflicts of interest, the proposal was unanimously approved without objection by the attending directors after Independent Director Yun, Chen, acting as chairman, consulted the remaining attendees.
20240808	The Company's proposal of appointment and the salary adjustment for managers.	Cheng-Hsien, Wu / Ming-Hsien, Hsu / Ying-Lin, Huang	Abstained from voting as the above directors also serve as managers concurrently	Except for Chairman Cheng-Hsien, Wu, Director Ming-Hsien, Hsu, and Director Ying-Lin, Huang, who recused themselves due to conflicts of interest, the proposal was unanimously approved without objection by the attending directors after Independent Director Yun, Chen, acting as chairman, consulted the remaining attendees.

3. Board of Directors' Performance Evaluation Implementation Status:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Content of Evaluation
Annual	20240101~20241231	Board of Directors	Internal self-evaluation of the board of directors "Self-evaluation Questionnaire for Board Performance"	A total of 50 evaluation indicators are included in the five aspects of participation in the Company's operations, enhancement of the quality of board decision-making, composition and structure of the board of directors, election and continuing knowledge development of directors, and internal control.
Annual	20240101~20241231	Individual directors	Internal self-evaluation of director member "Self-evaluation Questionnaire for Director Member Performance"	A total of 28 evaluation indicators are included in the four aspects of understanding of the Company's goals and mission, participation in the Company's operations, director's professionalism and continuing knowledge development, and internal control.
Annual	20240101~20241231	Functional Committee • Audit Committee • Compensation Committee • Sustainable Development Committee	Internal self-evaluation of the functional committees "Self-evaluation Questionnaire for Functional Committee Performance"	A total of 22 evaluation indicators are included in the five aspects of participation in the Company's operation, awareness of the functional committees' duties, enhancement of the quality of the functional committees' decision-making, composition and election of the functional committees, and internal control.
Every three years by an external professional independent institution	20210801~20220731	Operation of the Board of Directors and Functional Committees	The Company engaged an external professional institution, the Taiwan Corporate Governance Association, to carry out the Board performance evaluation.	Composition of the Board, guidance of the Board, authorization of the Board, supervision of the Board, communication of the Board, internal control and risk management, self-discipline of the Board, others (such as board meetings, support systems, etc.)

4. Goals to strengthen the functionality of the board of directors and assessment of implementation results in the current year and previous year:

- (1) To promote gender equality within the Board and enhance female participation in decision-making while strengthening Board structure, the Company has incorporated the goal of the female directors shall reach one-third of the Board into its board diversity management objectives in 2024. The Company plans to add two female directors in the 2026 Board re-election.
- (2) To enhance information transparency, starting in 2024, the Company has voluntarily disclosed individual director remuneration in its annual shareholders' meeting report, and reports its remuneration policy, as well as the details and amounts of individual director compensation during the meeting.

(II) Audit Committee

The Company set up "Audit Committee" on December 12, 2017 to replace the original supervisor system. The committee consists of three independent directors(three seats), who select one among them as the convener and chairman of its meeting, and functions according to the Company's "Articles of Audit Committee" with the scope of its auditing covering the Company's financial statement, Audit and Accounting Policies and Procedures of the Company, the Company's internal-control system, major transactions in assets or derivatives, raising or issuance of securities, appointment and dismissal of, along with compensations for, certified public accountant, appointment and dismissal of financial, accounting, and internal auditing officers, and supervision of risk management-related operating mechanism.

Key Focus in 2024:

1. Review financial reports

The Company's board of directors submitted the 2023 annual financial statements (including the consolidated financial statements) which has been audited and certified by accountants Chao-Chin, Ynag and Chi-Chen, Lee, of Deloitte & Touche Taiwan, entrusted by the Board of Directors. Together with annual business report and earning distribution plan, they are reviewed and approved by the 5th meeting of the 3rd Audit Committee (2024.3.14), were submitted to the Resolution of the Board of Directors meeting (2024.3.14), and were acknowledged by general shareholders meeting in 2024 (2024.6.12).

2. Evaluate the effectiveness of the internal control system

The Company judges whether the design and implementation of the internal control system for the year 2023 are effective based on the judgment items on the effectiveness of the internal control system, the Company's self-assessment reports on the internal control systems of each unit and subsidiary and the implementation results of the annual audit plan. The design and implementation of its internal control system did not reveal any major deficiencies. Determining the design and implementation of the Company's internal control system should be effective. After being reviewed and approved by the 5th meeting of the 3rd Audit Committee (2024.3.14), and submitted to the Resolution of the Board of Directors meeting (2024.3.14), the "Internal Control System Statement" for 2023 was issued.

The Chairman of Audit Committee convened 6 meetings in 2024. The attendance status is as follows.

Title	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remarks
Convener & Chairman	Yun, Chen	6	0	100	Should attend 6 times
Member	Yung-Cheng, Chiang	5	1	83.33	Should attend 6 times
Member	Chin-Jung, Kuo	6	0	100	Should attend 6 times

Other matters to be specified:

1. Where any of the following circumstances occurs with respect to the operation of the Audit Committee, meeting dates, sessions, contents of resolutions, resolutions adopted by the Audit Committee, and actions taken by the Company in response to the opinion of the Audit Committee shall be noted:

(1) Items specified in Article 14-5 of Securities and Exchange Act: Please refer to the following charts.

(2) Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee: None.

Audit Committee	Contents of Resolutions	Article 14-5 of Securities and Exchange Act	Other Items Not Approved by the Audit Committee but Approved by Two Thirds of All Directors
3-4 (20240125)	The Company's proposal to amend " Procedures for Performance Evaluation of the Board of Directors ".	V	

Audit Committee	Contents of Resolutions	Article 14-5 of Securities and Exchange Act	Other Items Not Approved by the Audit Committee but Approved by Two Thirds of All Directors
3-4 (20240125)	The Company's proposal to provide and cancel endorsements or guarantees for subsidiaries.	V	
	Audit Committee Resolution Results (2024.01.25) : Approved by all present members of the Audit Committee.		
	The Company's handling of the opinion of the Audit Committee: The above proposal was approved by all members of the directors in attendance.		
3-5 (20240314)	The Company's proposal of 2023 business report and financial statements.	V	
	The Company's proposal of 2023 earnings distribution plan.	V	
	The Company's proposal of 2023 "Statement on Internal Control System".	V	
	The Company's proposal to increase capital in cash for "Nan Pao Overseas Holdings Ltd."	V	
	The Company's proposal to amend " Procedures for Governing Loaning of Funds and Making of Endorsements ".	V	
	Audit Committee Resolution Results (2024.03.14) : Approved by all present members of the Audit Committee.		
	The Company's handling of the opinion of the Audit Committee: The above proposal was approved by all members of the directors in attendance.		
3-6 (20240509)	The Company's proposal of consolidated financial statements for the first quarter of 2024.	V	
	The Company's proposal of earnings distribution for the first quarter of 2024.	V	
	The Company's proposal to apply for a fund loan from its subsidiary " Nan Pao Overseas Holdings Ltd.".	V	
	The Company's proposal to amend " Remuneration payment method for directors, functional committees and managers ".	V	
	The Company's proposal to provide endorsements or guarantees for subsidiaries.	V	
	The Company's proposal to provide letter of support for subsidiaries.	V	
	Audit Committee Resolution Results (2024.05.09) : Approved by all present members of the Audit Committee.		
3-7 (20240808)	The Company's handling of the opinion of the Audit Committee: The above proposal was approved by all members of the directors in attendance.		
	Approved the Company's proposal of consolidated financial statements for the second quarter of 2024.	V	
	Approved the Company's proposal of earnings distribution for the second quarter of 2024.	V	
	The Company's proposal to acquire shares of " Yun Teh Industrial Co., Ltd."	V	
	The Company's proposal to increase investment in "Contact BioSolutions Pty Ltd."	V	
	The Company's proposal to increase capital in cash for "Nan Pao Group Holdings Ltd."	V	
	The Company's proposal to purchase shares of "PT. Indo Nan Pao Resins Chemical Co., Ltd."	V	
	The Company's proposal to establish a joint venture with Spark Materials Technology Co., Ltd.	V	
	The Company's proposal to add " Group Tax Policy and Management Guidelines. ".	V	
	The Company's proposal to provide endorsements or guarantees for subsidiaries.	V	
3-8 (20241108)	Audit Committee Resolution Results (2024.08.08) : Approved by all present members of the Audit Committee.		
	The Company's handling of the opinion of the Audit Committee: The above proposal was approved by all members of the directors in attendance.		
	The Company's proposal of consolidated financial statements for the third quarter of 2024.	V	
	The Company's proposal of earnings distribution for the third quarter of 2024.	V	

Audit Committee	Contents of Resolutions	Article 14-5 of Securities and Exchange Act	Other Items Not Approved by the Audit Committee but Approved by Two Thirds of All Directors
3-8 (20241108)	Approved the Company's proposal to provide letter of support for subsidiaries.	V	
	Audit Committee Resolution Results (2024.11.08) : Approved by all present members of the Audit Committee.		
	The Company's handling of the opinion of the Audit Committee: The above proposal was approved by all members of the directors in attendance.		
3-9 (20241228)	The Company's proposal of 2025 Business Plan.	V	
	The Company's proposal of 2025 internal audit plan.	V	
	The Company's proposal of the list of non-assurance services and the independence assessment.	V	
	The Company's proposal to amend " Rules of Procedure for Board of Directors Meetings ".	V	
	The Company's proposal to amend " Articles of Audit Committee ".	V	
	The Company's proposal to amend " Corporate Governance Code of Practice ".	V	
	The Company's proposal to amend " Procedures for Ethical Management and Guidelines for Conduct ".	V	
	The Company's proposal to amend " Petty Cash Management Guidelines ".	V	
	The Company's proposal to amend " Seal Management and Usage Guidelines ".	V	
	The Company's proposal to amend " Corporate Sustainable Development Best Practice Principles " and the " Articles of Corporate Sustainability Development Promotion Committee ".	V	
	The Company's proposal to add internal control system of " Sustainability Report Preparation and Verification Guidelines " and the " Sustainability Information Management Guidelines ".	V	
	Approved the Company's proposal to provide letter of support for subsidiaries.	V	
	Audit Committee Resolution Results (2024.12.28) : Approved by all present members of the Audit Committee.		
	The Company's handling of the opinion of the Audit Committee: The above proposal was approved by all members of the directors in attendance.		

2. For any recusal of independent directors due to conflict of interests in certain proposals, names of independent directors, contents of resolutions, reasons for the recusal and participation in the voting shall be noted: None.

3. Communication between independent directors, internal audit and CPA:

(1)Communications method of independent directors with internal auditing officer and certified public accountants: The Company has put in place direct contact channel for independent directors to communicate with internal auditing officer and certified public accountants. In line with the regulation of the Authority, the independent directors audit the Company’s finance and business status regularly and communicates directly with management and corporate governance unit.

A. The Company’s internal auditing officer delivers internal auditing report at the quarterly meeting of the audit committee, covering status of execution of auditing operation, improvement and tracking, as well as effects, of the audited defects. In addition to delivery of written auditing report to independent directors monthly, internal auditing officer also makes specific business reports annually to the independent directors.

B. After completing the reviewing of the quarterly financial statements and the auditing of the annual financial statements, the Company’s certified pubic accountants report the result of the auditing or reviewing of the financial statements of the Company and its subsidiaries both domestic and overseas at the auditing committee. In addition, the Company’s certified pubic accountants at least twice a year, through separate meetings to conduct annual audit planning and audit summary report to independent directors, as well as other legally required communications items.

(2)The independent directors and internal auditing officer have good communication. Communication issues in 2024 are showed as follows.

Date and Communication Channel	Communication Items	Communication Result
20240314 Audit Committee	Internal Audit Execution Report for the Fourth Quarter of 2023	Independent directors had no further comments.
	Internal Control System Statement for the Year 2023	The following proposal was approved unanimously by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for final resolution.
20240509 Audit Committee	Internal Audit Execution Report for the First Quarter of 2024	Independent directors had no further comments.
20240808 Audit Committee	Internal Audit Execution Report for the Second Quarter of 2024	Independent directors had no further comments.
20241108 Audit Committee	Internal Audit Execution Report for the Third Quarter of 2024	Independent directors had no further comments.
20241218 Audit Committee	Annual audit plan of 2025	The following proposal was approved unanimously by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for final resolution.
20241218 Audit Items Communication Meeting	One-on-One Communication Between Independent Directors and Internal Audit Officer (Conducted without the presence of general directors or managerial officers) Discussion Topics: 1. Overview of the execution of the 2024 Audit Plan 2. Risk assessment and audit planning for 2025 3. Criteria for selecting subsidiaries for actual audit inspection	Recommendation by Independent Director Chin-Jung, Kuo: A written guideline should be established and followed regarding the current audit sampling methods and sample sizes. This would serve as a reasonable basis for verification by external parties during inspections. Response from Audit Office: A discussion has been scheduled for 2025, and the written guideline is planned to be finalized by the end of the year.

(3)The independent directors and certified public accountants have good communication. Communication issues in 2024 are showed as follows.

Date and Communication Channel	Communication Items	Communication Result
20240314 Audit Summary Stage Communication Meeting	One-on-One Communication Between Independent Directors and CPA (Conducted without the presence of general directors or managerial officers) Discussion Topics: 1. Summary of the 2023 audit findings, including audit scope and materiality, audit report, key audit matters, and other communication items 2. Explanation of Audit Quality Indicators (AQIs)	Independent directors had no further comments.

Date and Communication Channel	Communication Items	Communication Result
20240314 Audit Committee	Financial Statements and Consolidated Financial Statements for the Year Ended 2023	The following proposal was approved unanimously by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for final resolution.
20240509 Audit Committee	Consolidated Financial Statements for the First Quarter of 2024	The following proposal was approved unanimously by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for final resolution.
20240808 Audit Committee	Consolidated Financial Statements for the Second Quarter of 2024	The following proposal was approved unanimously by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for final resolution.
20241108 Audit Committee	Consolidated Financial Statements for the Third Quarter of 2024	The following proposal was approved unanimously by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for final resolution.
20241218 Audit Planning Stage Communication Meeting	One-on-One Communication Between Independent Directors and CPA (Conducted without the presence of general directors or managerial officers) Discussion Topics: 1. Audit plan for the year 2024, including audit scope and materiality, audit report, key audit matters, and other communication items. 2. Auditor's fees and the public disclosure of audit fee information. 3. Impact of recent regulatory updates.	Reminder from Independent Director Kuo, Chin-Jung: The revised IFRS 18 "Presentation and Disclosure in Financial Statements" is pending confirmation by the competent authority. Once finalized, the Company should engage in discussions to review and align the disclosure content in its financial statements accordingly.

(III) Corporate Governance Execution Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
1. Does the Company establish and disclose the Corporate Governance Best Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has formulated “Corporate Governance Best Practice Principles” and has been approved by the Board on April 12, 2018, which is also in accordance with “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”. These Principles have been revised five times from 2019 to 2024 in response to corporate development trend and the latest development of social and international issues concerned. These Principles have been announced on TWSE MOPS and the Company's website.	None
2. Shareholding Structure & Shareholders' Rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigation, and implement based on the procedure?	V		(1) The Company has established a spokesperson and the deputy spokesperson system which handles shareholders' suggestions or inquiries. Shareholder disputes and litigation matters are handled by the legal department. All related matters are processed in accordance with internal operating procedures.	None
(2) Does the Company possess the list of its major shareholders who control the Company substantially as well as the ultimate controller of these major shareholders?	V		(2) The Company has got hold of the list of major shareholders and their ultimate controllers, which is updated regularly.	None
(3) Does the Company establish and execute the risk management and firewall system with its affiliates?	V		(3) The Company has formulated “Subsidiary Supervision Regulations” and “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties”, and has clear personnel, assets and financial management rights and responsibilities with related companies. The Company regularly checks the accounting and internal control systems of affiliated companies, and establishes appropriate risk control and firewall mechanisms.	None
(4) Does the Company establish internal rules against insiders trading securities with undisclosed information?	V		(4) The Company has followed the “Regulations Governing Prevention of Insider Trading and Handling Material Inside Information” and “Code of Ethical Conduct” to prevent the Company's insiders from using information that has not been disclosed on the market to purchase and sell securities.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	V		(1)1. In line with the policy of membership diversification for the board of directors, as stipulated in the "Corporate Governance Best Practice Principles" which includes but not restrict the following two standards: (1) Basic condition: gender, age, nationality, race and culture, etc. (2) Professional knowledge and skill: professional background (such as law, accounting, industry, finance, marketing or technology), professional skill and industrial experience.	None

Assessment Item	Implemetation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
			<p>2. Management Objectives:</p> <p>(1) The female directors shall reach one-third of the Board ;</p> <p>(2) Independent directors shall comprise more than one-third of the Board ;</p> <p>(3) The number of directors concurrently serve as company executives shall not exceed one-third of the Board ;</p> <p>(4) No more than two directors shall have a spousal or second-degree family relationship.</p> <p>3.Execution:</p> <p>The Company select 7 directors at 2023 Shareholders' Meeting on June 21, 2023. The members of the board of directors boast mutually complemented industrial experience, as well as expertise in finance, accounting and law. The board members include one female director, accounting for 14.29% of the board. There are three independent directors, accounting for 42.86% of the board. The directors concurrently serve as cpmpany executives account for 28.57% of the board. None of any director have spousal or second-degree kinship relationships. Except for the proportion of female directors, all other aspects comply with the diversity policy objectives for board composition. Two independent directors have a cumulative term of 7-9 years, while one independent director has a cumulative term of 1-3 years. Members of the board actively attend board meetings, and effectively supervised and understood the implementation of the business plan. The actual attendance rate was 97.62% in 2024.</p>	
(2) In addition to compensation committee and audit committee established according to law, has the Company voluntarily established other functional committees?	V		(2) In order to establish a good governance system, rationalize and strengthen management functions, fulfill corporate social responsibilities, and attain sustainable development, the board of directors resolved to set up the "Corporate Social Responsibility Management Committee" on March 26, 2020 meeting, and further resolved to change the name to " Sustainable Development Committee" on Dember 18, 2024 (please refer to Note 1: Implementation Status of Sustainable Development Committee).	None
(3) Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		<p>(3) 1. In order to materialize corporate governance and clearly delineate performance objective, for enhancing the function and operating efficiency of the board of directors, the board of directors resolved to amend the "Procedures for Performance Evaluation of the Board of Directors" on April 5, 2017, in line with Article 37 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". Since 2017, at the end of every year, the stock affairs unit would collect information on the activities of the board of directors and issue questionnaires for self evaluation before recording the evaluation results and reporting them to the board of directors for review and improvement. Additionally, every three years, an external professional independent organization or a team of external expert scholars conducts an assessment of the performance of the Board of Directors and prepares an external evaluation analysis report.</p> <p>2. On January 25, 2024, the Board of Directors passed a resolution to amend the "Procedures for Performance Evaluation of the Board of Directors" of the Company. The main modifications include defining the scope of the performance evaluation and revising the performance measurement items for individual board members' self-assessment.</p>	None

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
			<p>3. (1) The “Board Performance Evaluation” for the year 2021 was conducted by the Board Evaluation Task Force of the Taiwan Corporate Governance Association.</p> <p>Evaluation Committee - convener: Wen-Lung, Chang, executive member: Chun-Cheng, Lin (executive member), Yi-Ching, Sung (evaluation specialist), Yi-En, Chen (evaluation specialist).</p> <p>Evaluation Period - August 1, 2021 to July 31, 2022.</p> <p>Scope of Evaluation - The operation of the Board of Directors and its functional committees, including the Audit Committee, Compensation Committee, and Corporate Social Responsibility Committee.</p> <p>Evaluation Method - In August 2023, a document review was conducted, covering internal policies, meeting minutes of the Board and functional committees, and self-assessment questionnaires completed by the company. On-site interviews with directors were conducted on September 8, 2023.</p> <p><u>Evaluation Results</u> :</p> <p>A. The Chairman and CEO of the Company are both professional executives, focusing on their respective roles. The Chairman leads the Board of Directors in formulating the Company's medium and long-term development strategies and making appropriate decisions on various board resolutions. The CEO formulates operational plans and budget targets based on the resolutions of the Board of Directors and regularly reports to the Board. The CEO is responsible for implementing the strategies and achieving the set goals.</p> <p>B. The Chairman respects the diverse expertise of the directors, and all board agenda items are thoroughly discussed prior to the meetings. The management team actively seeks the input of independent directors regarding important strategies for the Company's development. This approach enhances the effectiveness of decision-making on board resolutions and fosters a positive board meeting culture.</p> <p>C. The Company values corporate governance and the implementation of ESG practices. Proactively recognizing the operational needs, the Company established the Corporate Social Responsibility Management Committee (renamed as the Corporate Sustainability Development Promotion Committee in May 2022) ahead of regulatory requirements. The committee is chaired by an independent director. The Company has also initiated carbon footprint assessments in various facilities worldwide, following Scope 3 guidelines. The goal is to achieve reasonable assurance level verification through SGS carbon footprint verification statements for each factory by 2026. Furthermore, the progress will be reported to the Board of Directors quarterly, ensuring continuous monitoring of greenhouse gas inventory, verification, and disclosure timelines. This transparent approach demonstrates the Company's commitment to sustainable business practices and fulfilling the ESG goals of creating shared value.</p>	

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
			<p><u>Recommendations for improvement:</u></p> <p>A. The Company should consider the disclosure framework and template for Audit Quality Indicator (AQI) published by the regulatory authority. The Company conduct regular assessments of the suitability of auditors, taking into consideration factors such as timeliness of audit reports, the time invested by the engagement team, and their professional advisory and communication capabilities. These assessments serve as reference for the Audit Committee and the Board of Directors in making decisions regarding auditor appointments and reviewing audit fees. It strengthens the oversight relationship between the Board of Directors, the Audit Committee, and the auditors.</p> <p>B. The Company should have established a clear reporting system for the timely communication of material contingencies. The system includes the types of information to be reported, deadlines for reporting, communication methods, and reporting levels. This ensures that all members of the Board of Directors are promptly and fully informed about significant developments within the Company.</p> <p>The above performance evaluation report of the board of directors of 2021 has been submitted to the board of directors on November 9, 2022.</p> <p><u>Improvement plan:</u></p> <p>A. Since 2023, the Company has obtained AQI information from the external auditors annually to assess the suitability and as a reference for considering the appointment or reappointment of the external auditors.</p> <p>B. Subsequently, the Company will develop a process for reporting material contingencies events based on the actual operational processes and requirements of the Company, and submit it to the Board of Directors for approval.</p> <p>4. The “Board Performance Evaluation” and “Functional Committee Performance Evaluation” in 2024 were conducted by the stock affairs unit through self-assessment questionnaires completed by the Board of Directors, its members, and the functional committees. The evaluation covered areas such as understanding of the Company and recognition of duties, level of participation in company operations, enhancement of board decision-making quality, composition and structure of Board of Directors, directors’ professionalism, selection and continuing education, internal control, awareness of the responsibilities of functional committees, enhancement of committee decision-making quality, and composition and member selection of the committees. Corresponding evaluation indicators were designed according to the respective evaluation scopes. Based on the comprehensive analysis, the results indicated that the Board of Directors operated efficiently in 2024, and the functional committees effectively fulfilled their roles. The performance evaluation report was reported to the Board of Directors on March 14, 2025.</p>	

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
			5.The "Board Performance Evaluation Results" for each year will be provided to the "Compensation Committee" as a reference for individual directors' remuneration and nomination for renewal.	
(4) Does the Company regularly implement assessments on the independence of CPA?	V		<p>(4) 1. The Company conducts an annual assessment of the independence and qualifications of the external auditors. The initial assessment is conducted by the Company's stock affairs unit, and after the Audit Committee review, it is submitted to the Board of Directors for final approval.</p> <p>2. The Company requires Deloitte & Touche Taiwan, to provide an "Independence Statement" for the external auditors, and follow the disclosure framework and template provided by the Financial Supervisory Commission (FSC) in the "Audit Quality Indicators (AQI) Disclosure Framework and Template" to provide assessment reports on "Firm-Level Audit Quality Indicators" and "Engagement-Level Audit Quality Indicators." The firm and the external auditors excel in key indicators such as audit engagement efforts, and engagement quality control review, surpassing industry averages. In the audit process, the Company plans to incorporate a cloud audit platform and digital technology applications, and expands the Audit Support Center to enhance audit efficiency and ensure audit quality.</p> <p>3. The Company refers to the aforementioned Audit Quality Indicators (AQI) assessment reports and reviews the independence requirements, independence operations, and qualifications based on the "Assessment Table of Independent and Adaptability of Certified Public Accountant(Please refer to Note2)". CPAs Chao-Chin, Yang and Chi-Chen, Lee of Deloitte & Touche Taiwan were ascertained their conformance to the Company's evaluation standards, in terms of independence and adaptability, proving their qualification to become the Company's contracted CPA. The independence and adaptability of the external auditors has been discussed and approved at the Audit Committee and the the Board of Directors on March 14 ,2025.</p>	None
4. Has the Company appointed competent and appropriate number of personnel responsible for corporate governance matters, and delegated the company's corporate governance supervisors to be in charge of such matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors in complying with laws and regulations, handling matters related to Board meetings and shareholders' meetings according to the law, and producing minutes of the Board meetings	V		<p>1. The Company complies with Article 4 of the "Corporate Governance Best Practice Principles" to appoint the Assistant Manager of Financial Management Division Kun-Chin, Lin as the Company's corporate governance supervisors, which had approved by the Board of Directors on January 17, 2020, and assign two dedicated personnel to handle corporate governance related affairs. He has more than three years of experience of corporate governance related affairs in a public company, and is responsible for</p> <p>(1)Handling in a legal manner affairs related to the meetings of the board of directors and shareholders' meeting.</p> <p>(2)Production of minutes of the meetings of the board of directors and shareholders' meeting.</p> <p>(3)Assistance for directors in assuming their offices and continual training.</p> <p>(4)Undertaking continuing provision of data needed by directors in the execution of their duties.</p> <p>(5)Assistance for directors in legal compliance.</p> <p>(6)Report to the board of directors on the examination results regarding the qualification of independent directors during the nomination, election, and tenure periods, ensuring compliance with relevant laws and regulations.</p>	None

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
and shareholders' meetings)?			(7) Handling matters related to changes in directors. (8) Other matters as stipulated in the Company's Articles of Incorporation or contracts. 2. According to article 36-3 of "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets," Mr. Lin has completed below training. <ul style="list-style-type: none"> ● On June 27, 2024, Taiwan Corporate Governance Association, The Role and Responsibility of Board of Directors and Senior Management in ESG Governance (3 hours) ● On June 27, 2024, Taiwan Corporate Governance Association, Starting from TIPS: How Enterprises Can Build Intellectual Property Risk Prevention and Control (3 hours) ● On September 20, 2024, Securities & Futures Institute, 2024 Insider Trading Prevention Seminar (3 hours) ● On November 29, 2024, Securities & Futures Institute, 2024 Compliance Seminar on Insider Equity Trading Regulations (3 hours) 	
5. Has the Company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		1. The Company attaches great importance to stakeholders' communication topics and channels. It has smooth communication channels with stakeholders in various fields such as employees, customers, suppliers/contractors, shareholders/investors, society and government. Regular/irregularly publish information or communicate directly with stakeholders, respect and maintain their legitimate rights and interests, and implement corporate governance integrity and transparency. The communication status with stakeholders in 2024 (Please refer to Note 3: Stakeholder Communication Topics and Channels) will be reported to the board of directors on May 9, 2025. 2. A ESG section has also been established on the Company's website, and a dedicated person was appointed to respond the important corporate social responsibility issues that stakeholders are concerned about.	None
6. Has the Company commissioned a professional stock affair agency to manage shareholders' meetings relevant affairs?	V		The Company has appointed a professional stock affair agency to handle shareholder meeting affairs. Stock Agency: Stock Affairs Agency of China Trust Commercial Bank (Tel: 886-2-6636-5566, Address: 5th Floor, No. 83, Section 1, Chongqing South Road, Zhongshan District, Taipei City).	None
7. Information Disclosure				
(1) Does the Company establish a website to disclose information on financial operations and corporate governance?	V		(1) The Company institutes a website (http://www.nanpao.com.tw) for disclosing the status of financial, operations and corporate governance.	None
(2) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	V		(2) The Company institutes an English website (http://www.nanpao.com) and appoints a designated personnel to disclosure of Company information. In addition, a spokesperson system is established to clearly define the division of rights and responsibilities of the spokesperson. The spokesperson should disclose company information to all investors and media at the same time in a fair manner. Information related to the investor conferences are also disclosed on the Company's website.	None

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and file the first, second and third quarter financial reports and operating conditions of each month as early as possible before the prescribed deadline?	V		(3) The Company publishes and declares annual financial reports (within 75 days), the first, second, and third quarter financial reports (within 45 days) and monthly operating conditions (before the 10th day of each month) within the time limit specified in Article 36 of the Securities Exchange Law. Due to the large number of entities involved in the group merger, temporarily not been able to announce and declare the annual financial report within two months after the end of the fiscal year. 2024 annual financial statements have been announced and declared on March 14, 2025.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to staffers' interests, concern for staffers, investor relationship, supplier relationship, stakeholders' rights, advanced study of directors and supervisors, execution of risk-management policy and criteria for risk assessment, execution of customer policy, and taking out of liabilities insurance for directors, and supervisors)?	V		<ol style="list-style-type: none"> 1. In order to safeguard employees' benefits, labor union has been established, on top of regular labor management meeting, as a bridge of communications with employees. 2. The Company set up Employees' Welfare Committee as early as 1975, in charge of pushing various welfare measures and planning series of measures caring for employees' families, so as helping employees build a harmonious familial relationship, improve their health, and enhance their performance accordingly. 3. The Company has set up a unit dedicated to periodic disclosure the Company's major business information, boosting information transparency, as well as a feedback mechanism for accepting suggestions of investors on the Company's development, in addition to active participation in investor conference, so that investors can have firm grip on the Company current business status and development planning. 4. To achieve the goal of sustainable development in the supply chain, the Company requires all group partner suppliers to sign the "Supplier Code of Conduct". As of 2024, 96.3% of raw material suppliers within the Group have completed the signing of the declaration. In addition, the Company has established the "Supplier ESG Risk Assessment Guidelines" to conduct ESG risk management and evaluations for key suppliers. Based on the Supplier ESG Risk Self-Assessment Questionnaire, the Company assesses key suppliers on sustainability risks related to environmental, social, human rights, and corporate governance aspects. Through continuous communication and improvement, the Company aims to build a resilient and sustainable supply chain. 5. To uphold the rights of stakeholders, the Company has dedicated personnel/areas to respond to shareholders and stakeholders. They can express their suggestions and complaints via telephone, fax or e-mail, and employees are also encouraged to report violation of laws or regulations via dedicated mailbox. 6. To continuously enhance the professional knowledge and legal literacy of board members and to support the effective operation of the Board, the stock affairs unit assists in arranging training programs for directors. In 2024, all directors completed the required training hours in accordance with the "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies". For details, please refer to Note 4: Advanced education for directors. 7. The Company has dedicated to the establishment of a complete risk-management system, actively taking into account all the risks which may occur in the Company's operation and assuring compliance by the 	None

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Explanation	
			<p>Company with related laws and regulations. Meanwhile, assure continuing effectiveness of the Company's internal control system via auditing office. Various auditing tasks by the auditing office ascertain the effectiveness of the Company's internal control system, as shown in the low risk of various environmental indicators in 2024.</p> <p>8. In order to provide customers with a full range of services and guarantees, the Company's technical service department has assembled professionals with experienced technical to accumulate solutions of technical problems for a long time, and establish a complete big database that can provide customers with professional technical services nearby. In terms of customer privacy protection, the business information, transaction data, or any data related to customer privacy they provide are sorted and archived by dedicated personnel, and personal information management is implemented to comply with Personal Data Protection Act. No records of any customer complaints regarding information security or privacy violations were received in 2024.</p> <p>9. The Company has taken out liabilities insurance for directors covering possible liabilities related to their responsibilities they are legally required to bear during their tenure since 2017. This is done to reduce and spread the risk of significant damage to the Company and its shareholders resulting from directors' mistakes or negligence. Report on the insurance, including insurance amount (US\$8 million), coverage (all the directors, managers, and members of functional committees), premium rate, and insurance period (2024) was delivered at the meeting of the board of directors on November 8, 2024.</p>	
<p>9. Please explain the improvement of the Company's corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the past year, and propose priorities and measures for criteria that have not been improved:</p> <p>(1) On April 30, 2024, the Taiwan Stock Exchange announced the results of the 10th Corporate Governance Evaluation for the year 2023. The Company received a total score of 97.74, ranking in the top 6%–20% among all listed companies.</p> <p>(2) Improved situation:</p> <p>A. In 2024, the Company reported individual director remuneration at the shareholders' meeting, including remuneration policy, individual remuneration details, and amounts.</p> <p>B. In 2024, the Company disclosed in the 2024 annual report and sustainability report the linkage between performance evaluations and remuneration for directors and managers, as well as policies linking senior management remuneration with ESG-related performance evaluations.</p> <p>C. The 2024 sustainability report was submitted to Board of Directors approval.</p> <p>D. In 2024, the Company established policies for reducing greenhouse gas emissions, water usage, and waste management, including reduction targets, measures, and achievements, to be disclosed in the annual report or sustainability report.</p> <p>(3) Priorities and measures for strengthening:</p> <p>A. In 2025, the Company will formulate concrete measures to enhance corporate value, submit the plan to the Board of Directors, and disclose relevant information on the Market Observation Post System (MOPS) under the "Corporate Value Enhancement Plan" section.</p> <p>B. In 2025, the Company will establish an energy management plan, and disclose the implementation status on the Company website, annual report, or sustainability report.</p> <p>C. In 2025, the Company plans to conduct an employee satisfaction survey, and will disclose the results and corresponding improvement plans on the Company website, annual report, or sustainability report.</p>				

Note 1 : Implementation Status of Sustainable Development Committee

In order to establish a good governance system, rationalize and strengthen management function, fulfill corporate social responsibilities, and attain sustainable development, the Company's board of directors resolved on March 26, 2020 to set up "Corporate Society Responsibility Management Committee" and change the name to "Sustainable Development Committee" on December 18, 2024. The committee consists of more than three directors, over half of them independent directors, with convener and chairman of committee meetings being served by an independent director to be elected by committee members. According to the Company's "Articles of Sustainability Development Committee", the committee convenes at least twice a year and is in charge of the formulation of sustainable policies, the planning and execution of sustainable development goals, and implementation of sustainable management matters, etc. The Chairman of Sustainable Development Committee convened 3 meetings in 2024. The attendance status is as follows.

Title	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remarks(Note 1)
Convener & Chairman	Yun, Chen	3	0	100	Industry Knowledge
Member	Ming-Hsien, Hsu	3	0	100	Industry Knowledge and Management
Member	Cheng-Hsien, Wu	3	0	100	Industry Knowledge and Management
Member	Yung-Cheng, Chiang	3	0	100	Law Expertise
Member	Kuo Chin Jung	3	0	100	Accounting and Management Expertise

Note 1: Please refer to Page 10~15 Directors' Professional Qualifications and Independent Directors' Independence Status for details.

Other matters to be specified:

1. In case the board of directors turns down suggestions of Sustainable Development Committee, specify the date and number of the meeting, contents of the case, resolutions of the board of directors, and status of the handling of the committee's opinions by the company: None.
2. Opposition or reservation of members on record or in written statement against resolutions of Sustainability Development Committee: None.
3. The main items reviewed are summarized below:

Sustainable Development Committee	Contents of Resolutions	Result
3-2 (2024.05.09)	1. Report on the Revised Target for Installed Capacity of Renewable Energy	Noted. No further suggestions.
	2. Report on the Assessment Results of Risks and Opportunities under TCFD Framework	
	3. Analysis Results of Material Topics in the Company's Sustainability Report	The following proposals were unanimously approved by all attending committee members after being consulted by the chairperman and was submitted to the Board of Directors for resolution.
3-3 (2024.08.08)	1. 2023 Sustainability Report and Sustainability Performance of the Company	The following proposals were unanimously approved by all attending committee members after being consulted by the chairperman and was submitted to the Board of Directors for resolution.

	Sustainable Development Committee	Contents of Resolutions	Result	
	3-4 (2024.12.18)	1. Progress Report on the Implementation of the 2024 Sustainability Development Plan 2. Report on the Establishment of the Sustainability Governance Structure	Noted. No further suggestions.	
		3. Sustainability Policy List and the 2025 Sustainability Development Plan of the Company 4. Amendment to the Company's "Article of Sustainable Development Committee"	The following proposals were unanimously approved by all attending committee members after being consulted by the chairperman and was submitted to the Board of Directors for resolution.	

Note 2 : Assessment Table of Independence and Adaptability of Certified Public Accountant

Item		Result	Comply with the standard
1. Benefit of Financial			
i	Is there any direct or significant indirect financial interest between the members of the audit service team of the accounting firm and their family members and the Company?	None	V
ii	Other practicing accountants of the accounting firm and their family members, do they have any direct financial interests or significant indirect financial interests with the Company?	None	V
iii	Do the accounting firm and its affiliated enterprises have any direct financial interests or significant indirect financial interests with the Company?	None	V
2. Financing and Guarantees			
i	Has there been any mutual financing or guarantee arrangements between the Company, the accounting firm, affiliated entities, and the audit service team members?	None	V
3. Business Relationship			
i	Does the accounting firm, its related entities, and members of the audit service team have any close business relationships with the Company, its directors, or executives? Examples of such relationships include: <ul style="list-style-type: none"> ■ Significant strategic alliances with the Company, its controlling shareholders, directors, or executives that involve substantial benefits. ■ The firm or its affiliated entities forming alliances by aligning their service offerings or products with those provided by the Company, and jointly marketing them to external parties. ■ The firm or its affiliated entities promoting or marketing their products or services on behalf of the Company, and benefiting from such activities. 	None	V
ii	Is the Company engaged in normal commercial transactions involving the sale of goods or provision of services to the firm, its affiliated entities, or members of the audit service team?	Yes	V
4. Family and Personal Relationships			
i	Are the family members of the audit engagement team members not serving as directors, executives, or holding positions with direct and significant influence on the audit work of the Company, or having previously held such positions during the audit period?	Yes	V
ii	Are the close relatives of the audit engagement team members not serving as directors, executives, or holding positions with direct and significant influence on the audit work of the Company, or having previously held such positions during the audit period?	Yes	V

Item		Result	Comply with the standard
5. Employment Relationship			
i	Are the accounting firm or members of the audit service team not holding any positions as directors, supervisors, or managers of the Company, nor having direct and significant influence on the audit work?	Yes	V
ii	When a member of the audit service team, accountant, or accounting firm resigns as the auditor and is subsequently employed by the Company, please consider the following circumstances to assess the impact on the independence of the auditor: <ul style="list-style-type: none"> ■ Positions held within the Company. ■ Duration of time between leaving the accounting firm and being hired by the Company. ■ Significance of past positions held within the accounting firm. 	No such circumstances exist	V
iii	Are there no known instances of audit team members being hired by the Company in the future period?	Yes	V
iv	Have the accountants or employees of the accounting firm or affiliated companies not provided services to the directors, supervisors, executives, or equivalent positions of the Company?	Yes	V
6. Gifts and Special Favors			
i	Is the Company's provision of gifts or special favors to members of the audit service team considered a normal social or business practice, with values that are not significant and without any motive or intention to influence professional decisions or obtain confidential information?	Yes	V
7. Rotation of the Signing Accountant			
i	The lead accountant serving in the Company shall not exceed seven years, and after rotation, a minimum two-year interval is required before reappointment.	Yes	V
8. Non-audit Business			
i	Inquire about the details of non-audit services provided by the auditor to the Company and their impact on independence.	Yes (Note)	V
9. Auditor's Independence and Statement Reference to AQIs			
i	Obtain the auditor's independence statement from the Audit Committee.	Yes	V
ii	Obtain the evaluation report from the registered public accounting firm in accordance with the AQIs, confirming that the accounting firm has demonstrated independence and professional competence.	Yes	V

Note: After confirming the pre-approved list of non-audit services and the independent assessment for 2025, the auditor's provision of non-audit services to the Company will not have significant impact on their independence.

Note 3 : Stakeholder Communication Topics and Channels

Stakeholder	Topics of Communication	Channels and Frequency	Communication Efficiency/Achievement
Employee	<ul style="list-style-type: none"> • Employee Compensation and Benefits • Employee Performance Evaluation Mechanism • Talent Cultivation and Development • Physical and Mental Health and Workplace Safety • Labor Relations • Operational Performance • Employee Feedback and Communication 	<ul style="list-style-type: none"> • Employee Performance Reviews (semi-annually) • Employee Education and Training (periodically) • Safety and Health Committee Meetings (quarterly) • In-factory Safety Meetings (twice per quarter) • Labor-management Meetings (quarterly) • Internal Communication Meetings(weekly/monthly) • Bi-weekly Employee Meetings(bi-weekly) • Internal Electronic Bulletin Board (periodically) • Employee Opinion Mailbox (real-time) • Whistleblower Reporting Procedure (real-time) 	<ul style="list-style-type: none"> • Regular semi-annual review of employee performance and annual submission of promotion recommendations for outstanding performers. • In 2024, a total of 21,822 participants attended courses from various academies on the company's learning and development platform, with an average of 6.55 trainings per employee, totaling 24,689 training hours. • On May 8, 2024, a Mother's Day appreciation saxophone concert was held by the employee music club, with 164 participants. • On December 14, 2024, the company hosted its first on-site Family Day event, with 836 participants. • In 2024, a total of 4 safety and health committee meetings and 8 in-factory safety meetings were held to discuss and improve audit deficiencies. • Completed external audit of the occupational health and safety and environmental management systems in November 2024. • The Company held 4 labor-management meetings in 2024. • In 2024, a total of 48 management coordination meetings, 12 business management meetings, and 70 bi-weekly meetings were held. During these communication meetings, supervisors at all levels shared information about the Company's operations and technological developments with employees. • Various employee welfare matters, welfare committee information, important company operational updates, training course information, and annual performance management processes were irregularly posted on the electronic bulletin board. • A total of 17 ESG material impact assessments (positive and negative) were completed by internal supervisors. • A total of 223 stakeholder concern surveys were completed by internal employees.

Stakeholder	Topics of Communication	Channels and Frequency	Communication Efficiency/Achievement
Customer	<ul style="list-style-type: none"> • Customer Satisfaction Surveys • Innovation and Green Products • Service/Product Quality • Marketing Communication • Customer Protection and Communication 	<ul style="list-style-type: none"> • Customer Satisfaction Surveys (annually) • Innovation Technical Seminars (annually) • Customer service hotline and email (real-time) • Official Website, Social Media Platforms (periodically) • Technical Innovation Exhibitions (annually) • Business Contact Window (real-time) 	<ul style="list-style-type: none"> • Conduct customer satisfaction surveys annually, analyze the results, and formulate strategies. In 2024, a total of 262 survey questionnaires were distributed. • Held 2 technical seminars in 2024. • The green, low-carbon, high-performance adhesive developed for consumer industrial use in 2024 received the TCIA Net Zero Achievement Award. • Regularly conduct external audits of the quality management system (December, 2024), as well as internal, process, and product audits. • Awarded the adiFormulator ZDHC Level 3 Annual Champion by Adidas. • Recognized as an Outstanding Import and Export Enterprise for the year 2023. • Announcements and promotional information are periodically updated on the official website and Facebook community. • Participation in the 2024 Taipei Innovative Textile Application Show (TITAS), showcasing the high-bio-based "ECO FRESH" product series. • Participated in the 7th Asian Regional Adhesive Council (ARAC 2024), where Nan Pao Resins was invited for the first time as a keynote speaker to share its latest eco-friendly adhesive solutions for woodworking. • The technical service team provides professional support and solutions for customer product and technical issues. • No records of customer complaints regarding information security or privacy infringement were received in 2024. • A total of 157 stakeholder concern questionnaires were completed by external customers.

Stakeholder	Topics of Communication	Channels and Frequency	Communication Efficiency/Achievement
Suppliers /Contractors	<ul style="list-style-type: none"> • Green Supply Chain Management • Product Quality • Professional Ethics • Regulatory Compliance 	<ul style="list-style-type: none"> • Supplier Assessment (annually) • Supplier On-site Audits (annually) • Supplier Questionnaires and Declarations (periodically) • Contractor Safety Meeting (annually) 	<ul style="list-style-type: none"> • Conducted assessments for a total of 454 raw material suppliers in January, and July 2024. • Conducted risk assessments and on-site audits (supplier visits) for 7 key suppliers in 2024. • In 2024, the proportion of locally sourced materials for production was 81.8%. • Received 55 completed ESG risk assessment questionnaires from raw material suppliers in 2024; additionally, conducted ESG risk audits and on-site inspections for 2 suppliers. • In 2024, 96.3% of group raw material suppliers completed the signing of the Supplier Code of Conduct. • Relevant terms and regulations are stipulated in contracts with suppliers to ensure supplier compliance. • A total of 122 stakeholder concern questionnaires were completed by external suppliers/contractors.
Shareholders /Investors	<ul style="list-style-type: none"> • Corporate Governance • Financial Performance Transparency • Corporate Operational Development • Sustainable Development Strategy • Risk Management 	<ul style="list-style-type: none"> • MOPs(regular/irregular) • Investor Conferences (quarterly) • Disclosure of Information on Official Website (regular/irregular) • Shareholders' Meeting and Annual Report (annually) • Domestic and Overseas Investor Forums (periodically) • Visits from Investment Institutions or Brokerage Firms (periodically) • Investor Relations Contact Window (real-time) 	<ul style="list-style-type: none"> • Selected as a constituent stock of the "Corporate Governance 100 Index". • Achieved a score of 105.68 in the 11th Corporate Governance Evaluation by the Taiwan Stock Exchange in 2024, ranking for the first time in the top 5% of listed companies. • In the 2024 S&P Corporate Sustainability Assessment, scored 75 points, ranking top 2% among 532 chemical companies worldwide. • Selected as a member of the CSA Sustainability Yearbook for the first time in 2024. • In the 2024 FTSE Russell ESG rating, scored 3.7 points, better than the global specialty chemicals industry average of 2.5 points. • Participated in the 2024 Carbon Disclosure Project (CDP), receiving a score of B (Management Level) in both Climate Change and Water Security questionnaires. • Monthly revenue announcements are posted on the Taiwan Stock Exchange's Market Observation Post system; 50 significant messages in both Chinese and English. • Invited to participate in 6 investor conferences in 2024, with 2 audio links uploaded. • Regularly publish financial information press releases on the Company website: 12 monthly revenue press releases, 2 quarterly business performance press releases. • The 2024 Annual General Shareholders' Meeting was held on June 17, 2024. • A total of 13 stakeholder concern questionnaires were completed by external shareholders/investors.

Stakeholder	Topics of Communication	Channels and Frequency	Communication Efficiency/Achievement																					
Society	<ul style="list-style-type: none">Community Engagement and CareEnvironmental ProtectionVolunteer ServicesOccupational Safety and Health	<ul style="list-style-type: none">Nan Pao Social Welfare Foundation (real-time)ESG contact email (real-time)Volunteer Service Activities (periodically)Project Donations and Sports Sponsorships (periodically)	<ul style="list-style-type: none">From its establishment at the end of 2007 until 2024, Nan Pao Social Welfare Foundation has accumulated a total donation amount of NT\$86.96 million.In 2024, the Nan Pao Social Welfare Foundation allocated its expenses as follows:<div>Unit: NT\$<table><tr><td></td><td>Children's Education</td><td>Vulnerable Care</td><td>Community Culture</td><td>Elderly Welfare</td><td>Others</td><td>Total</td></tr><tr><td>Amount</td><td>2,615,000</td><td>1,610,500</td><td>850,000</td><td>830,000</td><td>1,305,150</td><td>7,213,650</td></tr><tr><td>Percentage</td><td>36%</td><td>22%</td><td>12%</td><td>12%</td><td>18%</td><td>100%</td></tr></table></div> <p>Note: Others include emergency relief, volunteer services, and sports donations.</p> <ul style="list-style-type: none">Continuously organizing "Community Visits to the Factory" events, inviting community residents to visit the factory and promote community safety communication.Irregularly organizing a "Chemical Workplace Experience" activity, enhancing students' professional knowledge and skills while promoting school-enterprise cooperation and exchange.Held the “Ignite Hope, Spread Love – Christmas Charity Event,” where employees selected gifts from the Eden Social Welfare Foundation’s wish list to share love and positive energy.Awarded the "2024 Happiness Enterprise Silver Award" in the 1111 Human Resources Bank poll.A total of 21 stakeholder concern questionnaires were completed by external social engagement.		Children's Education	Vulnerable Care	Community Culture	Elderly Welfare	Others	Total	Amount	2,615,000	1,610,500	850,000	830,000	1,305,150	7,213,650	Percentage	36%	22%	12%	12%	18%	100%
	Children's Education	Vulnerable Care	Community Culture	Elderly Welfare	Others	Total																		
Amount	2,615,000	1,610,500	850,000	830,000	1,305,150	7,213,650																		
Percentage	36%	22%	12%	12%	18%	100%																		
Government	<ul style="list-style-type: none">Regulatory ComplianceCommunication with Regulatory AuthoritiesOccupational Safety and HealthGreenhouse Gas ReductionEnvironmental ProtectionEnergy Management	<ul style="list-style-type: none">Comply with regulatory requirements and submit regular reportsCooperate with regulatory supervision and auditsParticipate in special meetings held by regulatory authorities irregularlyNon-financial information disclosure: Annual publication of corporate sustainability report	<ul style="list-style-type: none">Respond promptly to stock exchange surveys, completing 20 surveys in 2024.Completed annual disclosure of Environmental, Social, and Governance (ESG) information by June each year.Participate in regulatory briefings or forums held by authorities as needed.Implement the ISO45001 Occupational Safety and Health Management System to systematically promote occupational safety and health management, ensuring compliance and effective execution.Publish an annual corporate sustainability report, detailing specific actions and results in Environmental (E), Social (S), and Governance (G) aspects.A total of 11 stakeholder concern questionnaires were completed by external government.																					

Note 4 : Advanced education for directors:

Title	Name	Date	Organizer	Training Course	Time
Chairman	Cheng-Hsien, Wu	May 10, 2024	Taiwan Directors Association	Using Policy Tools for Better Governance and R&D Risk Management	3 hrs
		Jun. 19, 2024	Taiwan Investor Relations Institute	Carbon Exchange Support and Outlook & Data-Driven Decarbonization for Operational Excellence	3 hrs
		Jun. 19, 2024	Taiwan Investor Relations Institute	Practical Insights into Sustainability Report Preparation	3 hrs
Director	Pou Chien Enterprise Co., Ltd. Representative: Wang-Chyan, Lin	Jul. 3, 2024	TWSE	2024 Cathay Sustainable Finance and Climate Change Summit	6 hrs
		Sep. 6, 2024	Securities and Futures Institute	2024 Insider Trading Prevention Promotion Conference	3 hrs
		Nov. 18, 2024	Taipei Foundation Of Finance	Sustainable Finance	3 hrs
Director	Guang Rong Investment Ltd. Representative: Ming-Hsien, Hsu	May 09, 2024	Chinese Corporate Management and Sustainable Development Association	Corporate Governance and Securities Regulations – Information Disclosure System and Relevant Regulations for Listed Companies	3 hrs
		May 10, 2024	Taiwan Directors Association	Using Policy Tools for Better Governance and R&D Risk Management	3 hrs
Director	Guang Rong Investment Ltd. Representative: Ying-Lin, Huang	May 09, 2024	Chinese Corporate Management and Sustainable Development Association	Corporate Governance and Securities Regulations – Information Disclosure System and Relevant Regulations for Listed Companies	3 hrs
		May 10, 2024	Taiwan Directors Association	Using Policy Tools for Better Governance and R&D Risk Management	3 hrs
Independent Director	Yun, Chen	May 10, 2024	Taiwan Directors Association	Using Policy Tools for Better Governance and R&D Risk Management	3 hrs
		Jun. 19, 2024	Taiwan Investor Relations Institute	Carbon Exchange Support and Outlook & Data-Driven Decarbonization for Operational Excellence	3 hrs
Independent Director	Yung-Cheng, Chiang	Apr. 17, 2024	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3 hrs
		Jul. 3, 2024	TWSE	2024 Cathay Sustainable Finance and Climate Change Summit	6 hrs
Independent Director	Chin-Jung, Kuo	Jun. 3, 2024	Securities and Futures Institute	Institutional Investors Perspective Forum	3 hrs
		Jun. 18, 2024	National Federation of CPA Associations of the Republic of China	International Trends and Practices in Anti-Money Laundering	3 hrs

(IV) Compensation Committee

1. Information Regarding Compensation Committee Members

Criteria Roles Name		Professional Qualifications and Experience	Independence Status	Number of Compensation Committee Members ship in Other Public Companies
Independent Director	Yun, Chen	Please refer to Page 13~15 disclosed information about director qualification and independence.	According to the Company's articles of incorporation and the "Corporate Governance Best Practice Principles", directors are appointed through a candidate nomination system. When nominating and selecting board members, the Company has obtained written statements, work experience, current employment certificates, and a list of relatives from each director to verify the independence of the independent directors, spouses, and relatives within three degrees from the Company. Additionally, the Company has verified that the following three independent directors met the qualification requirements set forth by the Financial Supervisory Commission's "Regulations Governing the Establishment of Independent Directors of Public Companies and Compliance Matters" and Article 14-2 of the Securities Exchange Act during the two years prior to their appointment and throughout their tenure. Moreover, the independent directors have been granted sufficient authority to participate in decision-making and express opinions in accordance with Article 14-3 of the Securities Exchange Act, thereby independently executing their relevant duties.	0
Independent Director	Yung-Cheng, Chiang			3
Independent Director	Chin Jung, Kuo			1

2. Responsibilities of the Compensation Committee

- (1) Regularly review the Articles of Compensation Committee and propose amendments if necessary.
- (2) Establish and periodically review the policies, systems, standards, and structures for the annual and long-term performance-based compensation of the directors and executives of the Company.
- (3) Regularly assess the achievement of performance targets by the directors and executives of the Company and determine the content and amount of their individual compensation packages.

3. Compensation Committee Meeting Status

- (1) There are three members in Compensation Committee of the Company.
- (2) The tenure of current committee members: From June 21, 2023 to June 20, 2026. The Chairman of Compensation Committee convened 4 meetings in 2024. The attendance status is as follows.

Title	Name	Attendance in person	By proxy	Attendance Rate (%)	Remarks
Convener & Chairman	Yun, Chen	4	0	100	Should attend 4 times
Member	Yung-Cheng, Chiang	4	0	100	Should attend 4 times
Member	Chin Jung, Kuo	4	0	100	Should attend 4 times

Other matters to be specified:

1. If the Board of Directors rejects or amends the suggestions submitted by the Compensation Committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Compensation Committee's opinions: None.
2. If any member has expressed opposition or reservation with respect to the resolution of the Compensation Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Compensation Committee and actions taken in response to the member's opinions: None.
3. Discussion and resolutions adopted by the Compensation Committee in 2024:

Compensation Committee	Contents of Resolutions	Result
4-3 (2024.01.25)	1. The Company's proposal of 2023 performance-based bonuses for managers. 2. The Company's proposal to amend "Procedures for Performance Evaluation of the Board of Directors".	The following proposals were unanimously approved by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for resolution.
4-4 (2024.03.14)	1. The Company's proposal of 2023 employee and directors' remuneration distribution.	The following proposals were unanimously approved by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for resolution.
4-5 (2024.05.09)	1. The Company's proposal of retirement application and pension payment for managers. 2. The Company's proposal to amend "Remuneration payment method for directors, functional committees and managers".	The following proposals were unanimously approved by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for resolution.
4-6 (2024.08.08)	1. The Company's proposal of 2023 employee remuneration distribution for managers. 2. The Company's proposal of appointment and salary adjustment for managers.	The following proposals were unanimously approved by all attending committee members upon inquiry by the Chair and was submitted to the Board of Directors for resolution.

(V) The Company's implementation of sustainable development, differences from the practices of TWSE/TPEX Listed Companies, and reasons for the differences

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Summary	
1. Does the Company establish exclusively (or concurrently) dedicated units to implement sustainable development, and does the Board of Directors appoint executive level positions with responsibility for sustainable development to supervise the status of the implementation to the Board of Directors?	V		<p>1. The Company regards the Board of Directors as the highest decision-making unit for sustainability-related issues. The Company's board of directors resolved to set up the "Corporate Society Responsibility Management Committee" on March 26, 2020 meeting, and further resolved to change the name to "Sustainable Development Committee" on December 18, 2024. The committee consists of more than three directors, over half of them independent directors, with convener and chairman of committee meetings being served by an independent director to be elected by committee members. Meetings are held regularly every year.</p> <p>2. The committee is responsible for overseeing the implementation of sustainability goals and monitoring the execution of sustainability policies. A dedicated unit, the "Sustainability Development Office," has been established under the committee to serve as a cross-functional communication platform that integrates vertical and horizontal coordination across departments. This office comprises task-specific groups based on key issues, including the Sustainable Planning Group, Corporate Governance Group, Economic Group, Environmental Group, and Social Group. Through regular meetings, the office identifies sustainability issues relevant to the company's operations and of concern to stakeholders, formulates corresponding strategies and action plans, allocates budgets related to sustainability across departments, and plans and implements annual initiatives. It also monitors implementation outcomes to ensure that sustainability strategies are effectively integrated into the company's day-to-day operations.</p> <p>3. The Chairman of the Sustainable Development Committee reports annually to the Board of Directors on the execution results of sustainability initiatives and future work plans. In 2024, the Committee held a total of three meetings, with agenda items including: a. Identification of material topics and formulation of management approaches; b. Progress on the preparation of the Sustainability Report; c. The Sustainability Policy List and Implementation Plan; d. The organizational structure for sustainability development and its execution outcomes.</p> <p>4. The work plan and achievement report for 2024 have been submitted by the Sustainability Development Office to the Sustainable Development Committee on May 9, 2024, and December 18, 2024, respectively. The related execution status report is expected to be presented at the Board of Directors meeting on August 8, 2025. The sustainability report for 2024 is scheduled to be submitted to the Board of Directors for approval on August 8, 2025, and subsequently released.</p>	None
2. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance	V		<p>1. This disclosure covers the Company's sustainability performance at major sites from January to December 2024. The risk assessment boundary primarily focuses on the Company itself, including existing sites in Taiwan, Mainland China, and other regions in Asia. Based on the relevance to core business operations and the level of impact on material topics, the following subsidiaries are included in the scope: Foshan Nan Pao, Foshan Nan</p>	None

Assessment Item	Implementation Status			Discrepancy and The Reasons																						
	Yes	No	Summary																							
with the materiality principle, and formulate relevant risk management policies or strategies?			Pao Advanced Materials, Dongguan Nan Pao, Dongguan Jiaqin, Fuqing Nan Pao, Kunshan Nan Pao, Vietnam Nan Pao, Vietnam Materials, Vietnam Advanced Materials, Vietnam NNV, Indonesia Nan Pao, and Thailand Nan Pao.																							
			2. The 2024 Sustainability Report was led by the Sustainability Development Office and prepared in accordance with the GRI Universal Standards 2021. The report incorporated ESG-related topics by referencing internationally relevant issues and the United Nations Sustainable Development Goals (SDGs). In addition, it considered the Company’s internal risk assessment analysis, stakeholder concerns, and the impact on business operations and sustainable development. Material topics were identified based on the severity and likelihood of their impact, followed by the formulation and implementation of concrete action plans to mitigate associated risks.																							
			3. Based on the assessed risks, the following corresponding risk management policies or strategies have been established:																							
			<table><tr><th>Material Topic</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td rowspan="2">Chemical Safety Management</td><td>Exceedance of Substances of Very High Concern (SVHCs) in Products</td><td><ul style="list-style-type: none">• Chemical Reduction and Substitution• Emergency Response Planning and Personnel Training</td></tr><tr><td>Chemical Storage and Transportation Safety</td><td><ul style="list-style-type: none">• Safe Storage and Labeling• Regulatory-Compliant Transportation and Protection Measures</td></tr><tr><td rowspan="2">Occupational Safety and Health & Emergency Response</td><td>Fire Incident</td><td><ul style="list-style-type: none">• Promotion of Safety Culture• Commitment to Zero Occupational Accidents</td></tr><tr><td>Employee Occupational Injury</td><td><ul style="list-style-type: none">• Prevention of Occupational Diseases• Regular Fire Drills</td></tr><tr><td>Waste Management</td><td>Improper Waste Disposal</td><td><ul style="list-style-type: none">• Source Reduction and Recycling• Compliant Disposal and Contractor Management</td></tr><tr><td>Circular Economy</td><td>Lag in New Product Development</td><td><ul style="list-style-type: none">• Focus on Innovation-Driven Development• Strengthen External R&D Collaboration• Promote Resource Recovery and Circular Utilization</td></tr><tr><td>Water Resource Management</td><td>Water Shortage or Supply Disruption Affecting Production</td><td><ul style="list-style-type: none">• Water Resource Risk Management• Development of Prevention and Control Technologies</td></tr></table>		Material Topic	Risk Assessment Items	Description	Chemical Safety Management	Exceedance of Substances of Very High Concern (SVHCs) in Products	<ul style="list-style-type: none">• Chemical Reduction and Substitution• Emergency Response Planning and Personnel Training	Chemical Storage and Transportation Safety	<ul style="list-style-type: none">• Safe Storage and Labeling• Regulatory-Compliant Transportation and Protection Measures	Occupational Safety and Health & Emergency Response	Fire Incident	<ul style="list-style-type: none">• Promotion of Safety Culture• Commitment to Zero Occupational Accidents	Employee Occupational Injury	<ul style="list-style-type: none">• Prevention of Occupational Diseases• Regular Fire Drills	Waste Management	Improper Waste Disposal	<ul style="list-style-type: none">• Source Reduction and Recycling• Compliant Disposal and Contractor Management	Circular Economy	Lag in New Product Development	<ul style="list-style-type: none">• Focus on Innovation-Driven Development• Strengthen External R&D Collaboration• Promote Resource Recovery and Circular Utilization	Water Resource Management	Water Shortage or Supply Disruption Affecting Production	<ul style="list-style-type: none">• Water Resource Risk Management• Development of Prevention and Control Technologies
			Material Topic		Risk Assessment Items	Description																				
			Chemical Safety Management		Exceedance of Substances of Very High Concern (SVHCs) in Products	<ul style="list-style-type: none">• Chemical Reduction and Substitution• Emergency Response Planning and Personnel Training																				
					Chemical Storage and Transportation Safety	<ul style="list-style-type: none">• Safe Storage and Labeling• Regulatory-Compliant Transportation and Protection Measures																				
			Occupational Safety and Health & Emergency Response		Fire Incident	<ul style="list-style-type: none">• Promotion of Safety Culture• Commitment to Zero Occupational Accidents																				
					Employee Occupational Injury	<ul style="list-style-type: none">• Prevention of Occupational Diseases• Regular Fire Drills																				
			Waste Management		Improper Waste Disposal	<ul style="list-style-type: none">• Source Reduction and Recycling• Compliant Disposal and Contractor Management																				
Circular Economy	Lag in New Product Development	<ul style="list-style-type: none">• Focus on Innovation-Driven Development• Strengthen External R&D Collaboration• Promote Resource Recovery and Circular Utilization																								
Water Resource Management	Water Shortage or Supply Disruption Affecting Production	<ul style="list-style-type: none">• Water Resource Risk Management• Development of Prevention and Control Technologies																								

Assessment Item	Implementation Status					Discrepancy and The Reasons					
	Yes	No	Summary								
				Material Topic	Risk Assessment Items	Description					
				Climate Change Mitigation and Adaptation	Power Shortage or Outage Affecting Production	• Strengthen Climate Resilience • Promote Low-Carbon Manufacturing					
					Imposition of Carbon Fees or Carbon Border Taxes	• Utilize Renewable Energy • Enhance Energy Efficiency					
				Information Security Management	Cybersecurity Incidents (e.g., Ransomware Attacks on Operational Data, Business Email Compromise Fraud)	• Data Protection and Access Control • Cybersecurity Protection • Employee Training and Incident Response Mechanism					
				Air Quality	Excessive Concentration of Treated Volatile Organic Compounds (VOCs)	• Air Pollutant Emissions Management • Enhanced Monitoring of Air Pollution Control Equipment					
					Odor Emissions						
				Human Rights Management	Process-Generated Pollution Affecting the Health and Quality of Life of Surrounding Communities	• Community Impact Management • Labor Rights Protection					
					Reputation Risk Due to Inadequate Protection of Foreign Workers' Rights						
				3. Environmental Topic							
				(1) Has the Company set an environmental management system designed to industry characteristics?	V			(1)1.The Company formulates the "Occupational Safety and Health Policy" in accordance with the environmental regulations stipulated by the Ministry of Recycling and Environment (such as the Air Pollution Prevention Act, Water Pollution Prevention Act, Waste Disposal Act, Toxic and Chemical Substances of Concern Management Act, etc.) as a safety and health management in accordance with the highest guiding principles, other environmental, safety and health-related management measures have also been formulated, and the Company has obtained ISO14001 environmental management system certification. 2. As of 2024, the head office (Taiwan Nanbao Resin) and 11 production sites have completed the establishment of the ISO14001 environmental management system and passed third-party verification, including the following companies: Taiwan Nan Pao, Foshan Nan Pao, Foshan Nan Pao Advanced Materials, Dongguan Nan Pao, Dongguan Jiaqin, KunShan Nan Pao, Vietnam Nan Pao, Vietnam Materials, Vietnam Advanced Materials, Vietnam NNV, Indonesia Nan Pao, Thailand Nan Pao.			

Assessment Item	Implementation Status			Discrepancy and The Reasons																				
	Yes	No	Summary																					
(2) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		<p>(2)1. The Company is committed to the core principles of Replace (substituting petroleum-based materials), Recycle (promoting recycling and circularity), and Reduce (reducing energy and resource consumption) in the development of products aimed at mitigating climate change. This includes replacing existing petrochemical materials with bio-based materials for the synthesis of water-based acrylic resins. Various eco-friendly products, such as water-based, solvent-free, and benzene-free products, or products that minimize process pollutant emissions also to be developed, thereby reducing the negative impact on the environment. To address future trends in the circular economy, the Company has introduced a recycled polyester material supply chain within the industry. Additionally, the Company utilizes recycled PET bottles, which have been cleaned and shredded, to produce polyester polyols as raw materials for water-based PU products. This approach not only reduces the reliance on petroleum-based polyester but also decreases resource consumption and promotes resource circularity.</p> <p>2. In 2024, the Company implemented a raw material substitution project by sourcing adipic acid from suppliers with low-carbon production processes. The total carbon emissions from adipic acid procurement amounted to 18,535 metric tons for the year, representing a reduction of 11,844 metric tons (-39%) compared to 2023.</p> <p>3. The Company actively promotes various energy reduction measures by selecting equipment with high energy efficiency and energy-saving designs to reduce energy consumption at both the corporate and product levels. Additionally, the use of renewable energy is being expanded to optimize overall energy efficiency. In 2024, Nan Pao Resins Group's total electricity consumption reached 40,045,878 kWh, an increase of 1,973,185 kWh (5.18%) compared to 2023. However, electricity intensity decreased by 7.60% year-over-year. Looking ahead, the Group will continue to install renewable energy generation systems and procure green electricity to progressively improve renewable energy utilization and reduce purchased electricity.</p> <p>Electricity Consumption in the Past Two Years</p> <table><tr><th>Year</th><th>2023</th><th>2024</th><th>%</th></tr><tr><td>Renewable Energy (kWh)</td><td>1,324,467</td><td>1,555,981</td><td>17.48</td></tr><tr><td>Purchased Electricity (kWh)</td><td>36,748,226</td><td>38,489,897</td><td>4.74</td></tr><tr><td>Total Electricity Consumption</td><td>38,072,693</td><td>40,045,878</td><td>5.18</td></tr><tr><td>Electricity Intensity (kWh per NT\$1,000 Revenue)</td><td>2.50</td><td>2.31</td><td>-7.60</td></tr></table> <p>4. The Company has installed renewable energy generation equipment at various facilities, including Nan Pao Resins' sites in Taiwan, as well as plants in Foshan Nan Pao, Foshan Nan Pao Advanced Materials, Vietnam Advanced Materials, and Thailand Nan Pao, to promote carbon emission reduction. As of the end of 2024, the total installed renewable energy capacity across the Group's sites reached 2,493 kW, with a target of achieving 2,500 kW by 2025. Additionally, since 2023, Indonesia Nan Pao has initiated the procurement of renewable energy certificates and is conducting offset evaluations. As of the end of 2024, the Group's unredeemed purchased renewable energy certificates totaled 570,000 kWh.</p> <p>5. All the footwear products have obtained reports compliant with the Restricted Substances Directive of the brand owner. The quality of the Company's footwear export products conforms to the EU's RoHS and REACH regulations and have been certified by bluesign® SYSTEM PARTNER. Through the utilization of synthetic resin polymer synthesis technology and structural design, harmful substances are eliminated, and the</p>	Year	2023	2024	%	Renewable Energy (kWh)	1,324,467	1,555,981	17.48	Purchased Electricity (kWh)	36,748,226	38,489,897	4.74	Total Electricity Consumption	38,072,693	40,045,878	5.18	Electricity Intensity (kWh per NT\$1,000 Revenue)	2.50	2.31	-7.60	None
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			<p>management of hazardous substances is ensured. In addition to endowing products with application performance, the core technology also reduces human exposure and environmental impact, ensuring consumer safety. To expedite the management of chemical substances in footwear products, factories in Foshan, Dongguan, Vietnam and Indonesia have obtained factory verification for the highest level 3 certification of the Zero Discharge of Hazardous Chemicals (ZDHC) globally. 100% of the footwear chemicals shipped to renowned sports brands have achieved Level 3 certification.</p> <p>6. The Company utilizes bio-based materials and recycled materials to achieve the sustainable business goals of a circular economy, environmental protection, and energy conservation and carbon reduction. The currently developed bio-based materials can reduce carbon emissions by 5-80%, depending on the proportion of bio-based content. Additionally, by incorporating recycled materials into products to achieve carbon reduction, the Company has developed r-PET-containing textile coating resins and hot stamping transfer resins, flooring coatings with recycled waste wafers, and textile coating resins containing oyster shell powder, which can reduce carbon emissions by up to 26%. In response to the government's plastic reduction policies and to innovate beyond traditional food container lamination processes, the Company is dedicated to developing water-based, non-plastic paper coating resins that provide water and oil resistance. These coatings can be fully recycled with paper after disposal, aiming to achieve multiple goals of reducing plastic, carbon, and waste.</p> <p>7. The Company has utilized Life Cycle Assessment (LCA) technology to complete the environmental footprint analysis of water-based PU dispersions and Water-based adhesive, has obtained the ISO14067 verification statement. In the future, the Company will continue to expand the coverage of product LCA. Additionally, the waste solvent produced during the water-based PU production process is distilled and recycled for reuse in the process (acetone). Other chemicals produced from the distillation of waste solvents (methyl ethyl ketone) can also be sold to customers. This not only enhances resource use efficiency but also improves operational performance, thereby implementing a circular economy for waste materials.</p> <p>In 2024, Taiwan Nan Pao Resins recycled a total of 7,069 metric tons of solvents, an increase of 558 metric tons (8.57%) compared to 2023. By recycling solvents and reducing chemical raw material procurement costs, the Company also reduced carbon dioxide emissions by 15,040 metric tons in 2024, representing a decrease of 819 metric tons (-5.76%) compared to 2023.</p> <table><tr><th colspan="2">The total amount of solvents recycled in the past two years</th><th colspan="2">Recycle Unit: metric tons</th></tr><tr><th>Year</th><th>2023</th><th>2024</th><th>%</th></tr><tr><td>Acetone</td><td>4,317</td><td>5,151</td><td>19.32</td></tr><tr><td>Methyl Ethyl Ketone (MEK)</td><td>1,292</td><td>1,482</td><td>14.71</td></tr><tr><td>Ethyl Acetate(EAC)</td><td>62</td><td>56</td><td>-9.68</td></tr><tr><td>2339RE (70% Butanone + 30% Acetone)</td><td>731</td><td>259</td><td>-64.57</td></tr><tr><td>Tetrahydrofuran(THF)</td><td>99</td><td>106</td><td>7.07</td></tr><tr><td>Mixed Solvents</td><td>10</td><td>15</td><td>50.00</td></tr><tr><td>Total amount of recycled solvents</td><td>6,511</td><td>7,069</td><td>8.57</td></tr></table>	The total amount of solvents recycled in the past two years		Recycle Unit: metric tons		Year	2023	2024	%	Acetone	4,317	5,151	19.32	Methyl Ethyl Ketone (MEK)	1,292	1,482	14.71	Ethyl Acetate(EAC)	62	56	-9.68	2339RE (70% Butanone + 30% Acetone)	731	259	-64.57	Tetrahydrofuran(THF)	99	106	7.07	Mixed Solvents	10	15	50.00	Total amount of recycled solvents	6,511	7,069	8.57	
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Assessment Item	Implementation Status			Discrepancy and The Reasons												
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(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		(3) The Company has assessed the potential risks and opportunities of climate change on its present and future operations, and has taken measures to address climate-related issues (please refer to (VI) Implementation Status of Climate-related Information).	None												
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		<div>(4)1. The Company has compiled greenhouse gas emission data for the past two years and disclosed the results of greenhouse gas inventory, assurance status, and reduction policies (please refer to (VI) Implementation Status of Climate-related Information).</div> <div>2. (1) The Company has long been dedicated to issues of water resource conservation and environmental protection, focusing on three major strategies for water resource usage: reduction, reuse, and recycling. In water conservation plans, the Company emphasizes the comprehensive implementation of daily water-saving practices to maximize the effectiveness of available water resources. As of 2024, the headquarter (Taiwan Nan Pao Resin) has completed the implementation of the ISO 46001 water resource management system and has received third-party verification. The external verification of Taiwan Nan Pao Resin’s 2024 water consumption is expected to be obtained by the end of August 2025.</div> <div>(2) The Company has implemented various improvement measures, including integrating a wastewater recycling system and utilizing recycled water in manufacturing processes to reduce water consumption. In 2024, due to water resource management and water-saving technologies, the total water withdrawal of Taiwan Nan Pao Resins was 299.603 million liters, a increase of 18.752 million liters (6.68%) compared to 2023. The water intensity was 5.98% lower than the previous year, which fell short of the 2024 target to reduce water intensity by 8% compared to 2023. For 2025, the Group aims to reduce water intensity by 10% compared to 2023.</div> <div>The total amount of water withdrawal in the past two years</div> <table><tr><th>Year</th><th>2023</th><th>2024</th><th>%</th></tr><tr><td>Water withdrawal (million liters)</td><td>28.0851</td><td>299.603</td><td>6.68</td></tr><tr><td>Water intensity (million liters per million NT dollars of revenue)</td><td>0.0184</td><td>0.0173</td><td>-5.98</td></tr></table> <div>(3) The total water consumption of Nan Pao Resins Group in 2024 was 240.485 million liters, representing an increase of 62.900 million liters (35.42%) compared to 2023.</div> <div>3. (1) To achieve sustainable resource reuse, the Company’s waste management principles prioritize reuse within the manufacturing process to reduce the use of raw materials, secondly focus on recycling and reuse, with incineration or landfill as the last resort. The Company is committed to environmental protection, setting waste reduction KPIs, conducting annual performance reviews, and implementing internal and external audits. The external verification of Taiwan Nan Pao Resins’ total waste volume for 2024 is expected to be obtained by the end of August 2025.</div> <div>(2) In 2024, the total waste disposal volume of the Nan Pao Resins Group reached 5,203 metric tons, representing an increase of 1,930 metric tons (58.97%) compared to 2023. This rise was mainly due to</div>	Year	2023	2024	%	Water withdrawal (million liters)	28.0851	299.603	6.68	Water intensity (million liters per million NT dollars of revenue)	0.0184	0.0173	-5.98	None
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			<p>proactive efforts to clear accumulated industrial waste from previous years. As a result, the waste disposal intensity increased by 39.63% compared to the previous year, failing to meet the original target of a 5% reduction from 2023 levels. The elevated intensity was primarily due to short-term impacts from addressing historical waste accumulation.</p> <p>The total amount of waste disposal in the past two years</p> <table><tr><th>Year</th><th>2023</th><th>2024</th><th>%</th></tr><tr><td>Hazardous waste (metric tons)</td><td>2,010</td><td>3,079</td><td>53.18</td></tr><tr><td>Non-Hazardous waste (metric tons)</td><td>1,263</td><td>2,124</td><td>68.17</td></tr><tr><td>Total weight (metric tons)</td><td>3,273</td><td>5,203</td><td>58.97</td></tr><tr><td>Waste disposal intensity (metric tons per million dollars of revenue)</td><td>0.217</td><td>0.303</td><td>39.63</td></tr></table> <p>(3) The Company has adopted “total waste reduction” and “waste resource utilization” as its primary management strategies. Through source management measures such as process optimization and raw material reduction, the Company is committed to minimizing waste generation while increasing the recycling and reuse rate of waste materials. In 2024, the Group achieved significant progress in waste resource utilization, with the total volume of reused and recycled waste reaching 2,386 metric tons, representing a substantial increase of 1,513 metric tons (173.31%) compared to 2023. Among this, 1,555 metric tons of hazardous waste were reused and recycled, with the recycling rate increasing from 37.11% to 50.50%. For non-hazardous waste, 831 metric tons were reused and recycled, and the recycling rate rose from 10.06% to 39.12%, indicating a clear shift toward waste resource utilization. In response to the spike in waste disposal intensity due to one-time cleanup operations in 2024, the Company will adjust its 2025 management focus to strengthen resource recycling. A new target has been set: to increase the proportion of recycled hazardous industrial waste relative to the total volume of hazardous waste disposal by 5% compared to 2023. The Company will continue to promote waste reduction and sustainable management.</p> <p>The total amount of waste reused and recycled in the past two years</p> <table><tr><th>Year</th><th>2023</th><th>2024</th><th>%</th></tr><tr><td>Recycled and Reused Hazardous Waste (metric tons)</td><td>746</td><td>1,555</td><td>108.45</td></tr><tr><td>Recycled and Reused Non-Hazardous Waste (metric tons)</td><td>127</td><td>831</td><td>554.33</td></tr><tr><td>Total Weight of Recycled and Reused Waste (metric tons)</td><td>873</td><td>2,386</td><td>173.31</td></tr><tr><td>Hazardous Waste Recycling Rate (%)</td><td>37.11</td><td>50.50</td><td>36.08</td></tr><tr><td>Non-Hazardous Waste Recycling Rate (%)</td><td>10.06</td><td>39.12</td><td>288.87</td></tr></table>	Year	2023	2024	%	Hazardous waste (metric tons)	2,010	3,079	53.18	Non-Hazardous waste (metric tons)	1,263	2,124	68.17	Total weight (metric tons)	3,273	5,203	58.97	Waste disposal intensity (metric tons per million dollars of revenue)	0.217	0.303	39.63	Year	2023	2024	%	Recycled and Reused Hazardous Waste (metric tons)	746	1,555	108.45	Recycled and Reused Non-Hazardous Waste (metric tons)	127	831	554.33	Total Weight of Recycled and Reused Waste (metric tons)	873	2,386	173.31	Hazardous Waste Recycling Rate (%)	37.11	50.50	36.08	Non-Hazardous Waste Recycling Rate (%)	10.06	39.12	288.87	
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Assessment Item	Implementation Status			Discrepancy and The Reasons												
	Yes	No	Summary													
			<p>4.(1) The Company’s air pollution control efforts primarily focus on managing pollutants such as toluene, xylene, total VOCs, non-methane hydrocarbons, and particulate matter. Waste gases are categorized based on the nature of the pollutants and collected through sealed systems or exhaust hoods. These are then treated using appropriate equipment such as baghouse dust collectors and condensation recovery systems to ensure emissions comply with regulations. To further reduce pollutant emissions, the Company actively optimizes production processes at the source and continuously introduces high-efficiency control equipment. Since 2020, Foshan Nan Pao has been utilizing a Regenerative Thermal Oxidizer (RTO) to decompose VOCs at high temperatures and recover thermal energy. In 2022, Taiwan Nan Pao implemented a Regenerative Catalytic Oxidizer (RCO), along with scrubbers and condensation systems, to enhance VOC capture and reduction. Through diversified control measures, the Company is committed to minimizing the environmental impact of air pollution.</p> <p>(2) In 2024, the Nan Pao Resins Group emitted 68.183 metric tons of volatile organic compounds (VOCs) during production processes, representing a reduction of 2.469 metric tons (–3.49%) compared to 2023. The emission intensity was 0.0040, a 14.89% decrease from the previous year, successfully achieving the target of a 5% reduction in emission intensity relative to 2023. The reduction in emissions was primarily due to the exclusion of purchased raw materials from emission calculations in accordance with recommendations from the competent authority in Taiwan, as well as the installation of new exhaust equipment at the Vietnam Advanced Materials plant, which enhanced treatment efficiency. Considering fluctuations in production volume and product pricing, the Company will continue to adopt a prudent advancement strategy in 2025. A target has been set to reduce VOC emission intensity by 10% compared to 2023, with ongoing efforts to strengthen process management and pollution control to mitigate environmental impact.</p> <p>The total amount of VOCs emissions in the past two years</p> <table><tr><th>Year</th><th>2023</th><th>2024</th><th>%</th></tr><tr><td>Volatile Organic Compounds (VOCs) Emissions (metric tons)</td><td>70.652</td><td>68.183</td><td>-3.49</td></tr><tr><td>Volatile Organic Compounds (VOCs) Intensity(metric tons per million NTD revenue)</td><td>0.0047</td><td>0.0040</td><td>-14.89</td></tr></table> <p>5. (1) During the greenhouse gas inventory process, it was found that the primary emission source, due to the nature of the industry, comes from category two, which is electricity usage. Therefore, the Company is also actively engaged in energy management. Strategies include implementing automated energy management, promoting energy-saving and carbon-reduction projects, optimizing management systems, incorporating</p>	Year	2023	2024	%	Volatile Organic Compounds (VOCs) Emissions (metric tons)	70.652	68.183	-3.49	Volatile Organic Compounds (VOCs) Intensity(metric tons per million NTD revenue)	0.0047	0.0040	-14.89	
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Assessment Item	Implementation Status			Discrepancy and The Reasons												
	Yes	No	Summary													
			<p>energy-saving performance into incentive programs, and using platform systems for data analysis. These efforts aim to continuously review and optimize processes, enhance energy integration, and reduce unnecessary consumption to improve energy efficiency. As of 2024, the head office (Taiwan Nan Pao Resins), as well as production sites at Foshan Nan Pao and Foshan Nan Pao Advanced Materials, have completed the implementation of the ISO50001 energy management system and passed third-party verification.</p> <p>(2) In 2024, the Nan Pao Resins Group’s non-renewable energy consumption totaled 343,742 GJ, representing an increase of 31,528 GJ (10.10%) compared to 2023. However, the non-renewable energy intensity decreased by 3.41% from the previous year, indicating improved energy efficiency. For 2025, the Group aims to reduce non-renewable energy intensity by 5% compared to 2023.</p> <p>The total amount of non-renewable energy consumption in the past two years</p> <table><tr><th>Year</th><th>2023</th><th>2024</th><th>%</th></tr><tr><td>Non-renewable energy consumption (GJ)</td><td>312,213</td><td>343,742</td><td>10.10</td></tr><tr><td>Non-renewable energy consumption intensity (GJ per thousand dollars of revenue)</td><td>0.0205</td><td>0.0198</td><td>-3.41</td></tr></table> <p>(3) Since 2023, all departments of Taiwan Nan Pao Resins have set up their own carbon reduction projects and track progress monthly, resulting in outstanding achievements in carbon reduction. Additionally, starting in 2023, the energy consumption of the headquarters building has been included in the total energy usage of the Taiwan Nan Pao Resins plant. The Company plans to implement the ISO 50001 Energy Management System of headquarters building in 2025. External verification of Taiwan Nan Pao Resins' total energy consumption for 2024 is expected to be obtained by the end of August 2025.</p> <p>6. The data mentioned above is based on the 2024 Sustainability Report.</p>	Year	2023	2024	%	Non-renewable energy consumption (GJ)	312,213	343,742	10.10	Non-renewable energy consumption intensity (GJ per thousand dollars of revenue)	0.0205	0.0198	-3.41	
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4. Social Topic																
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		<p>(1)1.The Company recognizes and voluntarily follows the "Universal Declaration of Human Rights," "United Nations Global Compact" and "International Labour Organization Conventions" regarding human rights standards. On December 18, 2024, the Board of Directors approved the "Nan Pao Resins Group Human Rights Policy", which upholds the protections outlined in these conventions. The policy has been published on the Company’s official website.</p> <p>2. The Company regularly conducts human rights risk assessments on key concerns such as working conditions, prohibition of forced labor, elimination of child labor, anti-discrimination, freedom of association, and the right to collective bargaining. These assessments aim to identify potential risks within operational activities and to establish mitigation and remediation measures. The Company is committed to ensuring that all individuals are treated fairly and with dignity, while providing a high-quality working environment that safeguards occupational safety and physical and mental well-being.</p>	None												

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Summary	
			3. A Summary of the Company's Human Rights Management Policy and Specific Initiatives is as follows:	
			Human Rights Management Policy	
			Specific Initiatives	
			Prohibition of Forced Labor	
			• Employee working hours, including regular and overtime hours, as well as various types of leave, are in full compliance with labor laws and regulations. • Overtime reminders are integrated into the attendance system, with designated personnel regularly reviewing and monitoring working hours.	
			Provide a safe and healthy working environment	
			• Establish a dedicated Occupational Safety and Health (OSH) unit and committee, with professional nursing staff on site • Continuously improve workplace safety facilities and personal protective equipment (PPE)	
			Support employees in maintaining physical and mental well-being and work-life balance	
			• Conduct regular health checkups for all employees and specialized screenings for high-risk groups • Subsidize and encourage participation in a variety of employee clubs and activities (e.g., oil painting, yoga, tai chi, camping, saxophone, badminton, softball, bowling, golf) • Organize employee health promotion programs on an irregular basis (e.g., meridian massage, aromatherapy stress relief, weight management, health seminars)	
			Promoting Workplace Diversity and Equality	
			• The Company employs individuals from disadvantaged groups at a ratio higher than that required by law, demonstrating its commitment to social inclusion. • A dedicated prayer room is available for Muslim employees to support religious diversity and inclusion in the workplace.	
			Human rights clauses are included in the Supplier Code of Conduct, and on-site audits are conducted to ensure compliance.	
			• In 2024, the Company invited key raw material suppliers to complete a total of 55 ESG risk assessment questionnaires and conducted on-site visits to 2 suppliers.	
			Diverse Compensation and Benefits Measures	
			• Regular employee recognition events are held to honor and award long-serving employees. • Flexible working hours are provided to support better work-life integration. • Exclusive employee discounts are offered through partnerships with selected vendors. • Birthday gift allowances are provided to express care and appreciation for employees.	

Assessment Item	Implementation Status			Discrepancy and The Reasons				
	Yes	No	Summary					
			<table><tr><td>Human Rights Management Policy</td><td>Specific Initiatives</td></tr><tr><td>Diverse Compensation and Benefits Measures</td><td><ul style="list-style-type: none">• Offer employee stock ownership trust programs to support savings and financial planning.• Provide tuition subsidies for further education, encouraging employees to acquire new skills, degrees, or certifications.</td></tr></table> <p>4.All new employees and contracted security personnel are provided with human rights education and training upon onboarding. In addition, relevant human rights measures are irregularly promoted during employee meetings. In 2024, Taiwan Nan Pao Resins conducted human rights protection training, totaling 277 hours and reaching 530 participants. The Company will continue to focus on human rights issues and promote related education programs to raise awareness and reduce the likelihood of human rights risks.</p>	Human Rights Management Policy	Specific Initiatives	Diverse Compensation and Benefits Measures	<ul style="list-style-type: none">• Offer employee stock ownership trust programs to support savings and financial planning.• Provide tuition subsidies for further education, encouraging employees to acquire new skills, degrees, or certifications.	
Human Rights Management Policy	Specific Initiatives							
Diverse Compensation and Benefits Measures	<ul style="list-style-type: none">• Offer employee stock ownership trust programs to support savings and financial planning.• Provide tuition subsidies for further education, encouraging employees to acquire new skills, degrees, or certifications.							
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		<p>(2) The Company provides comprehensive employee welfare measures, including competitive compensation, promotion of workplace diversity and equality, various types of leave, a range of allowances, bonuses, and subsidies (please refer to (IV) Operational Overview / V. Labor Relations, page 114,116).</p> <p><u>Business Performance Reflected in Employee Compensation</u></p> <p>The Company’s year-end bonus system is based on annual profitability and considers individual performance evaluations when distributing bonuses to all employees. This approach is designed to motivate employees to work collectively toward the Group’s objectives. For employees at the managerial level and above, special bonuses are determined based on individual performance, with direct linkage to the previous year’s KPI results. KPIs are set at both departmental and individual levels. To support the Group's commitment to achieving net-zero emissions by the end of 2050, all senior managers are required to incorporate sustainability performance indicators into their KPIs. Carbon intensity targets are regularly reviewed and tracked, and the level of achievement is factored into bonus calculations, reinforcing accountability and proactivity in carbon reduction initiatives.</p> <p>Based on annual profitability (before tax and before allocation of employee and director remuneration), after retaining sufficient amounts to cover accumulated losses, the Company shall allocate 2% to 6% of the profit for employee remuneration. At least 20% of this amount is designated for grassroots employees, and up to 3% shall be allocated for director remuneration. Eligible recipients include employees of the parent company and qualifying employees of subsidiaries.</p> <p>To maintain competitive compensation levels, the Company reviews and adjusts salaries annually based on market benchmarks, economic trends, and individual performance. In 2024, the average salary adjustment in Taiwan—including both managerial and non-managerial positions—was 4.4%, with the highest individual increase reaching 25.61%.</p>	None				
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>(3) <u>Occupational Safety and Health Policy</u></p> <p>The Company has established an Environmental and Occupational Health and Safety Management System based on ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System), and actively promotes the implementation of these systems. In addition to the parent company, Taiwan Nan Pao Resins, 11 subsidiaries have obtained ISO 14001 certification, and 9 subsidiaries have obtained ISO 45001 certification.</p>	None				

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Summary	
			<p>To fully implement occupational health and safety management, the Company has established the "Safety and Health Committee" as the highest organization for safety and health management. Quarterly joint safety and health committee meetings are held at the factory, and monthly internal safety meetings are conducted to discuss improvements for various audit deficiencies, aiming to prevent occupational accidents. Each factory also establishes emergency response procedures and conducts biannual drills with the self-defense fire brigade according to the regulations of the Fire Bureau of the Ministry of the Interior. Firefighters are periodically invited to assist during drills, and review meetings are held afterwards to ensure timely implementation of response measures in the event of emergencies, mitigate impacts, and control damage and recovery in the aftermath. Fire equipment maintenance is reported annually in November, and periodic fire extinguisher training is conducted internally. There were no fire accidents in 2024.</p> <p>The Company prioritizes work environment and employee safety and has established an accident reporting and investigation mechanism. Immediate care and assistance for injured employees are provided by workplace nurses, and follow-up care and monitoring are conducted during their recovery period. Occupational health physicians are consulted to assess whether adjustments or changes to their work content are necessary. Accident investigation and root cause analysis are conducted for occupational accidents, and improvement plans are formulated and implemented. In 2024, there were a total of 7 personnel occupational accidents at Nan Pao Resins Group, with 7 work-related injuries (0.21% of the total group number of employees at the end of 2024). Among them, there were a total of 7 cases of disabling injuries, with a frequency rate of 1.49. Although this shows a slight improvement compared to the 2023 frequency rate of 1.52, the goal of zero occupational injury cases for 2024 was not achieved.</p> <p><u>Occupational Work Environment Monitoring</u></p> <p>To ensure workers are protected from harmful substances in the workplace and to provide a healthy and comfortable working environment, the Company conducts occupational environment monitoring twice a year. This allows for a progressive understanding of workers' exposure conditions.</p> <p><u>Equipment Safety Management</u></p> <p>To prevent harm or damage to personnel, property, or the environment during the operation of machinery, facilities, and equipment, the Company has established a comprehensive equipment safety management system. This system enhances the safety of equipment operation and maintenance, incorporating digitized inspection and maintenance workflows to reduce the risk of equipment failure and minimize potential impacts on production, the environment, and personnel. Furthermore, the Company aligns its safety protocols with the Occupational Safety and Health Act and international standards such as ISO 45001, ensuring effective system integration and implementation.</p> <p><u>Occupational Safety Training and Awareness Campaigns in the Past Three Years</u></p> <p>To ensure that employees are well-informed about occupational safety and health regulations and to promote employee health and well-being, the Company develops and implements annual training plans. These initiatives aim to achieve zero incidents and zero accidents, ensuring a safe working environment for all employees.</p>	

Assessment Item	Implementation Status					Discrepancy and The Reasons	
	Yes	No	Summary				
			Occupational Safety and Health Training Performance of Taiwan Nan Pao Resins in the Past Three Years				
			Year	2022	2023	2024	
			Number of Training Participants	645	3,624	1,568	
			Training Hours	2,765	4,049	4,309	
(4) Has the Company established effective career development training plans?	V		(4) The scope, coverage, and implementation of the Company's employee training programs (please refer to (IV) Operational Overview / V. Labor Relations, page 114~115).				None
(5) Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, marketing, labelling and set policies to protect consumers’ or customers’ rights and consumer appeal procedures?	V		(5)1.The Company's products are required to comply with special directives such as RoHS, SVHC, eight heavy metals and other special directive standards in the development and design. All footwear products are sent to third-party impartial units such as SGS every year to obtain compliance with the banned substances directive report; 100% of the products sold in the EU only can leave the factory after passing the quality inspection. The quality of the exported products conforms to the EU RoHS and REACH specifications, and has been certified as bluesign®SYSTEM PARTNER and ZDHC contributor. 2.The Company fully complies with risk assessment regulations for regulated chemicals, managing them at different stages of their life cycle, and classifies hazards according to the United Nations GHS system and regularly inspect and control restricted substances. Starting in 2023, all products from the Taiwan headquarters and chemical subsidiaries have undergone hazard risk assessments. In 2024, products classified under GHS Hazard Categories 1 and 2 accounted for 62% of the consolidated revenue of the Nan Pao Group. Moving forward, the Group plans to expand the scope of such assessments to cover all subsidiaries under the same standard. 3.The Company has established a Personal Data Protection Management System, designating responsible personnel to manage and archive customer-provided business information, transactional data, and any data involving customer privacy. This framework ensures compliance with the Personal Data Protection Act. Internal access to customer data is strictly controlled through an approval and authorization mechanism, thereby safeguarding sensitive information from unauthorized disclosure. Notably, in 2024, the Company did not receive any complaints related to customer privacy breaches or data loss, nor were there any incidents involving counterfeiting, infringement, or similar violations. 4. To safeguard consumer rights and health, the Company has instituted clear requirements in its Product Labeling Guidelines, stipulating that product labels must be prepared in accordance with Taiwan CNS15030 standards and the SDS format. In addition, suppliers are required to sign a Code of Conduct Declaration, affirming their obligation to provide Material Safety Data Sheets (MSDS) containing all relevant safety information for any hazardous substances used, and to make such documentation available where legally required. 5.The Company conducts annual on-site visits to understand customer perceptions and evaluations of its products and services. Additionally, customer satisfaction surveys are carried out through questionnaires and interviews with key clients across major business regions. In 2024, Taiwan Nan Pao Resins collected satisfaction survey responses from 262 key customers, achieving an average score of over 4.5 out of 5. The Company has followed up on each piece of feedback received from the questionnaires to ensure timely resolution. Furthermore, a direct and immediate complaint channel is provided to safeguard customers’ fundamental rights.				None

Assessment Item	Implementation Status			Discrepancy and The Reasons								
	Yes	No	Summary									
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		<div><div>(6)1.The Company has established the "Supplier ESG Risk Assessment Guidelines" to develop sustainable management principles for suppliers in the areas of Environmental, Social, and Governance (ESG). These principles include screening criteria related to environmental protection, human rights, occupational safety and health, and sustainable development. The guidelines also outline specific expectations for suppliers in areas such as environmental, health, and safety risk management; prohibition of child labor; labor management; protection of fundamental labor rights; ethical standards; and integrity in business practices. Through supplier ESG self-assessments and compliance with the Company’s Supplier Code of Conduct, the Company evaluates suppliers’ ESG performance and analyzes the potential impact on its operations.</div><div>2.The Company has implemented a Supplier ESG Management Program, which integrates sustainability requirements into the daily management of the supply chain through supplier selection, evaluation, training, audits, and coaching, all based on a collaborative approach. In 2024, ESG risk assessments were conducted for suppliers whose total raw material procurement in the previous year accounted for over 80% of the Company’s total raw material purchases. A total of 55 suppliers were assessed, with 100% of the evaluated suppliers meeting the specified criteria.</div><table><tr><td rowspan="3">Supplier Selection and Evaluation</td><td>All suppliers are required to pass the Qualified Supplier Evaluation and comply with the Supplier Code of Conduct.</td></tr><tr><td>Suppliers of raw materials related to the production process must be certified under the ISO 9001 Quality Management System (considered as a bonus criterion during supplier selection)</td></tr><tr><td>Depending on their line of business, suppliers are also encouraged to obtain valid government-issued Factory Registration Certificates and ISO 14001 Environmental Management System certification (both considered as bonus criteria in the supplier selection process)</td></tr><tr><td>Supplier Training</td><td>Regular training sessions and small forums are held to effectively improve environmental and occupational health and safety (EHS) performance through various forms of guidance and communication, ensuring alignment with international standards.</td></tr><tr><td>Supplier Audits and Coaching</td><td>An audit team and support task force have been established to track the progress of corrective actions for supplier deficiencies, aiming to jointly enhance quality and technical capabilities while strengthening environmental, health, and safety (EHS) performance.</td></tr></table></div>	Supplier Selection and Evaluation	All suppliers are required to pass the Qualified Supplier Evaluation and comply with the Supplier Code of Conduct.	Suppliers of raw materials related to the production process must be certified under the ISO 9001 Quality Management System (considered as a bonus criterion during supplier selection)	Depending on their line of business, suppliers are also encouraged to obtain valid government-issued Factory Registration Certificates and ISO 14001 Environmental Management System certification (both considered as bonus criteria in the supplier selection process)	Supplier Training	Regular training sessions and small forums are held to effectively improve environmental and occupational health and safety (EHS) performance through various forms of guidance and communication, ensuring alignment with international standards.	Supplier Audits and Coaching	An audit team and support task force have been established to track the progress of corrective actions for supplier deficiencies, aiming to jointly enhance quality and technical capabilities while strengthening environmental, health, and safety (EHS) performance.	None
Supplier Selection and Evaluation	All suppliers are required to pass the Qualified Supplier Evaluation and comply with the Supplier Code of Conduct.											
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Supplier Training	Regular training sessions and small forums are held to effectively improve environmental and occupational health and safety (EHS) performance through various forms of guidance and communication, ensuring alignment with international standards.											
Supplier Audits and Coaching	An audit team and support task force have been established to track the progress of corrective actions for supplier deficiencies, aiming to jointly enhance quality and technical capabilities while strengthening environmental, health, and safety (EHS) performance.											
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-	V		The Company has prepared the Nan Pao Resins 2024 Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards, including the Universal Standards, Sector Standards, and Topic Standards. The report discloses the Company’s identified material topics and impacts related to the economy, environment, and people	None								

Assessment Item	Implementation Status			Discrepancy and The Reasons
	Yes	No	Summary	
financial information of the Company? Has the said Report acquire third party verification or statement of assurance?			(including human rights), as well as the relevant disclosure topics and reporting requirements. Additionally, the report references Sustainability Accounting Standards Board (SASB) Standards by disclosing industry-specific indicators and providing a SASB Content Index cross-referenced with the report. The 2024 Sustainability Report includes a GRI Content Index and identifies disclosures that have undergone limited assurance conducted independently by Ernst & Young CPA Firm in accordance with Taiwan Assurance Standard No. 3000 issued by the Accounting Research and Development Foundation of the Republic of China, covering assurance engagements other than audits or reviews of historical financial information. All past sustainability reports are publicly available on the Company's website(https://www.nanpao.com.tw/csr.aspx).	
<p>6. If the Company has established its own sustainability development code of practice according to “Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the operational status and differences: The Company’s “Corporate Social Responsibility Best Practice Principles” were approved by the Board of Directors in April 2017. To enhance the implementation of corporate social responsibility, the principles were subsequently amended and approved by the Board in March 2021 and May 2022. In December 2024, in response to the latest revision of the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” the Company renamed and revised its principles to the “Sustainable Development Best Practice Principles.” The Company manages and improves its economic, environmental, and social risks and impacts in accordance with these principles. To date, no deviations have been identified in the implementation.</p>				
<p>7. Other important information to facilitate better understanding of the Company’s implementation of sustainable development: For information on the Company's various sustainable development practices, please refer to the Nan Pao Resins Company website (https://www.nanpao.com.tw/), press releases, and related publications such as the company profile and annual sustainability reports.</p>				

(VI) Implementation Status of Climate-related Information

Items	Implementation Status
<p>1. Describe supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>To address the high uncertainty of climate change and the rapid shifts in policy and market conditions, the consolidated company regularly convenes senior management from various departments to identify significant climate-related risks and opportunities. In addition, the Company further assesses the potential risks posed by floods, droughts, typhoons, and high temperatures to each operational site. These efforts aim to closely monitor external environmental and climate changes, as well as market trends, in order to more comprehensively inform overall business strategy planning.</p> <p>To strengthen sustainable environmental performance and climate risk governance, the Company has established a comprehensive environmental management and climate governance structure with layered responsibilities, and is committed to achieving various performance related to environmental management. The roles at each level are as follows:</p> <p>(1)Board of Directors: As the highest-level climate governance body of Nan Pao Resins, the Board is responsible for regularly overseeing the planning and implementation of the Company's overall sustainability strategy. This includes evaluating the effectiveness of goal achievement and risk management, monitoring the performance of climate change-related action plans, and providing appropriate recommendations.</p> <p>(2)Sustainable Development Committee: Authorized by the Board of Directors, the committee is composed of two board members with expertise and capabilities in corporate sustainability (including the Chief Sustainability Officer) and three independent directors. It convenes at least twice a year to manage sustainability-related risks and is responsible for formulating, promoting, and strengthening key action plans and policies related to sustainability (including climate-related issues) across the group's companies. The committee also reviews, monitors, and revises the implementation and effectiveness of sustainability initiatives and reports its findings to the Board.</p> <p>(3) Sustainability Development Office: Headed by the CEO, who also serves as the Chief Sustainability Development Office, the office consists of a cross-functional task force made up of senior-level executives. It includes the Sustainability Planning Team and the Environmental Team, which are responsible for establishing environmental management systems, complying with environmental laws and international standards, evaluating the transition toward sustainability, enhancing resource efficiency , and establishing mechanisms to address climate change. The office also continuously monitors the latest climate-related regulations and regularly updates the identification of climate-related risks and opportunities. Dedicated units or personnel have been appointed for environmental management, and cross-departmental meetings are convened periodically to ensure coordination and the achievement of environmental sustainability goals.</p> <p>(4)Operational Units: These include energy-saving and occupational safety and health functions at the plant and subsidiary levels. General Managers of the Operation Management Division and subsidiaries act as the highest-level accountable personnel. Plant heads are responsible for the effective implementation of environmental management systems. Each operational unit is tasked with executing environmental protection projects and managing significant environmental risks and opportunities.</p>

Items	Implementation Status		
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy, and financials in the short-term, medium-term, and long-term.	In accordance with the TCFD (Task Force on Climate-related Financial Disclosures) framework, the Company has identified how various climate-related risks and opportunities may impact Nan Pao Resins' business model and value chain. The Company defines short-, medium-, and long-term time horizons, and the following outlines how each identified climate risk and opportunity may affect the Company's business operations, strategy, and financial performance:		
	Climate Risks and Opportunities	Time Horizon	Impact on the Company
	Policy and Regulation	Short to Medium Term	The Company continues to closely monitor climate-related regulations issued by the Ministry of Environment and renewable energy policies announced by regulatory authorities. In addition, the carbon border adjustment mechanisms established by advanced economies to address carbon leakage are taking into account. These regulations are expected to impact the Company's operating costs.
	Technology Development	Medium Term	To address climate change, investments in low-carbon technologies or the adoption of low-carbon raw materials may be required, potentially leading to increased production costs.
	Market	Short Term	As the Company operates in the specialty chemicals sector, failure to undergo transformation and proactively respond to growing climate-related expectations from downstream customers may result in the loss of market share.
	Reputation	Medium Term	The Company needs to strengthen stakeholder engagement and communication regarding its climate change response outcomes.
	Acute Risks	Short to Medium Term	Operations at the Company's facilities and those of its suppliers may be disrupted by acute climate events, such as heavy rainfall and strong winds caused by typhoons, potentially resulting in production halts or supply chain interruptions.
	Chronic Risks	Medium to Long Term	Changes in precipitation patterns or increasingly frequent extreme heat events may potentially affect water usage at Company sites or employee attendance.
	Resource Efficiency / Energy Sources	Short to Medium Term	By proactively implementing renewable energy solutions or developing flexible resource and energy usage strategies—such as solvent recovery technologies used in manufacturing processes—the Company can enhance operational resilience to climate impacts.
	Markets / Products and Services	Medium Term	The Company actively responds to market demand for low-carbon materials and explores potential new business opportunities, thereby enhancing its overall competitiveness.

Items	Implementation Status			
3. Describe the financial impacts of extreme weather events and transition actions.	The Company continues to respond to and assess the impacts of extreme climate events and transition actions on its operations. In addition to avoiding production disruptions caused by extreme weather, the Company refers to its "Nan Pao Resins Net Zero Emissions Management Plan" to plan concrete transition actions. These efforts help capture long-term opportunities, reduce operational risks, and support the Company's steady progress toward sustainable development.			
	Climate Event Impact	Impact on Company Operations	Impact on Company Financials	Response Strategies and Benefits
	Extreme Climate Events	<ul style="list-style-type: none"> Increased frequency of equipment maintenance. Some plants are located in areas with higher water stress. 	<ul style="list-style-type: none"> Maintenance costs are rising, and revenue is decreasing. 	<ul style="list-style-type: none"> Real-time monitoring of rainfall, water levels, and water conditions is implemented. An emergency coordination mechanism for production and sales has been established. Water-saving processes and projects have been introduced.
4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system.	Transition Actions	<u>Process Side</u> <ul style="list-style-type: none"> Improve energy efficiency across various production processes Increase the proportion of renewable energy used <u>Product Side</u> <ul style="list-style-type: none"> Growing demand for low-carbon raw materials Development of emerging lightweight material markets 	<ul style="list-style-type: none"> Increased capital expenditures, higher operating costs, increased R&D expenses, and growth in operating revenue. 	<ul style="list-style-type: none"> Continue to focus on R&D and process improvement as the core strategy. Proactively respond to customer demand for water-based and low-carbon raw material products. Invest in the development and testing of products for applications in the lightweight materials market.
	In accordance with the Group's "Risk Management Policy and Procedures", the Company has integrated climate change issues into its formal risk management register. Through regular evaluation, control, and monitoring processes, significant climate-related risks identified are incorporated into the Company's overall risk management framework.			

Items	Implementation Status												
5. If conducting a resilience analysis to assess the resilience to climate change risks in a given scenario, the following should be outlined: the context, parameters, assumptions, analysis factors, and key financial impacts.	<p>The Company basis research reports from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to analyze the impact of climate change over time under two distinct scenarios, aligned with the Company's current strategies:</p> <p>(1) IEA Net Zero Emissions (NZE) Scenario: This scenario assumes achieving net-zero emissions by 2050. It examines the impact of decarbonization factors derived from the energy sector on various operational aspects of the Company's low-carbon transition.</p> <table><tr><th>Analytical Factor</th><th>Parameter</th><th>Reference Source</th></tr><tr><td>Carbon prices in major plant locations</td><td>140 USD/tCO₂e (Advanced economies)</td><td>IEA WEO 2024</td></tr></table> <p>(2) IPCC SSP5-8.5 High Emissions Scenario: This scenario assumes the highest greenhouse gas emissions with minimal climate policies. It simulates extreme climate factors to assess the adaptive actions required for the Company's production sites to mitigate climate impacts.</p> <table><tr><th>Analytical Factor</th><th>Parameter</th><th>Reference Source</th></tr><tr><td>Maximum daily rainfall change rate</td><td>38.6%~47.6% (95% percentile)</td><td>Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)</td></tr></table>	Analytical Factor	Parameter	Reference Source	Carbon prices in major plant locations	140 USD/tCO ₂ e (Advanced economies)	IEA WEO 2024	Analytical Factor	Parameter	Reference Source	Maximum daily rainfall change rate	38.6%~47.6% (95% percentile)	Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)
Analytical Factor	Parameter	Reference Source											
Carbon prices in major plant locations	140 USD/tCO ₂ e (Advanced economies)	IEA WEO 2024											
Analytical Factor	Parameter	Reference Source											
Maximum daily rainfall change rate	38.6%~47.6% (95% percentile)	Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)											
6. If there is a transition plan in place to manage climate-related risks, please describe the contents of the plan and the indicators and goals used to identify and manage physical risks and transition risks.	<p>The Company has established a carbon neutrality roadmap and tracks and manages risks and opportunities with appropriate metrics and targets.</p> <p>Relevant metrics and targets are regularly monitored by each department and business division in accordance with the risk management process.</p> <p>(1)Greenhouse Gas Reduction</p> <p>A. In 2025, carbon emission intensity will be reduced by 10% compared to the baseline year (2023).</p> <p>B. In 2030, carbon emission intensity will be reduced by 35% compared to the baseline year (2023).</p> <p>C. Attain carbon neutrality by 2050.</p> <p>(2)Renewable Energy Installation</p> <p>A. Complete the installation of renewable energy facilities with a capacity of 2,500 kW at the plant by 2025.</p>												
7. If internal carbon pricing is used as a planning tool, it is essential to clarify the basis for price determination.	<p>The Company has established an internal carbon pricing mechanism, referencing the Ministry of Environment’s “Carbon Fee Collection Regulations” at NT\$300 per metric ton and international literature recommendations. This internal carbon price serves as a governance tool for carbon reduction efforts and is used by Nan Pao Resins as a reference for assessing carbon emission costs, evaluating capital expenditures related to energy conservation and carbon reduction, and formulating long-term carbon neutrality plans.</p>												

Items	Implementation Status																											
8. If climate-related targets are set, it is important to explain the covered activities, scope of greenhouse gas emissions, planning timeline, and annual progress towards achieving the targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet the targets, it is necessary to specify the source and quantity of carbon offsets or the number of RECs used for emissions reduction.	None.																											
9. Greenhouse gas inventory and assurance as well as the reduction targets, strategies and specific action plans:																												
9-1 Greenhouse Gas Inventory and Assurance for the Most Recent Two Years																												
9-1-1 Greenhouse Gas Inventory Information																												
The following outlines the greenhouse gas (GHG) emissions (in tons CO2e), intensity (tons CO2e per million TWD in revenue), and scope of data coverage for the most recent two years:																												
1. The parent company shall conduct GHG inventories since 2025.																												
2. Subsidiaries included in consolidated financial statements shall also conduct GHG inventories since 2026.																												
The consolidated company has established a GHG inventory mechanism based on the ISO 14064-1 standard published by the International Organization for Standardization (ISO). From 2022 onwards, the Company has conducted annual GHG inventories for the parent company and its subsidiaries included in the consolidated financial statements. This process ensures comprehensive monitoring of GHG usage and emissions, as well as verification of emission reduction efforts.																												
The GHG inventory data for the most recent two years have been compiled according to the operational control approach, encompassing GHG emissions from both the parent company and certain subsidiaries included in the consolidated financial statements. The details are as follows:																												
<table><tr><th colspan="2"></th><th colspan="2">2022</th><th colspan="2">2023</th></tr><tr><th colspan="2"></th><th>Emissions (tons CO2e)</th><th>Intensity (tons CO2e per million TWD in revenue)</th><th>Emissions (tons CO2e)</th><th>Intensity (tons CO2e per million TWD in revenue)</th></tr><tr><td rowspan="4">Parent Company</td><td>Scope 1 Direct Emissions</td><td>5,552.80</td><td rowspan="4"></td><td>7,053.70</td><td rowspan="4"></td></tr><tr><td>Scope 2 Energy Indirect Emissions</td><td>9,312.80</td><td>10,054.94</td></tr><tr><td>Scope 3 Other Indirect Emissions</td><td>100,349.24</td><td>165,141.11</td></tr><tr><td>Subtotal</td><td>115,214.84</td><td>182,249.75</td></tr></table>				2022		2023				Emissions (tons CO2e)	Intensity (tons CO2e per million TWD in revenue)	Emissions (tons CO2e)	Intensity (tons CO2e per million TWD in revenue)	Parent Company	Scope 1 Direct Emissions	5,552.80		7,053.70		Scope 2 Energy Indirect Emissions	9,312.80	10,054.94	Scope 3 Other Indirect Emissions	100,349.24	165,141.11	Subtotal	115,214.84	182,249.75
		2022		2023																								
		Emissions (tons CO2e)	Intensity (tons CO2e per million TWD in revenue)	Emissions (tons CO2e)	Intensity (tons CO2e per million TWD in revenue)																							
Parent Company	Scope 1 Direct Emissions	5,552.80		7,053.70																								
	Scope 2 Energy Indirect Emissions	9,312.80		10,054.94																								
	Scope 3 Other Indirect Emissions	100,349.24		165,141.11																								
	Subtotal	115,214.84		182,249.75																								

Items		Implementation Status			
		2022		2023	
		Emissions (tons CO2e)	Intensity (tons CO2e per million TWD in revenue)	Emissions (tons CO2e)	Intensity (tons CO2e per million TWD in revenue)
Certain Subsidiaries Included in Consolidated Financial Statements (Note)	Scope 1 Direct Emissions	4,776.27		4,809.31	
	Scope 2 Energy Indirect Emissions	10,287.47		9,507.03	
	Scope 3 Other Indirect Emissions	253,203.99		316,278.19	
	Subtotal	268,267.73		330,594.53	
Total		383,482.57	1.76	512,844.28	2.06

Note : The scope includes Foshan Nan Pao, Foshan Nan Pao Advanced Materials, Dongguan Nan Pao, Dongguan Jiaqin, KunShan Nan Pao, Fuqing Nan Pao, Vietnam Nan Pao, Vietnam Materials, Vietnam Advanced Materials, Vietnam NNV, Indonesia Nan Pao, Thailand Nan Pao.

9-1-2 Greenhouse Gas Assurance Information

This section provides details on the assurance status of greenhouse gases for the most recent two years as of the annual report's publication date. It includes the scope of assurance, assurance provider, assurance standards, and assurance opinions.

1. The parent company shall implement assurance since 2027.

2. Subsidiaries included in the consolidated financial statements shall also implement assurance since 2028.

The following is a description of the assurance status of the greenhouse gas (GHG) inventories conducted over the past two years for the Company and certain subsidiaries included in the consolidated financial statements.

Scope of execution assurance		Emissions in 2022 (tons CO2e)	Emissions in 2023 (tons CO2e)
Parent Company	Scope 1 Direct Emissions	5,552.80	7,053.70
	Scope 2 Energy Indirect Emissions	9,312.80	10,054.94
	Scope 3 Other Indirect Emissions	100,349.24	165,141.11
	Total	115,214.84	182,249.75
	Percentage of the above 9-1-1 investigation data	100.00%	100.00%

Items		Implementation Status	
Scope of execution assurance		Emissions in 2022 (tons CO2e)	Emissions in 2023 (tons CO2e)
Certain subsidiaries Included in Consolidated Financial Statements (Note 1)	Scope 1 Direct Emissions	4,676.51	4,809.31
	Scope 2 Energy Indirect Emissions	10,177.38	9,507.03
	Scope 3 Other Indirect Emissions	253,203.99	316,278.19
	Subtotal	268,057.88	330,594.53
	Percentage of the above 9-1-1 investigation data	99.92%	100.00%
Assurance Provider		SGS 、CTI	SGS 、CTI 、TRID 、BSI
Description of Assurance Engagement		Parent Company : ISO 14064-1:2018; Categories 1 and 2 received reasonable assurance, while Categories 3 to 6 received limited assurance Subsidiaries : ISO 14064-3:2019; Reasonable assurance	Parent Company : ISO 14064-1:2018; Categories 1 and 2 received reasonable assurance, while Categories 3 to 6 received limited assurance Subsidiaries : ISO 14064-3:2019; Reasonable assurance
Assurance Opinion / Conclusion		Parent Company: Modified unqualified opinion Subsidiaries: Unqualified opinion	Parent Company: Modified unqualified opinion Subsidiaries: Unqualified opinion
<p>Note 1 : The 2022 inventory scope includes Foshan Nan Pao, Foshan Nan Pao Advanced Materials, Dongguan Nan Pao, Dongguan Jiaqin, KunShan Nan Pao, Fuqing Nan Pao, Vietnam Nan Pao, Vietnam Materials, Vietnam Advanced Materials, and Vietnam NNV. In 2023, the scope was expanded to include Indonesia Nan Pao and Thailand Nan Pao.</p> <p>Note 2 : The GHG assurance report for 2024 covering the Company and the aforementioned consolidated subsidiaries is expected to be obtained by the end of August 2025.</p>			

Items	Implementation Status
<p data-bbox="152 212 931 244">9-2 GHG Reduction Targets, Strategies, and Specific Action Plans</p> <div data-bbox="197 244 2033 308"> <p data-bbox="197 244 2033 308">This section outlines the baseline year and data for GHG reduction, reduction targets, strategies, specific action plans, and progress toward achieving the reduction targets.</p> </div> <div data-bbox="197 308 2033 483"> <p data-bbox="197 308 719 339"><u>GHG Reduction Baseline Year and Targets</u></p> <p data-bbox="197 339 2033 483">To plan GHG reduction strategies, the consolidated company completed an inventory with the boundary set to the Certain subsidiaries Included in Consolidated Financial Statements for 2023, thus establishing 2023 as the baseline year. The Scope 1 and Scope 2 emissions were 11,863.01 tons CO₂e and 19,561.97 tons CO₂e, respectively. The Company aims to achieve a 10% reduction by 2025 compared to the baseline year and a minimum of a 5% annual reduction starting from the baseline year, with a target to achieve a 35% reduction by 2030.</p> </div> <div data-bbox="197 483 2033 1177"> <p data-bbox="197 483 837 515"><u>GHG Reduction Strategies and Specific Action Plans</u></p> <p data-bbox="197 515 2033 970">The consolidated company integrates carbon management into its operational strategies, including implementing a carbon management platform and linking ESG performance to manager and employee rewards to find breakthroughs in carbon reduction. The Company has established an internal carbon pricing mechanism, referencing the Ministry of Environment's "Carbon Fee Collection Regulations" at NT\$300 per metric ton and international literature recommendations. This internal carbon price serves as a governance tool for carbon reduction efforts and is used by Nan Pao Resins as a reference for assessing carbon emission costs, evaluating capital expenditures related to energy conservation and carbon reduction, and formulating long-term carbon neutrality plans. With internal and external pressures and risks brought by the "Renewable Energy Development Act" and requirements to increase the proportion of green electricity, the Company evaluates the opportunities of low-carbon transitions, adjusting policies and plans dynamically. The development of advanced carbon reduction technologies such as process improvements, carbon capture and storage, or low-carbon investments is also considered. In addition, through the carbon management platform, the emissions information of the entire group is systematically integrated, enabling real-time access to the necessary information for carbon management. This facilitates comprehensive supervision of multiple greenhouse gas reduction projects, including enhancing energy efficiency, purchasing energy-saving machinery, establishing solar power generation systems, reducing greenhouse gas emissions at the source, installing high-efficiency equipment, and evaluating the adoption of low-carbon fuels/energy. These measures ensure that reduction targets are met, actively reducing the impact of carbon emissions and enhancing operational competitive advantage.</p> <p data-bbox="197 970 2033 1177">To ensure that the management, execution teams, and all employees work together to achieve greenhouse gas reduction goals and improve resource efficiency, key project objectives have been incorporated into operational performance indicators. These serve as the basis for employee performance evaluation and bonuses, promoting a culture of accountability in management. In addition, starting from 2021, the consolidated company introduced a mechanism linking ESG performance with employee compensation. When overall corporate performance targets are achieved, an additional bonus is granted at a specified rate, encouraging employees to work together toward the gradual realization of the consolidated company's net-zero emission roadmap and goals.</p> </div> <div data-bbox="197 1177 2033 1361"> <p data-bbox="197 1177 741 1209"><u>Progress Toward Emission Reduction Targets</u></p> <p data-bbox="197 1209 2033 1361">The Company has designated 2023 as the baseline year for greenhouse gas (GHG) inventory and set a target to reduce emissions by 10% by 2025 compared to the baseline year. Additionally, the Company aims to reduce emissions by at least 5% annually from the baseline year onward, with the goal of achieving a 35% reduction by 2030. Emission data for each year will be properly compiled, and the progress toward achieving the targets will be disclosed annually starting in 2025.</p> </div>	

(VII) Adherence to the Ethical Corporate Management and Measures

Assessment Item	Implementation Status			Discrepancy and The Reason
	Yes	No	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) 1."Leading, Integrity, Unity, Efficiency" is the business philosophy of Nan Pao. The Company has formulated "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" on April 5, 2017 board meeting. And the latest revision was approved by the resolution of the board of directors on December 17, 2020 and August 10, 2022 respectively. The enactment of "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" has been disclosed on the Company's website. 2.In addition to the policies and practices of integrity management explicitly stated in the aforementioned measures, both the members of the Board of Directors and the management team adhere to the principles of integrity management in carrying out business operations have signed a declaration to adhere to the integrity management policy, ensuring the sincere commitment and determination of the Company to integrity management are accurately implemented and demonstrated.	None
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(2) The Company has formulated "Procedures for Ethical Management and Guidelines for Conduct", which have already covered the preventive measures for paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". The Company has also set up a dedicated unit which affiliated to the board of directors, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and formulate a plan to prevent dishonesty against bribery, providing illegal political contributions, improper charitable donations or sponsorships, providing or accepting unfair interests, infringing business secrets, engaging in unfair competition, and damaging the rights and interests of stakeholders.	None
(3) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(3) 1.The "Procedures for Ethical Management and Guidelines for Conduct" of the Company is clearly stipulated that directors, managers, employees, assignees and persons with substantial control capabilities should not directly or indirectly provide, promise, request or receive any illegitimate benefits in the execution of their business, or make other acts that violate good faith, illegality or breach of acceptance. 2. To encourage employees to maintain an awareness of integrity behavior, the requirement for new hires to abide by the Company's integrity management policy is explicitly stipulated in the employment contracts. Upon joining the Company, all new employees are required to sign a "Employee Code of Conduct," and annual internal educational training courses are regularly conducted. Furthermore, the	None

Assessment Item	Implementation Status			Discrepancy and The Reason
	Yes	No	Summary	
			<p>promotion of "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" are advocated. In 2024, the number of group newly hired personnel who received internal education training sessions reached 205, with a total training time of 615 hours.</p> <p>3. In addition to disseminating the aforementioned integrity regulations for employment behavior on the internal website, periodic or ad hoc promotions of the regulations and relevant cases of integrity behavior to colleagues during weekly or other internal meetings are conducted. In 2024, employees were encouraged to sign the "Employee Code of Conduct ". A total of 2,757 statements were collected, with a signing rate of 94.19% for the group. Furthermore, the reporting of third-degree relative ethical behavior guidelines for employees is continuously implemented annually.</p> <p>4. To continuously strengthen corporate governance and enhance information disclosure transparency, the Company obtained authentication through the Ministry of Economic Affairs' real-name certification system to verify dual positions held by directors and all Taiwan-based managers at the managerial level or above across the entire group. In 2024, the Company successfully collected signed personal data consent forms from all 122 managers and completed the verification process. The results confirmed that none of them are engaged in business activities that compete with the Company.</p> <p>5. Furthermore, to meet the high requirements of compliance with regulations and professional ethics norms, the Company has established the " Regulations Governing Whistle-blowing from Internal and External Parties" for dealing with dishonest behavior. This procedure is publicly disclosed on the Company's official website and internal information sharing platform, clearly specifying the units responsible for receiving reports, reporting channels, and processing procedures. Additionally, a stakeholder communication zone is set up on the Company's official website, where stakeholders can submit suggestions and complaints using the provided communication channels. After receiving feedback, the Company conducts investigations and subsequent actions by the responsible units. The Company established the "Integrity Management Promotion Team" as a dedicated unit to promote corporate integrity management. This team is responsible for the implementation and execution of integrity management policies and preventive measures, as well as regular reviews and revisions of relevant regulations and procedures.</p>	
2. Ethic Management Practice				
(1) Whether the Company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(1) 1. When conducting external commercial activities, the Company will consider the integrity record before dealing with the counterparty. The Company's Legal unit also incorporates the terms of good faith into the Company's various types of system contracts, requiring the transaction partners to strictly observe integrity code. If there is any dishonest behavior, the Company may unconditionally terminate or cancel the contract at any time. From 2022, the Company encourages suppliers to sign the "Supplier Code of Ethics and Conduct". The priority is given to those enterprises that sign the integrity commitment.	None

Assessment Item	Implementation Status			Discrepancy and The Reason
	Yes	No	Summary	
			2.The Company has promoted the signing of the “Nan Pao Group Code of Conduct” by all subsidiaries. This Code includes a commitment by group companies to fully comply with applicable laws and to adhere to internationally recognized Environmental, Social, and Governance (ESG) standards. In 2024, all 60 subsidiaries completed and signed the declaration, achieving a 100% completion rate.	
(2) Whether the Company has set up a unit which is dedicated to promoting the company’s ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(2) The Company has to effectively implement and continuously strengthen the promotion of various initiatives, the Company established the "Integrity Management Promotion Team" at the level of the Board of Directors. The CEO serves as the convener and chairman of the meetings, with the Assistant Manager of the Finance Management Division serving as the executive secretary. Additionally, the highest executives from each functional unit serve as members of the promotion team to formulate and supervise the implementation of integrity management policies and preventive measures. In the current year, a meeting was held on June 20, 2024 to present the implementation status for 2023, medium- and long-term promotion plans, and the 2024 action plan. The 2024 promotion plan and the operation of the Integrity Management Promotion Team were subsequently reported to the Board of Directors on December 18, 2024.	None
(3) Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) The Company’s "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" have clearly stipulates that all employees can not receive improper benefits, to avoid damage on company rights. If any violation of the integrity regulations is found, the informant can follow the “Regulations Governing Whistle-blowing from Internal and External Parties” which provide grievance channels. For the accused, the opportunity to express their opinions or appeal is also provided.	None
(4) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(4) To ensure the implementation of integrity in operations, the Company has established an Audit Committee to oversee the accuracy of accounting and financial processes and the effectiveness of internal controls. The Financial Management Division is responsible for dynamic management of financial risks under the supervision of the Audit Committee. Additionally, the Internal Audit Office evaluates compliance with laws and regulations, adherence to the five elements of COSO internal control, and assesses risks at all levels of the Company based on the strategic objectives and past audit experiences. The annual audit plan for the following year is formulated within the existing organizational framework and is presented for approval to the Audit Committee and the Board of Directors in the fourth quarter of each year. The compliance with periodic audit procedures is reported to the Audit Committee and the Board of Directors. The 2025 audit plan was approved by the Audit Committee and the Board of Directors on December 18, 2024. In addition, each year in the fourth quarter, internal units and subsidiaries conduct self-assessments of their internal control systems. The results of the self-assessments are compiled in the first quarter of the following year and reported to the Audit Committee and the Board of Directors. This process is to evaluate the overall control of internal and external environments, operational risks, and the effectiveness of the design and implementation of internal control systems within the Company. The self-assessment results for 2024 were reported to the Audit Committee and the Board of Directors on March 14, 2024.	None

Assessment Item	Implementation Status			Discrepancy and The Reason
	Yes	No	Summary	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		<p>(5) 1. The Company conducts regular education and training on integrity management-related laws and regulations for employees every year. In 2024, a physical course on "Code of Ethics and Integrity Management" was conducted with a total of 1,474 participants and 369 hours of training. Additionally, an online course on "Business Secrets" was conducted through the Nan Pao E-Learning, with 706 participants and 159 hours of training, achieving a pass rate of 100%.</p> <p>2. In addition, in accordance with the "Regulations Governing Prevention of Insider Trading" regulations, the Company arranges education course at least once a year for the directors, managers and employees on laws and regulations related to insider trading prevention procedures. On November 19, 2024, a total of 19 participants of directors, managers and employees were given a total of 19 hours education and publicity on "Insiders' Shareholding Declaration Instructions and Prevention of Insider Trading". The course content includes confidential work of important information. As well as the reasons for the formation of insider trading, the identification process and transaction examples. Additionally, an online course on "Insider Trading Prevention" was conducted through the Nan Pao E-Learning, with 842 participants and 152 hours of training, achieving a pass rate of 100%.</p> <p>3. In 2024, the Company, in accordance with the "Procedures for Prevention of Insider Trading and Handling of Internal Material Information," notified directors and insiders on 2024/2/6, 2024/4/26, 2024/7/23, and 2024/10/24 not to trade any issued securities of the Company during the blackout periods prior to the announcement of financial reports (30 days before annual financial report announcements and 15 days before quarterly financial report announcements), thereby ensuring the effectiveness of awareness and reminders.</p>	None
3. Implementation of Complaint Procedures				
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		<p>(1) The Company has established "Procedures for Ethical Management and Guidelines for Conduct" and "Regulations Governing Whistle-blowing from Internal and External Parties" to standardize the standards for employees to conduct business in good faith and conduct ethics. There is also a reporting mailbox (audit@nanpao.com) and a dedicated line for employees, outsiders and suppliers to directly report any financial, legal and integrity-related unfair practices. The acceptance unit is the Auditing Office of the board of directors, and the Auditing Office is responsible for handling.</p>	None
(2) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		<p>(2) Articles 4 and 5 of the Company's "Regulations Governing Whistle-blowing from Internal and External Parties" specify the reporting channels and handling procedures, the standard operating procedures for the investigation of reported matters, and the follow-up measures to be taken after the investigation is completed. In addition, a confidentiality mechanism is established in Article 6. Regarding the whistleblower or the personnel involved in the investigation and their contents, the Company adopts the procedures of confidentiality and prudence in accordance with the regulations.</p>	None

Assessment Item	Implementation Status			Discrepancy and The Reason
	Yes	No	Summary	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(3) Article 6 of the Company's "Regulations Governing Whistle-blowing from Internal and External Parties" clearly defines the whistleblower protection mechanism. The Company will protect the whistleblower or the personnel involved in the investigation and the contents of the whistleblower. Any form of unfair treatment or retaliation against those who report in good faith or assist in an investigation is strictly prohibited.	None
4. Information Disclosure				
Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	V		The Company has placed integrity-related regulations and promotional information on the internal website for employees to access at any time. The external website (https://www.nanpao.com.tw) under the "Investor Relations" section contains the Company's annual report (also available on the MOPS), important internal regulations, and detailed disclosure of integrity-related policy requirements, code of conduct, and information in the sustainability report under the "Corporate Sustainability" section.	None
5. If the Company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established a Code of Integrity and Ethics, which has been published on the Company's official website. The Company's operations are consistent with the established code and comply with the regulations of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."				
6. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices: 1. As the basis to fulfilling ethical management in practice, the Company is in compliance with the Company Act, the Securities and Exchange Act, relevant regulations for TWSE/TPEX listed companies, and other legal regulations related to business activities. Any dealings with counterparties that involve dishonest behavior was prohibited. 2. The Company's board of directors has respectively approved the amendment of the "Code of Ethical Conduct" on August 10, 2022, the "Procedures for Ethical Management and Guidelines for Conduct " on December 18, 2024, and the "Regulations Governing Whistle-blowing from Internal and External Parties" on December 22, 2021.				

(VIII) Other important information that could facilitate the understanding of corporate governance could be disclosed:

1. The score of the Company's first corporate governance evaluation in 2020 reached 80.73, and the ranking interval of listed companies was 21-35%. From 2021 to 2023, the Company continuously ranked within the 6–20% tier, and in 2024, with a total score of 105.68, the Company entered the top 5% tier for the first time, demonstrating a strong commitment to improving corporate governance.
2. The important information of the Company is announced on the MOPS in accordance with the regulations of the competent authority.

(IX) Internal Control System Execution Status

1. Statement of Internal Control System

The Company's 2024 Internal Control System Statement has been disclosed and filed on the information reporting website designated by the Financial Supervisory Commission (FSC). It is also available on the Market Observation Post System (MOPS). Please visit MOPS > List Company Info > Corporate Governance > Company Rules / Internal Control > Internal Control Statement Disclosure for inquiry. Website : <https://mops.twse.com>.

2. Disclosing the review report of independent auditors if they are engaged for reviewing the internal control system: None.

(X) Major Resolutions of Shareholders' Meeting and Board Meetings

1. Implementation of Resolutions made in Annual Shareholders' Meeting on June 12, 2024:

Number	Resolution	Implementation
1.	Ratification of the 2023 business report and financial statements (Proposed by the Board of Directors)	※The proposal was approved by the participating Shareholders with 94.96% approved percentage.
2.	Ratification of the 2023 earnings distribution (Proposed by the Board of Directors)	(1)The proposal was approved by the participating Shareholders with 95.06% approved percentage. (2)The ex-dividend date was set on June 28, 2024. Cash dividends totaled NT\$1,808,561,700 (NT\$15 per share) has been distributed on July 19, 2024.
3.	To amend "Procedures for Governing Loaning of Funds and Making of Endorsements" (Proposed by the Board of Directors)	(1)The proposal was approved by the participating Shareholders with 94.74% approved percentage. (2)It has been announced on the Company's website and processed in accordance with the revised regulations.

2. Board Meetings

Date	Major Resolutions
20240125	1. Approved the Company's proposal of 2023 performance-based bonuses for managers. 2. Approved the Company's proposal to amend " Procedures for Performance Evaluation of the Board of Directors ". 3. Approved the Company's proposal to provide and cancel endorsements or guarantees for subsidiaries.
20240314	1. Approved the Company's proposal of 2023 business report and financial statements. 2. Approved the Company's proposal of 2023 earnings distribution plan. 3. Approved the Company's proposal of 2023 employee and director's remuneration distribution. 4. Approved the Company's proposal of distribution of cash dividends from 2023 profits 5. Approved the Company's proposal of 2023 "Statement on Internal Control System". 6. Approved the Company's proposal to increase capital in cash for "Nan Pao Overseas Holdings Ltd." 7. Approved the Company's proposal to apply for loan facilities from banks. 8. Approved the Company's proposal to amend " Procedures for Governing Loaning of Funds and Making of Endorsements ". 9. Approved the Company's proposal of the matters related to convent 2024 Annual General Meeting and shareholders' proposals.

Date	Major Resolutions
20240509	<ol style="list-style-type: none"> 1. Approved the Company's proposal of consolidated financial statements for the first quarter of 2024. 2. Approved the Company's proposal of earnings distribution for the first quarter of 2024. 3. Approved the Company's proposal to apply for a fund loan from its subsidiary " Nan Pao Overseas Holdings Ltd.". 4. Approved the Company's proposal to amend " Remuneration payment method for directors, functional committees and managers ". 5. Approved the Company's proposal to provide endorsements or guarantees for subsidiaries. 6. Approved the Company's proposal to provide letter of support for subsidiaries. 7. Approved the Company's proposal to apply for loan facilities from banks.
20240808	<ol style="list-style-type: none"> 1. Approved the Company's proposal of appointment and adjustment of salary and remuneration for managers. 2. Approved the Company's proposal of consolidated financial statements for the second quarter of 2024. 3. Approved the Company's proposal of earnings distribution for the second quarter of 2024. 4. Approved the Company's 2023 Sustainability Report and Sustainability Development Implementation Results. 5. Approved the Company's proposal to acquire shares of " Yun Teh Industrial Co., Ltd." 6. Approved the Company's proposal to increase investment in "Contact BioSolutions Pty Ltd." 7. Approved the Company's proposal to increase capital in cash for "Nan Pao Group Holdings Ltd." 8. Approved the Company's proposal to purchase shares of "PT. Indo Nan Pao Resins Chemical Co., Ltd." 9. Approved the Company's proposal to establish a joint venture with Spark Materials Technology Co., Ltd. 10. Approved the Company's proposal to add internal control system of " Group Tax Policy and Management Guidelines". 11. Approved the Company's proposal to provide endorsements or guarantees for subsidiaries. 12. Approved the Company's proposal to provide letter of support for subsidiaries. 13. Approved the Company's proposal to apply for loan facilities from banks.
20241108	<ol style="list-style-type: none"> 1. Approved the Company's proposal of consolidated financial statements for the third quarter of 2024. 2. Approved the Company's proposal of earnings distribution for the third quarter of 2024. 3. Approved the Company's proposal to provide letter of support for subsidiaries. 4. Approved the Company's proposal to apply for loan facilities from banks.
20241218	<ol style="list-style-type: none"> 1. Approved the Company's proposal of 2025 Business Plan. 2. Approved the Company's proposal of 2025 internal audit plan. 3. Approved the Company's Sustainability Development policy list and Sustainable Development Work Plan for the year 2025. 4. Approved the Company's Chief Sustainability Officer appointment. 5. Approved the Company's proposal of donation to the affiliate "Nan Pao Social Welfare Foundation". 6. Approved the list of non-assurance services provided by the certificated public accountant and the independence assessment.

Date	Major Resolutions
20241218	7. Approved the Company's proposal to amend " Rules of Procedure for Board of Directors Meetings ". 8. Approved the Company's proposal to amend " Articles of Audit Committee ". 9. Approved the Company's proposal to amend " Corporate Governance Code of Practice ". 10. Approved the Company's proposal to amend " Procedures for Ethical Management and Guidelines for Conduct ". 11. Approved the Company's proposal to amend " Petty Cash Management Guidelines ". 12. Approved the Company's proposal to amend " Seal Management and Usage Guidelines ". 13. Approved the Company's proposal to amend " Corporate Sustainable Development Best Practice Principles " and the " Articles of Corporate Sustainability Development Promotion Committee ". 14. Approved the Company's proposal to add internal control system of " Sustainability Report Preparation and Verification Guidelines " and the " Sustainability Information Management Guidelines ". 15. Approved the Company's proposal to provide letter of support for subsidiaries. 16. Approved the Company's proposal to apply for loan facilities from banks.

(XI) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in 2024 and as of the Date of this Annual Report: None.

IV. Information on CPA Professional Fees

(I) Table of Brackets for CPA Fees

Unit: NT\$1,000

Name of Accounting Firm	Name of CPA	Audit Period	Auditing Fee	Non-auditing Fee	Total	Remark
Deloitte & Touche Taiwan	Chao-Chin Yang	20240101~ 20241231	6,550	4,220	10,770	Note
	Chi-Chen, Lee					

Note: The above-mentioned non-audit fee is mainly for three-tiered TP reporting, tax services, etc.

(II) In case of switching accounting firms and the audit fees for the new accounting firm being lower than the previous year's audit fees: No such situation.

(III) In case of a decrease of more than 10% in audit fees compared to the previous year: No such situation.

V. Replacement of the CPA: None.

VI. Information on the Company's chairman, general manager, and financial or accounting managers who has held positions at the accounting firm or its affiliates that provide auditing services within the past year: None.

VII. Equity transfer or changes to equity pledge of directors, managerial officers, or shareholders holding more than 10% of Company shares during the past year prior to the publication date of this Report.

(I) Changes in Shareholding of Directors, and Managers

1. The share transfer changes of directors and managers for 2024, and up to the date of the annual report printing, have been filed and disclosed on the information reporting website designated by the Financial Supervisory Commission (FSC), and are available on the Market Observation Post System (MOPS). Please visit MOPS > Listed Company Info > Shareholding Changes/Securities Issuance > Share Transfer Data for inquiry. Website: <https://mops.twse.com.tw>.
2. The share pledge changes of directors and managers for 2024, and up to the date of the annual report printing, have been filed and disclosed on the information reporting website designated by the FSC, and are available on the MOPS. Please visit MOPS > Listed Company Info > Shareholding Changes/Securities Issuance > Insider Pledge/Release Data for inquiry. Website: <https://mops.twse.com.tw>.

(II) Shares Transfer with Related Parties

Unit: shares; NT\$

Name	Reason of Transfer	Date of Transaction	Transferee	Relationship with the Transferee	Shares	Transaction Price
Ming-Hsien, Hsu	Establishment by contribution in kind	20240522	Yu Tang Investment Co., Ltd.	Shareholding by Nominee Arrangement	400,000	366.50
Ming-Hsien, Hsu	Gifting	20250325	Ting-Chen, Hsu	Father and son	8,000	335.50

(III) Shares Pledged with Related Parties: None.

VIII. Relationship Among the Top Ten Shareholders

As of April 19, 2025 / Unit: Shares

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Ding-Feng Investment Co., Ltd.	11,138,947	9.24	-	-	-	-	None	None	-
Representative: Guan-Jie, Fang	260	0.00	100	0.00	-	-	None	None	-
Chuan-De Investment Co., Ltd.	10,065,298	8.35	-	-	-	-	None	None	-
Representative: Wan-Hsin, Tu	12,796	0.01	-	-	-	-	None	None	-
Guang Rong Investment Ltd.	8,868,132	7.35	-	-	-	-	None	None	-
Representative: Ming-Hsien, Hsu	75,211	0.06	113,554	0.09	400,000	0.33	None	None	-
Yue Dean Technology Corporation	8,591,000	7.13	-	-	-	-	None	None	-
Representative: Yu-Jyun, Chen	-	-	-	-	-	-	None	None	-
Pao-Wang Investment Co., Ltd.	7,943,068	6.59	-	-	-	-	None	None	-
Representative: Ding-Chiang, Chou	-	-	-	-	-	-	None	None	-
CTBC Entrusted Custodian Investment Account of Blue Cross Development Co., Ltd.	7,850,523	6.51	-	-	-	-	None	None	-
Pou Chien Enterprise Co., Ltd.	5,920,248	4.91	-	-	-	-	None	None	-
Representative: Hui-Chi, Wu	-	-	-	-	-	-	None	None	-
The Bank of Taiwan Entrusted Custodian Investment Account of Yuanta Taiwan High Dividend Low Volatility ETF	4,213,000	3.49	-	-	-	-	None	None	-
Ching Lin International Development Co., Ltd.	3,709,000	3.08	-	-	-	-	None	None	-
Representative: Ying-Lin, Huang	1,000,936	0.83	-	-	3,709,000	3.08	None	None	-
I-tech. Sporting Enterprise Ltd.	2,347,000	1.95	-	-	-	-	None	None	-
Representative: Wang-Chyan, Lin	-	-	-	-	-	-	None	None	-

IX. Long-term Investment Ownership

As of December 31, 2024 / Units: Share; %

Investee	Ownership by the Company		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries		Total Investment	
	Shares	%	Shares	%	Shares	%
Nan Pao Chemical Co., Ltd.	15,000,000	100.00	-	-	15,000,000	100.00
Nan Pao Application Material Co., Ltd.	200,000	100.00	-	-	200,000	100.00
ITLS International Development Co., Ltd.	24,600,000	100.00	-	-	24,600,000	100.00
Prince Pharmaceutical Co., Ltd.	18,131,198	49.53	-	-	18,131,198	49.53
Phymed Bio-Tec Co., Ltd.	2,400,000	100.00	-	-	2,400,000	100.00
Biorich Biotechnology Co., Ltd.	391,462	57.10	-	-	391,462	57.10
Nan Pao Advanced Materials Co., Ltd.	350,000	70.00	-	-	350,000	70.00
Nanpao Fine Materials Co., Ltd.	1,375,000	55.00	-	-	1,375,000	55.00
FlexUP Technologies Corp.	18,880,000	100.00	-	-	18,880,000	100.00
Fuqing Nan Pao Investment Ltd.	4,990,000	100.00	-	-	4,990,000	100.00
Thai Nan Pao Investments Ltd.	5,282,000	100.00	-	-	5,282,000	100.00
Nan Pao Resins India Pvt. Ltd.	12,112,640	100.00	-	-	12,112,640	100.00
Nan Pao Materials Resins India Private Limited	32,722,000	100.00	-	-	32,722,000	100.00
Nan Pao Materials Vietnam Co., Ltd.	Note	100.00	Note	-	Note	100.00
Nanpao Advanced Materials Vietnam Co., Ltd.	Note	100.00	Note	-	Note	100.00
Nan Pao Overseas Holdings Ltd.	15,496	100.00	-	-	15,496	100.00
Profit Land Ltd.	983,333	73.75	350,000	26.25	1,333,333	100.00
All Saints Enterprises Ltd.	5,452,549	54.53	4,547,451	45.47	10,000,000	100.00
Ongoing Profits Ltd.	1,560,000	32.18	3,287,546	67.82	4,847,546	100.00
PT. Indo Nan Pao Resins Chemical Co., Ltd.	7,425,000	67.50	-	-	7,425,000	67.50
Nan Pao Philippines Export Inc.	25,750,000	100.00	-	-	25,750,000	100.00
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	663,625	100.00	-	-	663,625	100.00
Earnest Wealth Co., Ltd.	920,000	51.11	-	-	920,000	51.11
Nan Pao Resins International Ltd.	1,000	100.00	-	-	1,000	100.00
Nan Pao Resins (HK) Ltd.	13,400,000	100.00	-	-	13,400,000	100.00
Contact Biosolutions Pty Ltd.	2,680	31.60	-	-	2,680	31.60

Note: Not applicable for limited companies.

III. Fundraising Status

I. Capital and Shares

(I) Source of Capital

1. Formation of Capital

As of April 30, 2025

Date	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Non-cash Consideration	Approval Reference
2015/08	10	200,000,000	2,000,000,000	92,848,500	928,485,000	Capital Reserve Transfer NT\$ 44,213,590	-	MOEA Letter No. 10401197620 (2015/09/21)
2016/08	10	200,000,000	2,000,000,000	97,490,961	974,909,610	Capital Reserve Transfer NT\$ 46,424,270	-	MOEA Letter No. 10501228350 (2016/09/22)
2016/12	70	200,000,000	2,000,000,000	103,490,961	1,034,909,610	Conversion of Warrants NT\$ 60,000,000	-	MOEA Letter No. 10601007990 (2017/01/20)
2017/06	180	200,000,000	2,000,000,000	106,490,961	1,064,909,610	Cash Capital Increase NT\$ 30,000,000	-	MOEA Letter No. 10601083750 (2017/06/27)
2017/08	10	200,000,000	2,000,000,000	108,620,780	1,086,207,800	Capital Reserve Transfer NT\$ 21,298,190	-	MOEA Letter No. 10601115930 (2017/08/18)
2018/12	76.8	200,000,000	2,000,000,000	120,570,780	1,205,707,800	Cash Capital Increase NT\$ 119,500,000	-	MOEA Letter No. 10701156590 (2018/12/18)

2. Types of Shares

As of April 30, 2025/ Unit: Shares

Share Type	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total Shares	
Common Share (Listed Company)	120,570,780	79,429,220	200,000,000	-

3. Shelf Registration System Information: Not applicable.

(II) List of Major Shareholders

As of April 19, 2025 / Unit: Shares

Shareholders' Name	Shares	Percentage
Ding-Feng Investment Co., Ltd.	11,138,947	9.24%
Chuan-De Investment Co., Ltd.	10,065,298	8.35%
Guang Rong Investment Ltd.	8,868,132	7.35%
Yue Dean Technology Corporation	8,591,000	7.13%
Pao-Wang Investment Co., Ltd.	7,943,068	6.59%
CTBC Entrusted Custodian Investment Account of Blue Cross Development Co., Ltd.	7,850,523	6.51%
Pou Chien Enterprise Co., Ltd.	5,920,248	4.91%
The Bank of Taiwan Entrusted Custodian Investment Account of Yuanta Taiwan High Dividend Low Volatility ETF	4,213,000	3.49%
Ching Lin International Development Co., Ltd.	3,709,000	3.08%
I-tech. Sporting Enterprise Ltd.	2,347,000	1.95%

(III) Dividend Policy and Execution Status

1. Dividend Policy Specified in the Company's Articles of Incorporation

The Company shall distribute earnings in the following order:

- (1) Payment of taxes.
- (2) Offset of accumulated losses.
- (3) Allocation of 10% of earnings as legal reserve; however, this requirement may be waived once the legal reserve has reached the Company's paid-in capital.
- (4) Allocation or reversal of special reserves as required by law or the competent authority.
- (5) Any remaining earnings, combined with undistributed retained earnings, shall be used for the distribution plan.

As the Company is in a stable growth phase and to support future business expansion plans, the amount of dividends distributed shall not be less than 10% of the current year's remaining earnings. Dividends may be distributed in the form of cash or stock, with cash dividends as the priority. However, the ratio of stock dividends shall not exceed 80% of the total dividends.

To maintain the Company's earnings per share (EPS), and considering the impact of stock dividends on operational performance, if EPS for the current year decreases by 20% or more compared to the previous year, the Board of Directors shall propose an adjusted dividend distribution plan, which will be implemented upon approval at the Shareholders' Meeting.

2. On March 14, 2025, the Board of Directors resolved to distribute a cash dividend of NT\$19 per share, which will be distributed in accordance with the operating procedure upon determination of the ex-dividend date.

(IV) Impact of the Proposed Bonus Share Issuance (Without Consideration) on the Company's Operating Performance and EPS: Not applicable.

(V) Employee and Director Compensation

1. Percentage or Range of Compensation as Stipulated in the Articles of Incorporation:

Before distributing earnings, the Company shall allocate 2% to 6% of the annual pre-tax profits (before employee and director remuneration) as employee remuneration. Of this, not less than 20% shall be allocated to grassroots employees. In addition, up to 3% shall be allocated as director remuneration.

2. Estimated Compensation for Employees and Directors This Period:

(1) Basis for Estimation:

The estimated amount is based on the net profit of the current period and in accordance with the specified percentages in the Articles of Incorporation, and past distribution practices.

(2) Basis for Calculating Number of Shares for Stock Compensation: Not applicable.

(3) If the Actual Distribution Differs from the Estimate: The difference shall be recognized in the profit or loss of the following year.

3. Compensation Distribution Approved by the Board of Directors:

(1) Cash or Stock Distribution Amounts:

A: Employee Cash Compensation: NT\$81,120 thousands

B: Employee Stock Compensation: NT\$0 thousands

C: Director Compensation: NT\$34,320 thousands

D: There was no difference between the approved and estimated amounts.

(2) Employee Stock Compensation and Its Proportion of Net Profit After Tax and Total Employee Compensation: Not applicable.

4. Actual Compensation Distributed for the Previous Year:

Unit: NT\$1,000

Distribution Items	Amount Distributed as per Board of Directors' Resolution
Employee Compensation (Cash)	67,600
Director Compensation (Cash)	28,600
Total	96,200

There was no difference between the actual and recognized amounts of compensation distributed to employees and directors for the previous year.

(VI) Status of the Company's Share Buyback: None.

II. Status of Corporate Bonds: None.

III. Status of Preferred Shares: None.

IV. Status of Global Depositary Receipts: None.

V. Status of Employee Stock Warrants: None.

VI. Status of New Restricted Employee Shares: None.

VII. Status of Issuing New Shares for Merger or Acquisition of Other Companies' Shares: None.

VIII. Status of Capital Allocation Plan Execution: Not applicable.

IV. Operational Overview

I. Business Activities

(I) Business Scope

1. Main Content of Business

- (1) C801060 Synthetic Rubber Manufacturing.
- (2) C801100 Synthetic Resin and Plastic Manufacturing.
- (3) C802120 Industrial Catalyst Manufacturing.
- (4) C802200 Coating, Paint, Dyeing and Dyestuff Manufacturing.
- (5) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Sales Ratio of Main Products

Unit: NT\$1,000

Item	2023		2024	
	Salea Amounts	Sales %	Salea Amounts	Sales %
Adhesives	14,502,300	70.46	16,877,046	73.43
Coatings	1,456,431	7.08	1,528,637	6.65
Others	4,622,457	22.46	4,576,915	19.92
Total	20,581,188	100.00	22,982,598	100.00

3. Current Product (Service) Categories of the Company

- (1) Adhesives: Primarily used in athletic footwear and apparel, industrial applications, and other consumer products.
- (2) Coatings: Mainly categorized into powder coatings, liquid coatings, industrial coatings, and construction chemicals.

4. New Products Development

Items	No.	New R&D Technology Or Improvement Project
Adhesives	1	Low-Temperature Vulcanization Accelerator
	2	NIKE Mini Foam 3.0 Water-Based Treatment Agent
	3	Water-Based UV Light Source Treatment Agent
	4	Zero-VOC Water-Based Vulcanized Rubber System
	5	Chlorine-Free Powder Rubber Treatment Agent
	6	Footwear Disassembly Technology
	7	Matte Water-Based Adhesive Development
	8	One-Component IP & IU Water-Based NUV Treatment Agent
	9	1K Hydrolysis-Resistant PUD Development
	10	SB UV 2-in-1 Treatment Agent
	11	Acrylic Structural Adhesive
	12	High-Performance HVAC Duct Adhesive
	13	Eco-Friendly Solvent-Free Spray Adhesive for Paper Packaging
	14	Moisture-Wicking Resin Development for Textiles
	15	Breathable Waterproof Coating PUD for Fabrics
	16	High Heat-Resistant Solvent-Based Benzene-Free Woodworking Spray Adhesive
	17	High-Performance Industrial Flexible Packaging Adhesive
	18	Flexible OCA (Optically Clear Adhesive) Development
	19	High-Speed Peeling Protective Film PSA Development
	20	UV Solvent-Free PSA Development
Coatings	1	Floor Soundproofing Adhesive
	2	Water-Based Epoxy Anti-Corrosive Primer

Items	No.	New R&D Technology Or Improvement Project
Coatings	3	Water-Based Epoxy Conductive Coating
	4	Epoxy Grouting Adhesive
	5	Water-Based Bicycle Paint
	6	Fast-Drying High-Build Epoxy Coating for Water Pipes
	7	Outdoor Road Surface Cooling Paint
	8	Anti-Static Powder Coating
	9	SIAA-Certified Antibacterial Polyester Powder Coating
	10	Two-Component Low-Gloss Outdoor Powder Coating
Others	1	Bio-Based Polyester Polyol
	2	Food-Grade Plastic-Free Paper Coating Development
	3	Water-Based Resin for Hot Stamping Release Layer (High Recycled PET Content)
	4	Fast-Curing Epoxy Resin for Electronic Products
	5	Fluorine-Free Anti-Wicking Additive
	6	Water-Based PUD Topcoat / Primer / Surface Treatment for Automotive Leather
	7	High Transparency / Heat-Resistant PI Resin
	8	Low Dk/Df MPI or LCP Materials for High-Frequency Electronics
	9	Fast-Curing Resin for Electronic Products
	10	High-Strength, Heat-Resistant Resin for Aerospace Applications

(II) Industry Overview

The chemical industry serves as the foundation for both consumer goods and high-tech industries. Based on their characteristics, chemicals can be broadly categorized into two main types: bulk chemicals and specialty chemicals.

[Table: Categories and Characteristics of Chemicals]

Product Category	Product Characteristics
Bulk Chemicals	<ul style="list-style-type: none"> • Sold primarily based on their chemical composition • Typically single chemical entities • Easily interchangeable among suppliers • Mass-produced with relatively low added value
Specialty Chemicals	<ul style="list-style-type: none"> • Rarely single chemical substances; often complex compounds or formulations • Typically batch-produced for industrial use • Represent a small portion of customer cost • Sold based on functionality • Offer the highest added value

Source: IEK, Industrial Economics and Knowledge Center (May 2024)

As shown in the table above, bulk chemicals are characterized by their simple composition, high production volume, and relatively low profit margins—examples include commodity plastics. Due to their simple composition, users of bulk chemicals can more easily switch suppliers without affecting product performance. On the other hand, specialty chemicals are high value-added products with specific performance characteristics. They are often complex compounds or formulations whose functionality depends on their composition. Since end users typically require only small quantities, specialty chemicals are usually produced in batches. In many cases, specialty chemicals represent only a small portion of the total cost of the end user's product, which makes customers less inclined to risk switching suppliers. Therefore, customer loyalty in the specialty chemicals market is generally higher than in the bulk chemicals market.

Synthetic resins are one of the most important segments of Taiwan's specialty chemicals industry. They are widely used in paints, coatings, inks, adhesives, plastics, textiles, aerospace, healthcare, electronics, and information technology. The synthetic resin and plastic manufacturing industry belongs to the mid and downstream segments of the petrochemical value chain. The five most commonly used general-purpose resins are polyethylene (PE), polypropylene (PP), polystyrene (PS), polyvinyl chloride (PVC), and acrylonitrile butadiene styrene (ABS).

The main sources of revenue for the Company are adhesives and coatings. Below is an overview of the adhesive and coating industries relevant to the core business:

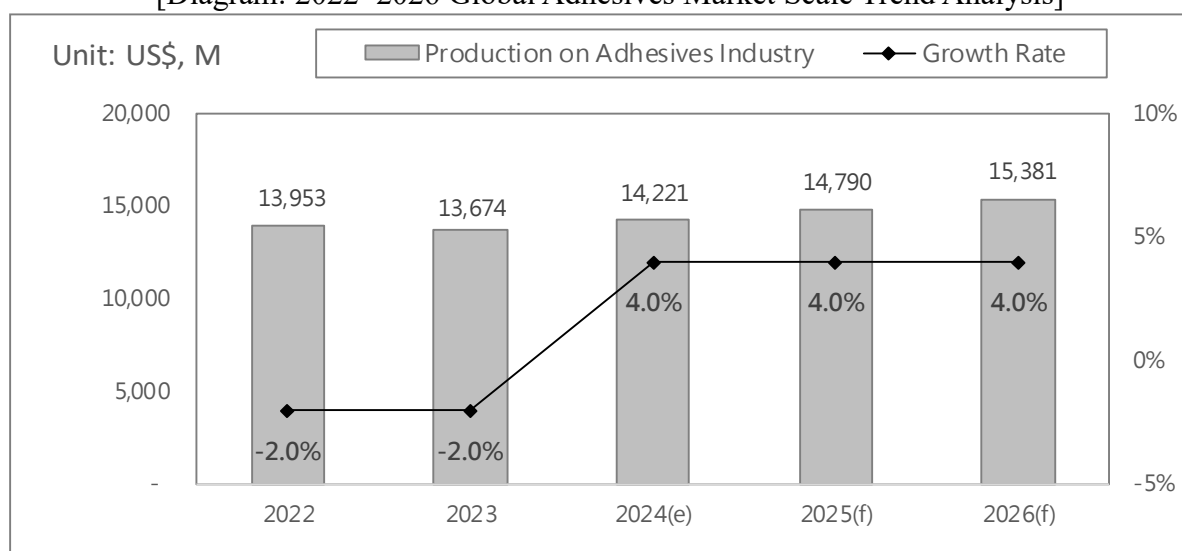
1. Industry Overview and Development

(1) Overview of the Adhesives Market

Adhesives are widely used due to their broad range of applications, ease of use, high economic efficiency, and rapid development. They are essential supporting products in many industries, including textiles, packaging, footwear, construction, paper, woodworking, aerospace, automotive, electronics, metallurgy, machinery processing, and healthcare.

According to 2024 statistics from the Industrial Economics and Knowledge Center (IEK) of ITRI, the global adhesive market size in 2023 declined to USD 13,674 million due to weakened domestic demand in Mainland China and the continued pressure on consumption from high interest rates in the U.S. and Europe. Looking ahead to 2024, although global consumption remains weak, rising geopolitical tensions are expected to drive up oil prices and adhesive product prices, potentially leading to market growth.

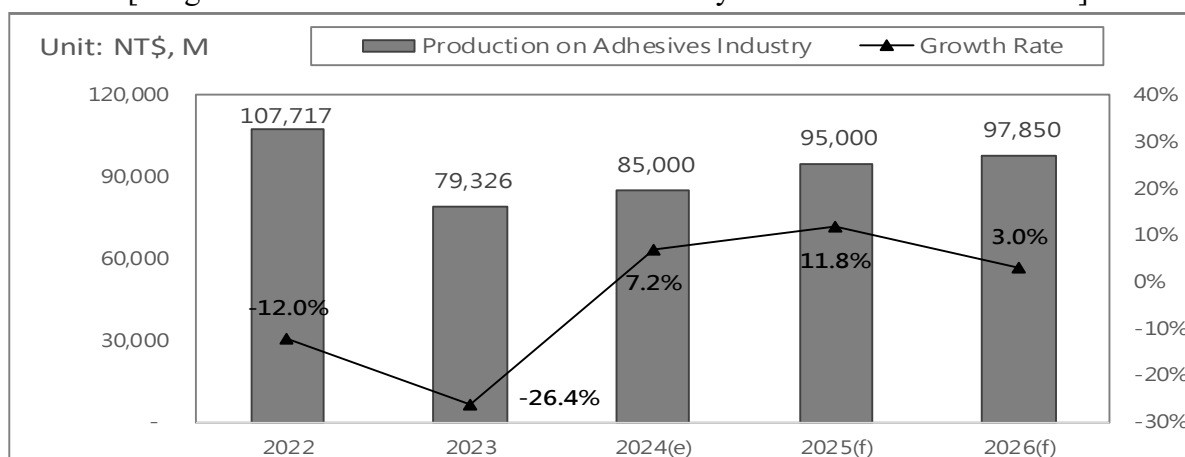
[Diagram: 2022~2026 Global Adhesives Market Scale Trend Analysis]



Source: IEK, Industrial Economics and Knowledge Center (May 2024)

According to 2024 statistics from the Industrial Economics and Knowledge Center (IEK) of ITRI, in 2023, the Russia-Ukraine war remained unresolved, and Western countries continued to maintain high interest rates to suppress domestic inflation and consumer demand. Although Mainland China had lifted its dynamic zero-COVID policy, the demand for adhesives had not shown improvement, and the average price had declined due to falling oil prices. As a result, Taiwan's adhesives production value in 2023 was expected to decrease significantly by 26.4% compared to 2022, reaching NT\$79,326 million. Looking ahead to 2024, with global military conflicts intensifying and the expansion of the war in the Middle East, international oil prices in 2024 are expected to be higher than in 2023, driving up the price of adhesives products. As for the demand for adhesives, it is expected to remain low, influenced by the continued tightening monetary policies in most regions worldwide and the housing debt crisis in Mainland China. Despite the price increase and sustained low demand, Taiwan's adhesives production value in 2024, though still at a low level, is expected to grow compared to 2023.

[Diagram: 2022~2026 Production Trend Analysis of Adhesives in Taiwan]



Source: IEK, Industrial Economics and Knowledge Center (May 2024)

The Company is a leading manufacturer of PVAc adhesives in Taiwan and is well recognized in the industry for its 815 waterproof acrylic resin coating. Historically, its focus has been on independent research and development, with major R&D efforts centered on PU resins, water-based PVAc, EVA, acrylic resins, powder coatings, liquid coatings, yellow glue, paste adhesives, epoxy, phenolic resins, and various footwear materials and treatment agents. To achieve further breakthroughs, the Company has begun incorporating external technologies and engaging in collaborations with industry, government, and academia, as well as employing external consultants to enhance its technological capabilities. Current R&D investments focus on high-performance adhesives for footwear, functional adhesives for textiles, adhesives for hygiene products, low-VOC and hot-melt adhesives for automotive applications, adhesives for flexible packaging materials, pressure-sensitive adhesives for optical applications, construction chemicals, and functional coatings.

Adhesives are widely applied across global industries, and with the continuous innovation of end-use consumer products, their application fields are constantly expanding. Present-day adhesive R&D emphasizes environmentally friendly, non-toxic, and high-performance characteristics. In response to market demand and sustainable development trends, products featuring low carbon footprints, low VOC emissions, the absence of restricted substances, weather resistance, high-temperature resistance, thermal conductivity, and high strength have become focal points for development among major manufacturers. In addition, the promotion of the circular economy is creating new opportunities for innovation in adhesive technology. The Company's adhesive product development is also aligning with green and sustainable goals. Key future development areas include reversible thermosetting resins, detachable adhesives, biodegradable adhesives, non-toxic adhesives, and adhesives with low carbon footprints.

(2) Overview of the Coatings Market

The coatings industry is primarily applied in three major sectors: construction, industrial, and specialty uses. Architectural coatings are closely tied to the construction and manufacturing industries, industrial coatings are mainly associated with automobiles, home appliances, and industrial equipment, while specialty coatings encompass a wide range of applications.

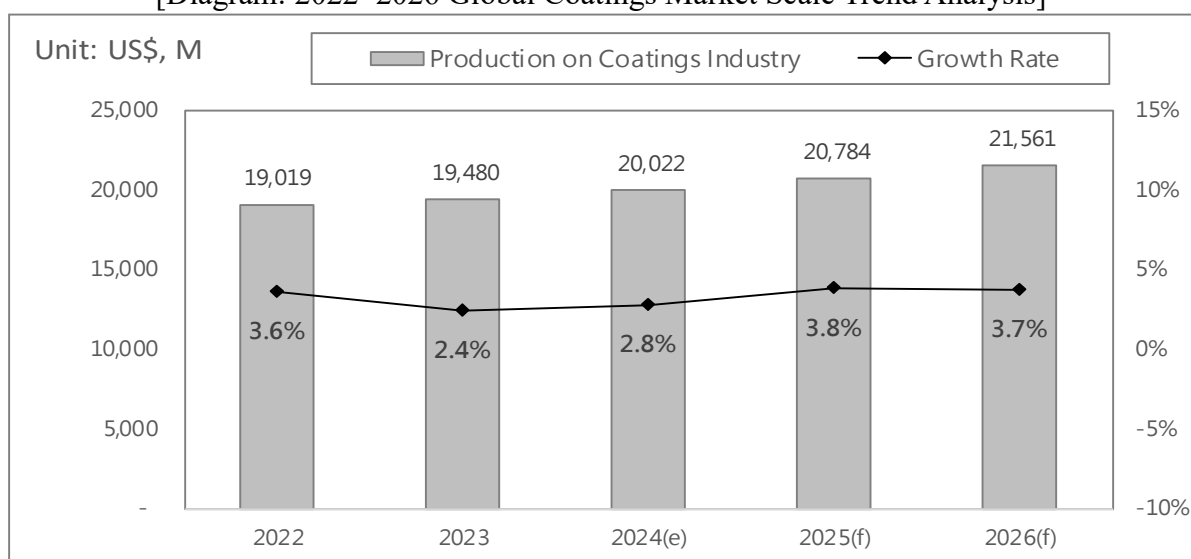
The Asia-Pacific region has become the fastest-growing market for coatings due to factors such as regional infrastructure development, raw material availability, low labor costs, increasing trade integration with other regions, and private sector participation. Population growth and rapid urbanization in emerging economies within the Asia-Pacific region have also contributed significantly to the expansion of the coatings market. In developed regions such as North America and Europe, the growing number of passenger vehicles has driven demand from automotive OEMs and the refinish coatings sector.

There is particularly high demand for decorative (architectural) coatings in emerging Asia-Pacific markets. The notable growth in the construction industry, combined with demand for eco-friendly features, durability, and improved aesthetics, has fueled consumption across various applications. Increased investments in emerging and less regulated markets are key growth opportunities for market participants.

Powder coatings have gained popularity due to their negligible release of volatile organic compounds (VOCs) into the atmosphere and their solvent-free nature. The powder coatings market is experiencing rapid growth thanks to new products, formulation developments, and advancements in application processes. These coatings are primarily used in automotive, construction, appliances, and oil and gas pipeline applications. During the forecast period, the Asia-Pacific region is expected to be both the largest and fastest-growing market for powder coatings, driven by the rapid expansion of the automotive, construction, and oil and gas sectors in the region.

According to 2024 statistics from the Industrial Economics and Knowledge Center (IEK) of ITRI, the global coatings market reached USD 19,480 million in 2023. It is projected to grow at a compound annual growth rate (CAGR) of 3.2% from 2023 to 2026. Rapid expansion in residential and construction sectors, GDP growth, and rising disposable income have further fueled market development. Technological advancements in end-use industries such as automotive, marine, aerospace, wood, and general industry also support growth. Looking ahead to 2024, the global coatings market size is expected to reach USD 20,022 million, representing a 2.8% increase over 2023.

[Diagram: 2022~2026 Global Coatings Market Scale Trend Analysis]

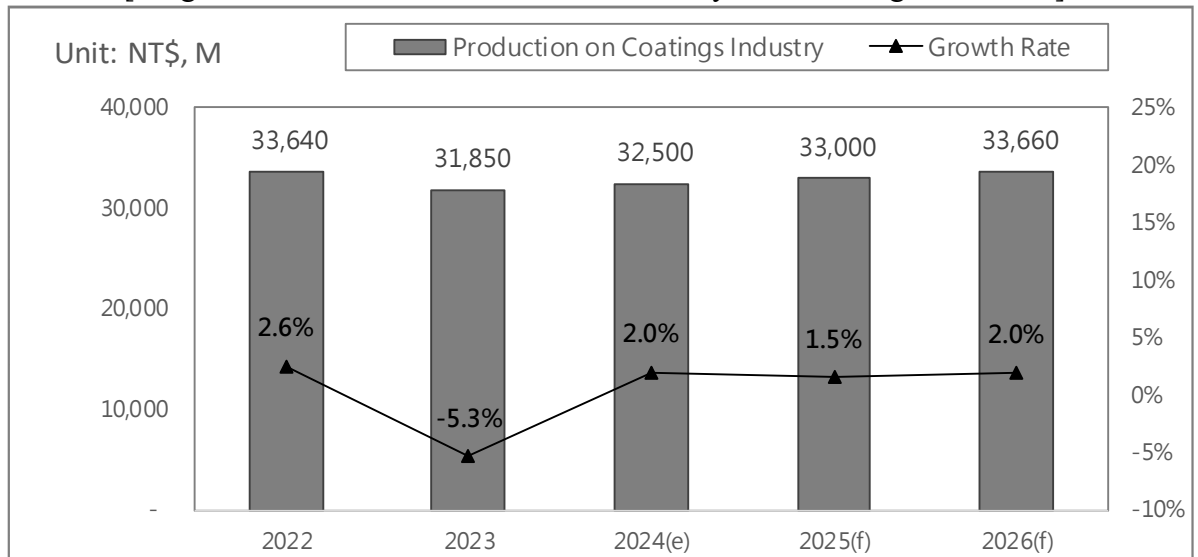


Source: IEK, Industrial Economics and Knowledge Center (May 2024)

Taiwan's coatings industry is primarily driven by the domestic market, with domestic sales accounting for over 60% of total output. In the export market, Mainland China remains Taiwan's largest export destination for coatings. As Chinese coatings manufacturers have improved their production technology and quality in recent years, Taiwanese manufacturers have also enhanced their own quality and technological capabilities in response.

According to 2024 statistics from the Industrial Economics and Knowledge Center (IEK) of ITRI, in 2023, Taiwan's manufacturing exports underperformed, overall economic momentum slowed, and the housing market cooled, leading to reduced demand for interior decoration and renovation, which in turn suppressed sales of architectural coatings. As a result, Taiwan's coatings production value declined to NT\$31,850 million, a 5.3% decrease compared to 2022. Looking ahead to 2024, Taiwan's coatings production value is expected to grow to NT\$32,500 million, representing a 2.0% increase compared to 2022.

[Diagram: 2022~2026 Production Trend Analysis of Coatings in Taiwan]



Source: IEK, Industrial Economics and Knowledge Center (May 2024)

Due to the impact of the COVID-19 pandemic, the development of antimicrobial coatings has begun to attract increasing attention. In addition, the coatings industry is subject to environmental regulations imposed by various countries. As a result, eco-friendly water-based coatings and solvent-free coatings for building applications, along with functional coatings that offer energy saving, fire resistance, and self-cleaning properties, are expected to continue driving global market growth. The Company's product strategy focuses on coatings that reduce environmental impact and improve energy and resource efficiency. R&D efforts are centered on industrial coatings that emphasize non-toxic and multifunctional anti-corrosion pigments, integrated coating processes, and water-based formulations, as well as on energy-saving coatings, bio-based coatings, high-performance coatings, and smart coatings.

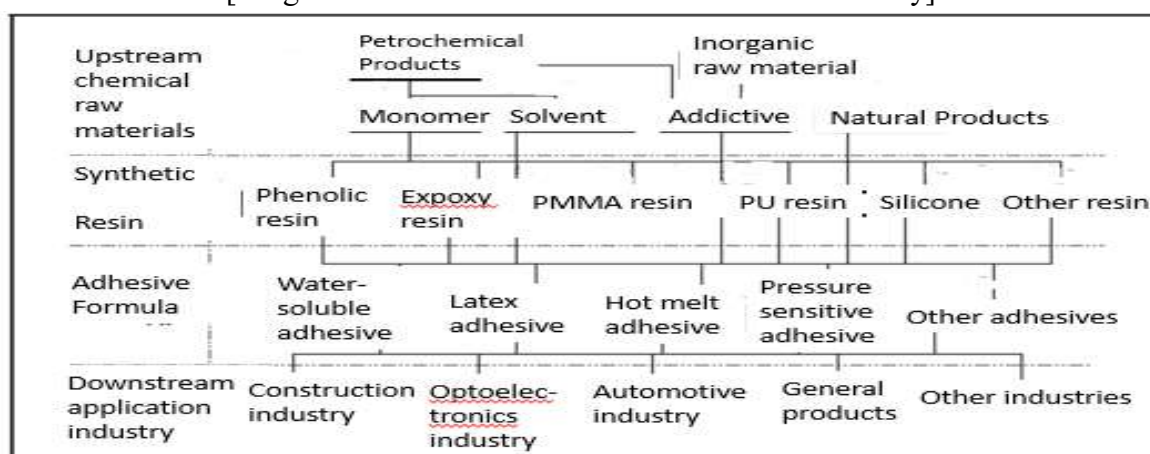
2. Industrial Interrelationships

(1) Adhesives Industry

Taiwan's adhesive manufacturers exhibit a trend of backward integration, expanding toward the upstream synthetic resin industry to achieve vertical integration. This strategy is a key factor enabling further development for companies, making the growth of synthetic resins and adhesives mutually reinforcing. Due to the slowdown of market growth in Taiwan and the rise of the Chinese market, many manufacturers have begun relocating operations overseas, triggering a reshuffling within the industry. However, the Chinese market does not guarantee success, whether foreign manufacturers thrive or struggle in Mainland China will have a decisive impact on overall competitiveness.

Adhesives are composed of polymers, additives, solvents, and other materials derived from upstream petrochemical raw materials or natural substances. They are widely applied across various industries, including footwear manufacturing, plywood, electronics and electrical engineering, automotive and motorcycle, construction, textile processing, tapes, furniture, paper, and aerospace.

[Diagram: Vertical Structure of the Adhesives Industry]



Source: IEK, Industrial Economics and Knowledge Center (May 2024)

(2)Coatings Industry

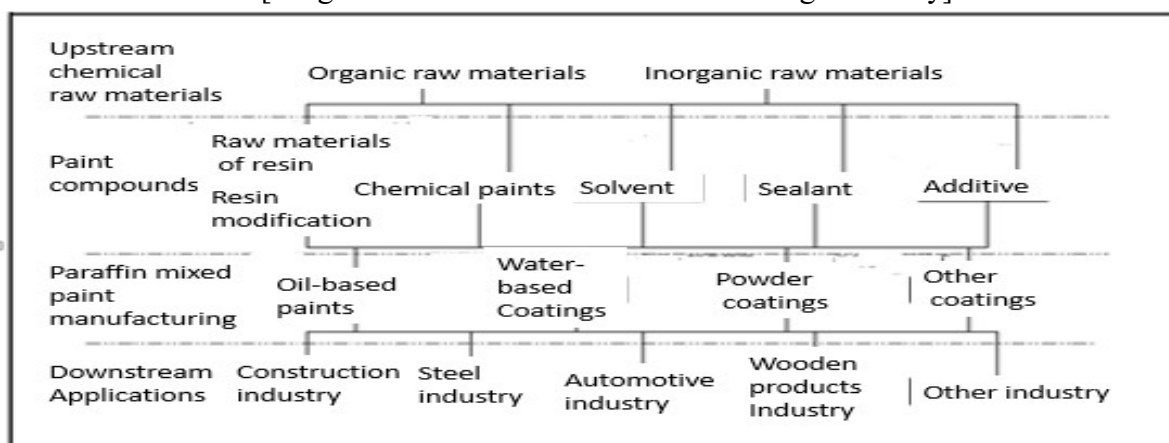
Coatings are formulated products composed of a mixture of various raw materials. It is generally understood that the primary components of coatings include resins, pigments, solvents, fillers, and additives. Although these five components constitute the content of coatings, they are considered part of the upstream industry and are not classified as part of the coatings industry itself under industrial definitions.

In terms of downstream applications, coatings are widely used in construction, ships, bridges, machinery, toys, wood products, and more. With technological advancements, new applications for coatings are continuously being developed, allowing coatings to be extensively utilized in industries such as engineering, transportation equipment, machinery, and steel products. Therefore, the paint and coatings industry evolves in tandem with the broader industrial landscape.

In recent years, coating manufacturers have responded to government policies by improving bio-based content to achieve key goals of upgrading and transforming the paint and coatings industry. Many functional coatings, such as nanocoatings, fire-retardant coatings, UV-curable coatings, and conductive coatings, have been developed and applied in related downstream sectors.

Additionally, with increasingly stringent environmental regulations, major coating manufacturers are actively developing eco-friendly coatings to comply with environmental laws and align with future trends. These include water-based coatings, solvent-free coatings, high-durability coatings that reduce application frequency and volume while effectively lowering volatile organic compound (VOC) emissions, as well as self-cleaning coatings that do not require manual washing or chemical detergents. Such innovations are expected to gain favor among consumers.

[Diagram: Vertical Structure of the Coatings Industry]



Source: IEK, Industrial Economics and Knowledge Center (May 2024)

3. Development Trends of Various Products

(1) Adhesives Products

In recent years, the application scope of adhesives has continued to expand, from consumer-related sectors such as woodworking, textiles, footwear, flexible packaging, and hygiene products to high-end fields including electronics, optoelectronics, advanced medical devices, and industrial structural components. Major manufacturers are not only maintaining their presence in traditional applications but also actively developing new products that offer both high added value and a balance between environmental friendliness and high performance.

With the rise in global environmental awareness, the demand from both governments and enterprises for eco-friendly products has grown significantly. One key compliance indicator is the reduction of volatile organic compound (VOC) emissions. Solvent-free UV-curable pressure-sensitive adhesives (PSAs) have gained attention due to their outstanding performance and present several strategic advantages: A. Low operating temperature, making them particularly suitable for UV LED curing systems and avoiding damage to heat-sensitive substrates; B. Effective reduction of VOC emissions, aligning with environmental trends and regulations; C. Excellent shear strength under high-temperature conditions; D. High optical transparency, suitable for optical and display applications; E. Excellent chemical resistance, moisture resistance, and thermal stability; F. Improved production efficiency and reduced downtime; G. No solvent evaporation issues, ensuring consistent and uniform curing results. Solvent-free UV-curable PSAs are transitioning from being an "alternative option" to becoming a "strategic material" with critical influence. Their technological advancement and expanding applications are expected to profoundly impact industries such as electronics, healthcare, and sustainable packaging, as well as drive supply chain restructuring.

As digital electronics technology continues to expand across sectors, performance requirements for electronic components are also increasing. To meet the growing precision in optical modules, the development of high-refractive-index PSAs has become a key technological focus. By improving light transmittance and refractive index, these adhesives enhance display clarity and optimize overall optical performance. In parallel, the rapid rise of flexible electronics has led to a surge in demand for bendable and foldable displays, further driving the development and application of flexible PSAs. These materials must combine flexibility with strong adhesion to ensure stable bonding during repeated bending, thereby maintaining display quality. In the 5G era, high-speed digital signal transmission is a core requirement. To reduce signal delay and loss, the industry is increasingly adopting low-dielectric constant (low-k) materials. PSAs used as interlayer electronic materials must also possess low dielectric properties to support high-speed, high-frequency signal transmission effectively. In summary, the development trends for optical and electronic application materials, such as those used in smartphones, tablets, and in-vehicle display systems, are moving toward multifunctional integration, including high refractive index, flexibility, and low dielectric properties.

Hot-Melt Pressure-Sensitive Adhesives (HMPSAs) are among the fastest-growing emerging products in recent years. Compared to traditional hot-melt adhesives, HMPSAs exhibit tackiness at room temperature and require only light pressure to bond. Unlike solvent-based PSAs, HMPSAs contain no solvents and require no emulsifiers. Compared to water-based PSAs, they offer faster drying times and eliminate the need for emulsification processes. Typical applications include packaging adhesives, medical hygiene products, textile labels, and other specialty pressure-sensitive products. Future development will focus on high-temperature resistance and medical-grade applications. Leading global brands such as Henkel and 3M are actively investing in related technologies and market development.

Structural adhesives offer excellent load-bearing capacity and are used for bonding, reinforcing, repairing, and anchoring high-strength components. With the global trend toward lightweighting, industries such as aviation, automotive, and wind turbine blades are increasingly adopting plastics and composite materials. As a result, structural adhesives are gradually replacing traditional mechanical fasteners like bolts and rivets, leading to a significant rise in market demand. To meet the rapid growth in lightweight vehicle bodies and aerospace composites, major chemical companies are actively developing high-strength, fast-curing structural adhesive formulas to tap into high-end manufacturing applications.

With the continued growth of the functional textiles market and the push for ESG goals, leading apparel brands are increasingly demanding eco-friendly alternative materials. Many are accelerating the shift from traditional high-pollution solvent-based resins to environmentally friendly water-based resins for coating applications. In response to this trend, Taiwan's textile industry partnered with Nan Pao Group in 2023 to introduce water-based resin technologies, replacing solvent-based systems. This strategic move not only addresses the dual global market demands for sustainability and high-performance materials but also showcases Taiwan's innovation and commitment to sustainability in the functional textile field. Through this collaboration, Taiwan's industrial supply chain is expected to reinforce its leading position in the global functional textile market and seize new opportunities under the core value of "sustainable innovation."

(2) Coatings Products

In the field of water-based coatings, water-based and low-VOC development has nearly dominated the entire direction of coating market R&D. The development of water-based coatings centers around upstream water-based resins. One major challenge in using water-based coatings is film formation, as water-based resins typically exist in an emulsion-dispersed state, rather than in a solvent-based dissolved or swollen state. As a result, film-forming aids are necessary to assist in the film-forming process. Currently, based on the differences in film-forming materials, common types of water-based coatings include: alkyd resin coatings, water-based epoxy coatings, water-based polyurethane coatings, water-based acrylic coatings, water-based fluorocarbon coatings, water-based silicone coatings, and water-based inorganic coatings.

Powder coatings represent a more advanced coating technology compared to traditional coatings, with the key distinction being their physical form. Powder coatings are composed of 100% solid fine powder and contain no organic solvents, whereas traditional coatings typically contain volatile organic compounds (VOCs). With the rise of environmental awareness, countries in Europe and North America have actively promoted the development and application of powder coatings as a solution to reduce VOC emissions and address environmental issues. Powder coatings offer multiple advantages including low pollution, high material utilization, and energy savings. Combining environmental and economic benefits, they are gradually becoming the preferred alternative to conventional coating materials across various industries.

Driven by ESG sustainability targets, carbon emissions management, and seismic safety concerns in buildings, the application of powder coatings is projected to expand into five key areas: A. Anti-corrosion coatings for solar panel brackets and accessories; B. Low-temperature curing powder coatings; C. Interior coatings for potable water pipelines; D. Building material coatings for new constructions and urban renewal projects; E. Specialized powder coatings for automotive components. These application fields are expected to collectively drive the market growth and technological value of powder coatings.

Since 2006, FUJIFILM Business Innovation has been recycling used toner cartridges, with most of the recovered toner used in steelmaking processes. However, in Taiwan, toner is not listed as a mandatory recyclable item and is often incinerated or landfilled as general waste,

posing environmental concerns. To address this issue, the Industrial Technology Research Institute (ITRI) developed patented dispersion and surface treatment technologies, successfully converting hydrophobic toner into reusable water-based black slurry. Since 2021, NanPao has participated in this recycling application project, using recovered toner to produce water-based black slurry coatings, pioneering a new model for toner reuse and contributing to a circular economy. In 2023, FUJIFILM Business Innovation, Nan Pao, and ITRI further collaborated to apply this technology to the production of eco-friendly water-based coatings, achieving Global Recycle Standard (GRS) certification in the second half of the year. These coatings contain up to 50% recycled toner and can be widely applied in interior decoration, outdoor construction, and furniture surface coatings.

(3) Forward-looking Product Development Plans

A. Products Aligned with Circular Economy and ESG Trends

Nan Pao is committed to advancing circular economy and ESG goals by utilizing bio-based and recycled materials to reduce carbon emissions, conserve energy, and protect the environment. The Company has developed a range of bio-based products with carbon reduction rates ranging from 5% to 80%, including: USDA-certified bio-based PU foam cushions, bio-based polyols (for PU foam and adhesive synthesis), bio-based shock-absorbing materials (used in insoles and midsoles), bio-based resins and adhesives for footwear spray coatings, bio-based functional textile coatings, bio-based PUR for wood flooring lamination, and bio-based hot melt adhesives for food container labeling. Nan Pao has also incorporated recycled materials into product development, such as textile coatings and transfer resins containing r-PET, and coatings made from recycled silicon wafers and oyster shell powder, achieving carbon reduction up to 26%. In response to the government's plastic reduction policy, Nan Pao developed a recyclable paper-based waterborne coating resin with water and oil resistant properties, helping to achieve plastic reduction, carbon reduction, and waste reduction goals.

Powder coatings have been adopted in the Taipei Water Department's "Potable Water Pipeline Interior Coating" program. Phase 1 (2020-2021) focused on initial promotion with 10 km replaced annually. Phase 2 (2022-2023) entered expansion with 20-30 km replaced per year. Phase 3 (from 2024 onward) targets full implementation using DIP powder-coated pipes. Taiwan Water Corporation is also trialing the technology to improve drinking water quality across the island.

B. Fluorine-Free Eco-Friendly Products Compliant with ZDHC and Global Trends

In response to global restrictions on PFAS, NanPao has developed fluorine-free water-repellent technology. Through polymer structure design, the technology mimics the water-repellent performance of fluorocarbon compounds while excluding EU-regulated siloxanes such as D4, D5, and D6. These products are suitable for eco-friendly garments, leather, fabrics, shoelaces, and woven tapes, fulfilling brands' demand for non-toxic manufacturing processes.

C. High-Durability Eco-Friendly Automotive Synthetic Leather

To comply with increasingly stringent VOC emission regulations, Nan Pao has expanded equipment for pollution control and actively invested in research and testing of water-based and solvent-free systems. For automotive leather applications, the Company developed a high-performance water-based polyurethane (PUD) featuring specialized crosslinking structures and polycarbonate components. This significantly enhances hydrolysis resistance and physical properties while minimizing solvent emissions, fully meeting the dual requirements for durability and sustainability in automotive materials.

D. Advanced Materials for 5G and Electronics Industries

As entering the B5G/6G high-frequency era, substrate materials for electronic applications face increasing demands for performance. To meet high expectations for appearance, functionality, and durability, Nan Pao is actively developing high-performance materials including: modified polyimide (MPI) and liquid crystal polymer (LCP) with high-speed transmission, mechanical strength, and thermal stability; and colorless polyimide (CPI) films that offer flexibility and impact resistance, ideal for portable display devices. In parallel, Nan Pao is investing heavily in R&D and market engagement to advance products toward more human-centric, mobile, and personalized directions.

E. UV Solvent-Free Technology

Nan Pao continues to deepen its expertise in UV solvent-free technologies, which offer rapid curing and drying, significantly reducing production cycles and enhancing efficiency. Responding to the trend toward high-efficiency, energy-saving industries, the Company is actively improving formulations and processes to increase curing speed, lower costs, and improve product quality. Nan Pao's UV solvent-free coatings boast zero VOC emissions and high energy efficiency, applicable to substrates such as plastics, metals, and glass. These are widely used in automotive, electronics, construction, and packaging sectors. Moving forward, environmental protection, innovation, and efficiency will continue to drive the growth and application of this technology.

F. Quantum Dot (QD) Nanotechnology

Quantum dots exhibit outstanding optoelectronic properties and have broad application potential, which includes: a. Display Technologies--QDs can emit high-purity light, achieving wide color gamut, high contrast, and low energy consumption, ideal for high-performance displays. As demand for superior image quality rises, QDs are expected to be widely used in TVs, smartphones, and computers; b. Optoelectronic Devices--With tunable bandgaps and energy levels, QD materials enhance photoelectric conversion efficiency and are suitable for high-efficiency photovoltaic cells and LED lighting components. The performance of QDs is closely linked to material properties and fabrication techniques. Future developments in non-toxic materials and innovative processing will further expand their potential applications.

G. Adhesives and Materials for Automotive and Electric Vehicles (EVs)

As automotive components, including those for EVs, increasingly shift from liquid to powder coatings, Nan Pao continues to develop powder coating products for wide-ranging automotive applications, including aluminum wheels, wipers, brake pads, calipers, springs, stabilizer bars, bumpers, car storage racks, and roof racks. To enhance automotive quality systems, Nan Pao implemented the IATF 16949 certification in 2024. The Company is also actively developing powder coatings for EV applications, such as for battery insulators and motor busbars, demonstrating strong R&D capabilities and market foresight in next-generation automotive materials.

H. Key Adhesives and Materials for the Electronics and Electromechanical Industries

In 2024, Nan Pao's powder coatings have been widely applied in the electronics and optoelectronics sectors, showcasing technological diversity and innovation. In electronics, the Company launched specialized powder coatings for magnesium-aluminum alloy laptop casings and insulation materials for resistors, capacitors, and inductors. In the optoelectronics industry, Nan Pao developed highly corrosion-resistant powder coatings for solar panel brackets and components, as well as specialized coatings for AI server enclosures. The Company is also expanding into the power and new energy sectors, offering powder coatings for medium/low-voltage busbars, switchgear, high-end electrical equipment, and EV insulation busbars, meeting the demands for high performance and insulation reliability.

4. Competitive Landscape

(1) Adhesives Business

Adhesives have a wide range of applications, covering everyday consumer goods, construction engineering, and electronic materials. Due to the diverse downstream industries served by this business, adhesive sales are significantly influenced by demand fluctuations in these sectors. The primary source of competition arises from substitute products, particularly in industrial processing materials where overlapping functionalities may result in external competition. Therefore, differentiation in customer service and value-added products are key to maintaining competitiveness.

From an industry perspective, woodworking is considered a traditional industry with numerous and fierce competitors. Enhancing market share and advancing technology are crucial for achieving a favorable balance between performance and cost, as well as a strong brand reputation. In the textile industry, brands and manufacturers are increasingly emphasizing environmental sustainability, reducing the use of solvent-based and fluorinated products, and increasing the share of eco-friendly products. Competitors are developing functional PUDs and PURs along similar lines; thus, product functionality and pricing are critical to maintaining a competitive edge. Nan Pao is also actively developing bio-based and recycled materials to align with the broader circular economy trend. In the hygiene product segment, competitors continue to pursue low pricing strategies despite rising raw material costs. Combined with declining birth rates and economic downturns, the traditional hygiene market has contracted compared to the previous year and is expected to remain subdued through at least 2025. Adhesives for flexible packaging represent a new growth area, with opportunities for supply and distribution throughout the Asia-Pacific region, mainly dominated by local enterprises. Over the coming years, this segment is expected to contribute significantly to group revenues. Regarding footwear adhesives, the Company continues investing in R&D and global deployment to meet customer expectations in quality, cost, service, and delivery, ensuring flexible production capacity and stable global supply.

Globally, the adhesives market is benefiting from ESG initiatives, carbon neutrality goals, and tightening environmental regulations. The industry is shifting toward bio-based, low-VOC, solvent-free systems and functional applications. Major international players are expanding capacity and regional footprints. For example, Henkel is building a new high-end adhesive plant in Yantai, Mainland China, focused on automotive, electronics, and medical applications. BASF is expanding its MDI and TPU plants in the U.S. and Guangdong, respectively, targeting Asian markets. Other major players, including IKEA, Covestro, Celanese, and Evonik, are investing in bio-based raw materials, recycling technologies, and biodegradable materials. In addition, in response to the EU's proposed PFAS ban by 2026-2027, global brands are urging suppliers to transition toward fluorine-free products.

(2) Coatings Business

The coatings industry encompasses powder coatings and construction chemical applications. The market is highly competitive and subject to rapid technological and trend shifts. In the domestic market, relatively low technical entry barriers have resulted in many competitors, frequent price wars, and inconsistent product quality. Key competitors include Yung Chi Paint & Varnish, Guo Bang, and AkzoNobel. In exports, Mainland China's market continues to experience intense internal competition, driving many local companies to expand into Southeast Asia with aggressive pricing strategies, compressing overall profit margins.

From the perspective of application fields, liquid coatings are mainly used for architectural interior and exterior walls and flooring. Exterior wall coatings maintain steady growth, while the flooring coatings segment is gradually breaking the dominance of foreign brands, with local Taiwanese companies gaining traction. In industrial coatings, the recovery of Mainland China's infrastructure sector has driven increased demand for anti-corrosion coatings.

However, post-pandemic investment slowdowns have triggered a short-term reshuffling in the factory flooring segment, increasing market concentration and reinforcing the “winner-takes-all” effect. Future products will face challenges related to performance upgrades and environmental alternatives. The construction chemicals market focuses on waterproofing, flooring, silicone sealants, and other coating-related products. This segment has a wide range of applications and a high technical threshold. The market is intensely competitive, involving both local SMEs and multinational brands such as Sika, BASF, and DOW. Waterproofing materials, primarily polyurea, PU, and waterborne polymers, emphasize quick application and eco-friendliness. Flooring coatings are trending toward high abrasion resistance, low VOCs, and high reflectivity, targeting cleanrooms, food processing plants, and underground parking facilities that require high durability and hygiene standards. Silicone materials have seen rapid growth in electronics and solar energy industries due to their insulation, waterproofing, and thermal conductivity properties. These features are also critical for electric vehicle applications, making silicone a highly promising technology.

Overall, the coatings industry is moving toward environmentally friendly, efficient, system-integrated, and sustainable development. As the government promotes urban renewal, public infrastructure projects, and green building materials, market demand is expected to continue growing. The Company will further strengthen collaboration with key corporate clients, enhance technical support and supply stability, and offer cost-effective and integrated solutions to solidify its market position and enhance competitiveness in high-barrier application fields.

(III) Technology and R&D Overview

1. R&D Expenses incurred in the most recent fiscal year and up to the date of annual report publication:

Unit: NT\$1,000

Items	2024	2025 Q1
R&D Expenses	543,033	140,147

2. Technologies or products successfully developed in the most recent fiscal year:

Items	No.	New R&D Technology Or Improvement Project
Adhesives	1	Single-side adhesive application project (including primers, adhesives, etc.)
	2	ZDHC-compliant adhesive system for footwear
	3	Eco-friendly water-based NUV primer
	4	Zero-VOC rubber primer
	5	LED cold light source primer
	6	NIKE Mini Foam primer
	7	Low-VOC solvent-based UV primer
	8	Bio-based waterborne hardener
	9	2-in-1 water-based rubber primer
	10	Low-temperature drying PUD development
	11	Formaldehyde- and toluene-free eco-friendly spray adhesive
	12	Polyether-based PU adhesive for soft packaging materials
	13	Water-based PU/resin coatings for textile bag fabrics
	14	Reactive PU sealant for insulating glass
	15	Heat-resistant hot melt adhesive for automotive applications
	16	PUR for high-temperature lamination of IXPE foam and SPC boards
	17	PUR adhesive for EV interior lamination
	18	2K-PU potting adhesive for automotive headlights
	19	PSA for polarizer protective film
	20	UV debonding PSA for dicing tape

Items	No.	New R&D Technology Or Improvement Project
Coatings	1	High cost-performance resin for flexible cement
	2	Flooring sound insulation adhesiv
	3	Water-based epoxy anti-static coating
	4	Water-based epoxy anti-corrosion primer
	5	Epoxy flooring with recycled silicon powder from waste wafers
	6	Low-temperature screw paint
	7	Coating for server enclosures
	8	Special powder coating for laptop enclosures
	9	Insulating powder coating for passive electronic components
	10	Powder coating for potable water supply pipelines
Others	1	ZDHC-compliant waterborne polyester polyol for shoe adhesives
	2	Bio-based polyester polyol
	3	Fluorine-free anti-wicking agent for shoelaces and webbing
	4	Eco-friendly, high-durability water-based PU coating for automotive leather
	5	Material development for 5G and electronics
	6	UV adhesive for label-grade PP films
	7	High bio-based content foam for insoles
	8	Epoxy resin for filament winding of Type IV hydrogen tanks
	9	Infusion resin for wind turbine blades
	10	Weather-resistant epoxy resin for exterior automotive composite parts

(IV) Long and Short-term Business Development Plans

1. Short-Term Development Plan

(1) Marketing Strategy

- A. Establish a profit map to analyze sales performance and identify key products and customers, thereby increasing the market share of flagship and high-value products.
- B. Expand sales channels through distributors and strengthen brand recognition with technical service support.
- C. Enhance sales volume through customized services, with dedicated personnel to accelerate product development efficiency.
- D. Encourage local distributors to seek niche products not produced locally, thereby expanding differentiation advantages.
- E. Use digital advertising, social media content marketing, and mainstream web platforms to increase reach and product visibility.
- F. Promote a "One-Stop Material Solution" as the main marketing theme to highlight system integration capabilities.
- G. Build a case database and knowledge management system for waterproofing, flooring, and energy-saving coatings to support bidding and marketing efforts.

(2) Supply Chain

- A. Diversify sources of raw materials and work with agent suppliers to reduce supply risk and improve bargaining power.
- B. Develop sources of raw materials outside Mainland China to mitigate risks from trade wars and potential supply disruptions.
- C. Strengthen strategic partnerships with existing suppliers and establish safety stock systems for critical raw materials to ensure stable and flexible supply.
- D. Explore collaboration opportunities with industry peers to expand supply chain resources and enhance mutual defense mechanisms.

- E. Accelerate the implementation of standardized quality control processes and delivery feedback systems with local partner factories (e.g., for grouting, resin composites, and mortar).
- (3) Production Policy
 - A. Strategically deploy global production bases to flexibly allocate capacity in response to external risks such as shipping delays and labor strikes.
 - B. Optimize product cost structures through large-scale production to gain cost advantages, improve output and efficiency, and reduce labor and operational costs.
 - C. Consistently improve product quality to reduce defects and returns, while strengthening quality control for outsourced production to maintain uniform standards.
 - D. Reduce the use of high-risk chemicals and actively seek alternative raw materials to strengthen environmental compliance.
 - E. Expand the production scale of core products to enhance market competitiveness, and outsource small-volume items to optimize production scheduling.
 - F. Shift special adhesive products to production in China subsidiaries to lower trade barriers and increase profitability.
 - G. Actively promote waste reduction and recycling to implement green manufacturing.
- (4) R&D Directions
 - A. Collaborate with brands to develop and test new materials and processes, expanding beyond adhesives into material-related products.
 - B. Focus on regulatory compliance and pollution prevention, emphasizing the development of green and innovative products such as water-based resins, solvent-free resins, and bio-based materials.
 - C. Promote low-carbon circular economy by using bio-based and recyclable materials to reduce dependence on fossil-based feedstocks and lower carbon emissions.
 - D. Develop high-adhesion, low-viscosity infusion resins for the old building renovation market to enhance construction efficiency.
 - E. Collaborate with universities to develop silicone encapsulation and thermal conduction technologies for EV modules, targeting emerging markets.
- 2. Long-term Development Plan
 - (1) Accelerate the development of Tier 1 and Tier 2 customers and continue expanding overseas markets.
 - (2) Apply existing technologies to different market segments, combined with cross-border marketing via group channels.
 - (3) Vertically integrate supply chain resources to maintain competitiveness and profitability in core industries.
 - (4) Optimize formulations and seek cost-competitive sources of raw materials.
 - (5) Increase the proportion of low-carbon and locally sourced raw materials.
 - (6) Establish phased goals for sustainable development and implement them systematically.
 - (7) Promote ESG evaluation systems for suppliers to gradually build a sustainable supply chain.
 - (8) Collaborate with recycling companies to develop new application markets, promote the recycling of scrap and stagnant inventory, and reduce waste disposal and carbon tax burdens.
 - (9) Invest in low-carbon processes and energy-saving equipment, such as heat recovery systems and solar photovoltaics, to improve overall production efficiency.
 - (10) Establish a material R&D center to develop new materials such as bio-based raw materials, solvent-free formulations, water-based resins, and graphene composites, with applications for international patents.

II. Market and Production/Sales Overview

(I) Market Analysis

1. Sales Regions of Main Products

Unit: NT\$1,000

Region \ Year	2023		2024	
	Amount	%	Amount	%
Taiwan	2,950,418	14.33	3,210,772	13.97
Asia	14,048,980	68.26	16,075,911	69.95
Oceania	3,096,596	15.05	3,172,252	13.80
Others	485,194	2.36	523,663	2.28
Total	20,581,188	100.00	22,982,598	100.00

2. Market Share

NanPao Group is committed to developing and manufacturing products tailored to customer needs, continuously improving formulations and reducing costs to remain competitive. Over the years, the Group has established strong and stable business partnerships with many international and regional footwear brands and their OEM/ODM factories. With a comprehensive product line, stable quality, and excellent service, Nan Pao enjoys a solid market share and visibility in various regional markets, along with a strong reputation and positive word-of-mouth.

According to 2024 statistics from the Industrial Economics and Knowledge Center (IEK) of ITRI, the global market size for adhesives and coatings reached USD 14,221 million and USD 20,022 million, respectively. NanPao's adhesives accounted for 3.62% of the global market, while coatings made up 0.23%.

3. Future Supply-Demand Trends and Growth Potential

High value-added adhesives represent an attractive market. As adhesives and coatings are applied directly or indirectly to both essential and non-essential consumer goods, their industrial cycles are not particularly volatile. Compared to upstream bulk chemical manufacturers, this sector offers more opportunities for differentiation and added value. Capital expenditure by leading global adhesive companies typically ranges from 2% to 6% of revenue, highlighting the industry's low capital intensity. Some large enterprises use mergers and acquisitions to quickly enter new product fields and regions, especially where their current market presence is limited. The rise of the middle class and continued urban migration in emerging markets is also driving long-term urbanization, increasing consumer willingness to purchase high-value products.

According to research estimates, the global adhesives and sealants market is expected to reach USD 237.1 billion by 2030, growing at a CAGR of 10.1% from 2024 to 2030. The Asia-Pacific region is projected to experience the fastest growth. In the global athletic footwear market, the Asia-Pacific region led with a 36% share in 2024, making it the largest market. North America is expected to see the fastest growth between 2025 and 2034. In 2024, the global athletic footwear market reached USD 138.53 billion and is projected to grow from USD 144.07 billion in 2025 to approximately USD 204.56 billion by 2034, representing a CAGR of 3.97% during the forecast period.

The coatings industry is not highly concentrated, with many global manufacturers. High-end products are mainly produced in the U.S. and Europe. In recent years, suppliers have expanded their geographic reach through investments, mergers, and acquisitions. Product innovation and R&D in production technology have become key strategies for market leadership. Taiwan mainly imports coatings from countries like Japan and the U.S., with unit import prices over ten times the average domestic sales price. Conversely, around 10% of Taiwan's coatings are exported annually to regions such as Mainland China and Vietnam. As a result, Taiwan's coating industry has historically focused on balancing cost and performance. However, under the guidance of the Ministry of Economic Affairs to promote high-value products and align with global trends in environmental protection and energy efficiency, Taiwanese coatings are gradually entering different market segments.

According to market research, the global coatings market was valued at USD 185.91 billion in 2024 and is expected to grow to approximately USD 282.45 billion by 2034, with a CAGR of 4.27% from 2025 to 2034. Growth is primarily driven by increasing industrialization and demand in infrastructure, equipment, appliances, and machinery.

4. Competitive Advantages

- (1) Collaboration with internationally renowned brands and factories to develop new technologies and products, continuously enhancing product quality and competitiveness, and strengthening long-term partnerships.
- (2) Providing on-site technical services to increase product added value, supported by a comprehensive multinational presence that meets customer expectations for shorter lead times and lower costs.
- (3) A diverse customer base across various industries and regions helps mitigate the impact of economic fluctuations in any single industry or area.
- (4) Designated supplier for major athletic shoe brands, with water-based products offering simplified processes ahead of competitors.
- (5) Products certified by multiple international standards, creating high entry barriers and costs for competitors.
- (6) Strong material integration capabilities to deliver systemized one-stop solutions, helping construction-related clients reduce procurement and coordination costs.
- (7) Deep market penetration in local construction and old building renovation sectors, with a solid track record in public works, social housing, schools, and private projects, continuously enhancing brand trust and market influence.
- (8) High capability in project implementation and customized services, offering tailored formulations and application advice based on different site conditions to strengthen technical service advantages.

5. Favorable and Unfavorable Factors for Future Development and Countermeasures

(1) Favorable Factors

A. Sufficient Capacity and Economies of Scale

The Group possesses decades of experience in the design, development, and manufacturing of adhesives. Backed by a strong R&D team and rigorous production and quality control systems, it can promptly adjust production processes to meet customer needs and help optimize existing products. With manufacturing bases in Thailand, Fuqing (Mainland China), Indonesia, Kunshan (Mainland China), Vietnam, Foshan (Mainland China), Dongguan (Mainland China), Australia, Malaysia, and Huai'an (Mainland China), the Group continuously expands capacity. Its large-scale operations, flexible production allocation, and specialized technical capabilities make it difficult for new entrants to compete and provide a key advantage in securing large international orders.

B. Globally Coordinated Production Model

The Group adopts a globally coordinated service model, offering not only high-quality products but also logistical support. Its strong production management and flexibility allow it to serve customers nearby in Taiwan, Mainland China, Southeast Asia, and Australia. Amid shifts in the global footwear industry, the Group leverages its broad deployment to offer seamless service. Its multinational presence and comprehensive product lines meet customer demands for short lead times, lower costs, and one-stop purchasing.

C. Strong Partnerships with Global Brands

Since its inception, the Group has focused on R&D for adhesives and coatings. In footwear adhesives, its product quality and consistency are widely recognized, securing orders from major international brands. With a strong R&D team, the Group continuously develops new products aligned with market trends to maintain its competitive edge. It conducts product testing and innovation projects with top-tier global footwear brands and

manufacturers, using customer relationships to gain early market insights and refine specifications during product certification and development. The Group's long-standing relationships across the value chain enable it to co-develop new technologies and products with global brands and factories, ensuring ongoing product quality improvements and competitive positioning.

D. Decades of Key Technology and Product Development & Mass Production Capabilities
High product quality is essential for business sustainability, especially in the chemical industry where standards are stringent. The Group follows a comprehensive quality system and prioritizes product quality and customer service. It has built a strong R&D team and actively recruits and nurtures professionals in R&D and project management. On the foundation of existing technologies and materials, the Group continues to innovate and develop key technologies and new products.

E. Policy-Driven Demand Growth
Government policies such as "net-zero emissions," "urban renewal," "green building labeling," and "carbon footprinting for public construction projects" support the adoption of low-carbon, high-performance building materials.

F. Expansion into Emerging Application Scenarios
Silicone-based materials are expanding into applications such as electric vehicles, energy storage, and solar module packaging and sealing, opening up new opportunities for traditional building material companies to transform through advanced technologies.

(2) Unfavorable Factors and Countermeasures

Unfavorable Factors	Countermeasures
A. Significant fluctuations in raw material prices (affected by international crude oil and polymer monomers), increasing cost pressures	<ul style="list-style-type: none"> a. Establish long-term partnerships and strong relationships with high-quality suppliers to secure more favorable pricing and terms. b. Conduct joint procurement of bulk raw materials across the Group, leveraging scale to negotiate better prices with suppliers and reduce procurement costs. c. Diversify sources of raw materials appropriately and shift to regional suppliers to mitigate supply chain risks. d. Actively seek alternative materials and optimize formulations to avoid the impact of shortages or price hikes of specific raw materials. e. Quickly adjust product pricing in response to raw material cost fluctuations.
B. Intense price competition (price wars among peers and pressure from imported brands)	<ul style="list-style-type: none"> a. Adjust product portfolio to avoid direct price comparisons on individual products. b. Strengthen R&D to develop high-margin, high-performance products. c. Provide integrated services to better meet customer needs. d. Continuously optimize in-house production processes to improve yield and shorten lead times. e. Build a technical advisory team to offer bidding support, on-site training, and material selection guidance. f. Collaborate with academic institutions and public agencies to align with policies and enhance brand service capabilities.
C. Increasingly stringent environmental requirements	<ul style="list-style-type: none"> a. Transition products from solvent-based to water-based solutions to reduce VOC emissions. b. Actively develop bio-based materials and use recyclable materials to reduce reliance on fossil-based resources.

Unfavorable Factors	Countermeasures
C. Increasingly stringent environmental requirements	c. Reduce the use and variety of substances of concern, and actively identify safer alternatives. d. Promote product carbon footprint management to support public project bids, meet export market environmental requirements, and comply with sustainability disclosure demands.
D. Growing demand in high-end markets (e.g., energy-saving, low-carbon, emerging applications)	a. Invest in the development of energy-efficient coatings and low-carbon material products. b. Expand into emerging applications such as electric vehicles and electronic potting adhesives. c. Leverage industry-academic collaboration and overseas distribution networks to gain third-party certifications and accelerate market adoption.

(II) Primary Applications and Production Processes of Main Products

1. Primary Applications of Main Products

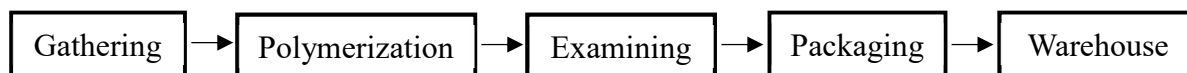
Category	Main Products	Application Description
Adhesives	High-performance footwear adhesives	Various water-based and solvent-based PU adhesives for footwear, surface treatment agents, and adhesives designed for automated applications with reduced VOC content. Mainly supplied to brand clients.
	Primers	Surface primers tailored for different shoe materials to enhance subsequent adhesive bonding.
	Benzene-free PU adhesives for decorative board lamination (KD)	Used for bonding PP boards. After lamination, customers use the boards for decorative surfaces in indoor and outdoor furniture.
	PUR adhesives for EV interior lamination	Used for bonding sunshade SS fabric components in Tesla EV panoramic roofs.
	PUR adhesives for wooden door lamination	Applied to high-bend, high-tension door panels. Provides strong initial bonding strength in a very short time, significantly improving production efficiency and product quality.
	PUR adhesives for IXPE foam/SPC high-temperature lamination	Used for SPC/IXPE bonding, widely applied by customers in indoor flooring installations.
	2K-PU potting adhesive for automotive lighting	Replaces epoxy resin for potting and sealing in automotive warning lights, offering greater toughness and better adhesion to PC materials.
	Moisture-absorbing, quick-dry textile resin	Enhances moisture absorption and develops quick-dry functions (Time dry test) to meet brand requirements, improving wearer comfort by quickly drying sweat.
	10K/10K waterproof and breathable PUD for functional textiles	Used in apparel and biomedical products. Solves problems related to solvent-based resins such as environmental pollution, recycling, and carbon emissions. Meets textile mills' physical property needs and provides a matte feel. Currently undergoing top-tier customer testing.

Category	Main Products	Application Description
Adhesives	Reactive PU sealant for insulated glass	Used in insulating glass encapsulation to prevent air and moisture ingress.
	Heat-resistant hot melt adhesive for automotive applications	Applied in car assembly, featuring excellent heat resistance and strong adhesion to low-polarity materials.
	Hot melt adhesive for pocket spring mattresses	Used in assembling pocket spring beds, offering excellent handling properties and heat resistance.
	UV debonding PSA for dicing tape	Applied in semiconductor wafer dicing tapes. Provides strong initial adhesion and low residue after debonding, allowing easy removal without contamination.
	PSA for polarizers	Used in TVs and automotive polarizer films. Features weather resistance, heat resistance, and optical performance.
Coatings	Interior/exterior wall decoration and waterproof coatings	Architectural coatings serve decorative, protective, and environmental enhancement functions. Water-based waterproofing systems also provide weather resistance and aesthetic appeal.
	Food can coatings	Prevent corrosion of can walls and inhibit the leaching of metal ions.
	Solvent-free UV coatings for metals	Provide temporary protection and anti-corrosion for metal surfaces.
	Soundproof flooring materials	Applied to concrete layers in residential floors/walls (living rooms, kitchens, bedrooms, etc.) as a multi-functional composite material offering sound insulation, noise reduction, and basic waterproofing.
	T43 series powder coatings	Formulated primarily with epoxy resin for chemical and corrosion resistance. Applied to oil and gas pipeline valves, construction rebar, large/small diameter pipe coatings, drums, and internal/external water pipelines and valves.
	T75 series powder coatings	Formulated with polyester and epoxy resin blends. Used for post-processing applications such as office furniture, hardware, machine tools, machine tool housings, home appliance shells, electrical cabinets, storage racks, sporting equipment, and automotive parts like aluminum wheels and roof racks.
	T90 series powder coatings	Formulated with PVDF (polyvinylidene fluoride) fluorocarbon resin for superior weather resistance. Applied to aluminum windows, curtain walls, panels, high-end fences, handrails, and heat transfer printing on aluminum or iron products.
Others	Bio-based polyester polyol	C36 dimer acid, formed from two C18 fatty acids, is a bio-based aliphatic dicarboxylic acid with high chemical stability, excellent heat and chemical resistance, and strong adhesion—ideal for hot melt adhesive applications.
	Fluorine-free anti-wicking agent	Applied to webbings/shoelaces to prevent capillary wicking.
	Water-based PUD for automotive leather surface/base/treatment layers	Suitable for automotive and sofa leather applications.

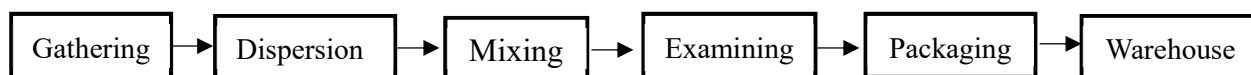
Category	Main Products	Application Description
	Low Dk/Df MPI or LCP materials	Used in high-frequency flexible printed circuit boards (FPCBs), high-frequency flexible copper-clad laminates, and high-frequency RFID electronic tags.
	UV anti-slip coatings for automotive PC films	Used in car wireless charging devices.
	Food-grade plastic-free paper coatings	Developed as a sustainable alternative to plastics for various paper containers.
	Water-based resin for hot stamping release layer	Used on PET hot stamping films to provide release properties for transferring patterns or text.

2. Production process

(1) Adhesives



(2) Coatings



(III) Supply Status of Main Raw Materials

The Group's main raw materials include adipic acid, banana oil, butanediol, methyl ethyl ketone, VAE latex, vinyl acetate, toluene, hydrogenated petroleum resin, hexamethylene diisocyanate, and chloroprene rubber. These materials are supplied by reputable domestic and international manufacturers, ensuring sufficient supply and stable quality. The Group has established strong relationships with its key suppliers and maintains at least two sources for each material to ensure uninterrupted production.

(IV) Major Suppliers and Customers

- Suppliers accounting for over 10% of total purchases in any of the past two years, along with their purchase amounts and ratios, and reasons for any changes: None.
- Customers accounting for over 10% of total sales in any of the past two years, along with their sales amounts and ratios, and reasons for any changes: None.

III. Employee Information

Year		2023	2024	As of March 31, 2025
Number of employees	Sales	587	614	632
	Administration	788	816	836
	R&D	322	346	347
	Direct	865	929	949
	Indirect	501	628	644
	Total	3,063	3,333	3,408
Average Age		40.07	38.64	38.57
Average Work Tenure		6.45	7.71	7.75
Percentage Distribution Academic Qualification	Ph. D.	0.26	0.21	0.21
	Master's Degree	6.89	7.38	7.22
	University/College	39.76	40.60	41.28
	High School	36.21	35.40	34.92
	Below High School	16.88	16.41	16.37

IV. Environmental Protection Expenditures

For the most recent fiscal year and up to the date of this annual report, losses resulting from environmental pollution are disclosed below, along with any estimated amounts and response measures currently or potentially incurred in the future.

Unit: NT\$1,000

Event Description	Fine	Response Measures	Expenditure
1. Penalized Entity: Nan Pao Resins Chemical Co., Ltd. 2. Penalty Date: September 25, 2024 3. Penalty Reference No.: Environmental Audit No. 1130126180 4. Violated Regulation: Article 7, Paragraph 1 of the Water Pollution Control Act and Article 2 of the Effluent Discharge Standards 5. Nature of Violation: COD measured at 508 mg/L (standard: 100 mg/L); BOD measured at 147 mg/L (standard: 30 mg/L) - not in compliance with chemical industry effluent standards 6. Penalty Details: NT\$420,000 fine	420	1. Modified water treatment measures by interconnecting discharge tanks T01-25 and T01-19 to allow individual tank testing before discharge. 2. Changed effluent discharge process to manual operation.	400
1. Penalized Entity: PT. Indo Nan Pao Resins Chemical Co., Ltd. 2. Penalty Date: October 24, 2024 3. Penalty Reference No.: 660/KEP.140-DLH/2024 4. Violated Regulations: Environmental Protection and Management Act, Rainwater Reuse Regulation, Engine and Internal Combustion Engine Emission Standards Regulation, and B3 Hazardous Waste Management and Storage Regulation 5. Nature of Violation: Expired environmental permits, illegal underground infiltration wells, expired WWTP (wastewater treatment plant) permits, issues in domestic wastewater treatment and monitoring, insufficient boiler chimney height, expired hazardous waste storage permits, and inadequate domestic waste management 6. Penalty Details: NT\$1,600,000 fine	1,600	1. Updated environmental documentation. 2. Renewed hazardous waste storage area permits. 3. Improved domestic waste management system. 4. Submitted updated WWTP permit documents.	-

V. Labor Relations

(I) Employee Welfare Measures, Training, Retirement System, and Labor Relations Agreements:

1. Employee Welfare Measures

- (1) The Company's year-end bonus policy is based on annual profitability. After considering the performance evaluation results, bonuses are distributed to all employees as motivation to work together toward the Group's goals.
- (2) The Company has established a comprehensive and legally compliant leave policy and enforces effective leave management. In addition to legally mandated leave, the Company monitors the use of annual leave across departments and encourages employees to maintain a work-life balance.
- (3) To help employees balance work and family responsibilities and ensure commuting safety, the Company adopts a flexible work schedule during commute hours. This improves punctuality, reduces absenteeism, and enhances employee autonomy.
- (4) An Employee Welfare Committee is established to plan and offer a wide range of benefits, including travel subsidies, holiday gifts or vouchers, birthday gifts, marriage allowances, housewarming gifts, childbirth subsidies, as well as consolation payments for illness or bereavement. The Company also provides free health checkups during paid leave.
- (5) To ensure sustainable development and support employees' retirement planning, the Company offers an Employee Stock Ownership Trust (ESOT). Employees may contribute a portion of their salary monthly, with the Company making additional contributions as incentives to help employees build flexible personal savings and financial plans, thereby securing their retirement life.

2. Employee Education and Training

- (1) From the beginning of employment, new employees receive onboarding training that introduces the Company's corporate philosophy, including its CSR policies. "Nan Pao e-Learning" is the Company's primary employee learning platform. Through this system, employees participate in various training programs tailored to different professional fields, supporting a comprehensive talent development plan.
- (2) The Company's training system is categorized into five main areas: New Employee Training, Personal Competency Development, Professional Knowledge Enhancement, External Training Programs, and Management Training. These categories support structured development of role-specific and level-specific professional skills. Based on individual job requirements, performance evaluations, and career development needs, employees are offered diverse training opportunities, such as on-the-job training, classroom sessions, coaching, mentoring, and job rotation.
 - A. New Employee Training: Divided into two stages. The first includes mandatory EHS courses and an overview of the Company's development strategy, management policies, and department introductions, helping new hires integrate quickly into the culture and work environment. The second stage provides professional training specific to job roles.
 - B. Personal Competency Development: Based on shared employee competencies, this category offers primarily in-person and some online courses to enhance skills like cross-functional communication, project management, sales techniques, and risk management. Advanced elective courses are also provided based on years of service.
 - C. Professional Knowledge Enhancement: Aligned with corporate strategy, employees attend industry and management-related seminars and forums domestically and internationally. Collaborations with consultants and vendors also boost technical capabilities, new product development, and innovative thinking.
 - D. External Training Programs: To meet job-related or professional development needs, employees may apply for external training to enhance their skills and support the Company's competitiveness and goals.

E. Management Training: For management-level staff, the Company offers a series of training programs based on managerial competencies to cultivate strong leaders and enhance management effectiveness.

- (3) Since 2022, the Company has integrated continuous improvement projects into training programs. Core corporate values and objectives are overseen by management and incorporated into employee KPIs. Through PDCA-based continuous improvement activities, employees tackle workplace issues systematically. Two project presentations are held annually to encourage sharing and real-world application of these solutions.
 - (4) The Company emphasizes cross-department collaboration to define key tasks and short- to long-term goals, supporting this with targeted training programs. A case management and experience-sharing mechanism is also in place to foster knowledge transfer. Innovation is encouraged through annual R&D competitions, journal clubs, and seminars.
 - (5) To keep pace with rapid environmental changes, the Company actively promotes digital learning through platforms such as “Nan Pao e-Learning” and online English training, creating a diverse and flexible learning environment unrestricted by time or location. Learning outcomes are applied in the workplace to continually improve performance.
 - (6) In 2024, a total of 21,822 training attendances were recorded on the learning and development platform across different academies, averaging 6.55 training sessions per person, with a total of 24,689 training hours completed.
3. Retirement System and Implementation:
- (1) The Company has established a “Labor Retirement Regulations.”
 - (2) In accordance with legal requirements, a Supervisory Committee for the Labor Retirement Reserve is established. Each month, the Company allocates 15% of total salaries to a retirement fund deposited in trust with the Bank of Taiwan.
 - (3) Since July 2005, the Company has implemented the New Labor Pension System. Contributions equivalent to 6% of each employee’s monthly wages are deposited into their personal pension accounts with the Bureau of Labor Insurance, following the salary contribution scale.
 - (4) In accordance with International Accounting Standard No. 19 (IAS 19), the Company engages actuaries to assess and calculate the labor retirement reserve and issue actuarial evaluation reports.

4. Labor-Management Agreements Implementation

The Company maintains harmonious labor-management relations. To ensure workplace order, a set of work rules has been established to guide employees. In addition, the Company provides various communication channels through which employees can express concerns about Company policies or the work environment. These channels serve as an important reference for administrative decision-making and help sustain positive labor-management interactions.

Communication Channel	Target Audience	Content	Frequency
HR Director Mailbox	All employees	Reporting misconduct and filing sexual harassment complaints	Anytime
CEO Hotline	Employees and investors	Issues related to company operations	Anytime
Website Customer Service Line	All employees and external personnel	Any topic	Anytime
Bi-weekly Meetings	All employees	Senior executives and department heads report to inform staff of business policies and performance	Every two weeks
Labor Union Forums	Union members	Communication and discussion on employee benefits and labor issues	Once a year

Communication Channel	Target Audience	Content	Frequency
Toolbox Meetings	Production units	Employees can raise any issues, work-related questions, or workplace concerns, which are addressed by supervisors or responsible personnel	Weekly
Welfare Committee Meetings	Employee Welfare Committee members	Updates on welfare activities and budget use, explained to representatives from each plant	Quarterly

5. Measures for the Protection of Employee Rights and Interests

- (1) In accordance with the Personal Data Protection Act, the Company safeguards job applicants' personal information and ensures that such data is not used for purposes beyond recruitment without the applicant's consent. All hiring practices and employment systems comply with labor laws and Company policies, upholding fairness and non-discrimination, prohibiting child labor, and banning forced or compulsory labor.
- (2) The Company actively promotes and implements gender equality by narrowing the gender gap through institutional measures. Regarding gender diversity indicators, female employees account for 29.58% of the workforce, female managers represent 16.00% of all management positions, and women in senior management account for 12.22% of all senior management roles. The Company is committed to continuously setting improvement targets to foster a gender-friendly workplace.
- (3) The Company values employees' rights and welfare and shares operational profits with staff. It also provides a supportive work environment with holistic physical and mental care for employees of all backgrounds:
 - A. Employment of persons with disabilities has reached 100% of the legal target, with job roles and workplace facilities tailored to individual needs.
 - B. For foreign employees, the Company has implemented specific programs for recruitment, integration, cultural inclusion, and occupational health and safety.
 - C. The Company empowers female employees in a supportive work environment, ensuring that all genders feel secure and respected at work.
- (4) To acknowledge the hard work of employees, the Company provides job allowances based on the specific nature of work. To motivate performance, various incentive bonuses such as sales bonuses, R&D bonuses, and proposal bonuses are offered. Additionally, the Company has established comprehensive reward systems to retain talented employees by offering competitive compensation and benefits.
- (5) To ensure smooth labor-management communication, the Company regularly conducts labor-management meetings, bi-weekly meetings, department head exchanges, forums, and toolbox meetings to address issues related to policies and the work environment.
- (6) The Company has established whistleblower mailboxes and hotlines for employees, external parties, and vendors to report any misconduct related to financial matters, legal violations, or integrity concerns. A whistleblower protection mechanism is in place to safeguard the identities and information of whistleblowers and participants in investigations, strictly prohibiting any unfair treatment or retaliation against those who report in good faith or assist in investigations.

(II) Disclosure of Losses Due to Labor Disputes for the Most Recent Year and up to the Annual Report Publication Date, Including Potential Future Estimates and Response Measures:

According to notification No. 111-Lao-Su-106 from the Tainan District Court, the Company was sued by retired employee Mr. Hsieh Chen-Fu for a pension shortfall. The case was successfully settled through mediation on June 24, 2024.

VI. Information and Communication Security Management

(I) Description of Information and Communication Security Risk Management Framework, Policies, Specific Management Plans, and Resource Investment:

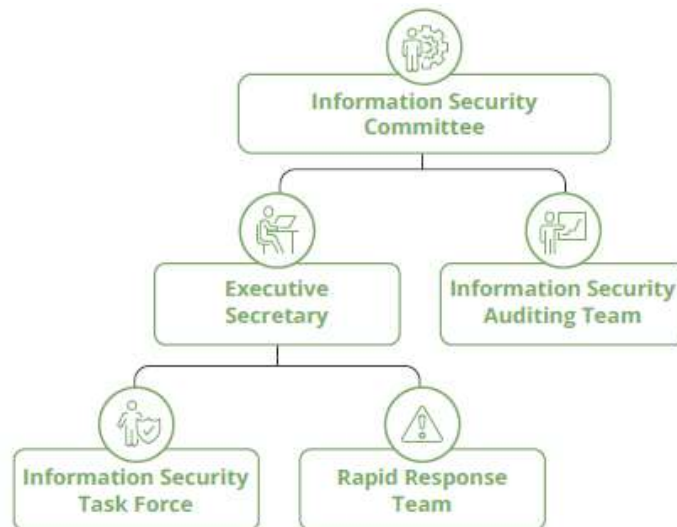
1. Information and Communication Security Risk Management Framework

In 2021, the Company established the “Information Security Committee” responsible for planning and executing information operations security management, building and maintaining the information security management system (ISMS), formulating and implementing related policies, overseeing risk management, and ensuring compliance. The committee is chaired by the CEO, with IT Department’s Associate General Manager, Mr. Pei-Yi Kuo, serving as Chief Information Security Officer (CISO) and Executive Secretary. Members of the committee include senior executives from all major functional units such as the Adhesives and Specialty Business Division, Sports Goods Adhesives and Materials Business Division, Paints and Coatings Business Division, Operation Management Division, Financial Management Division, R&D Innovation Division, Strategic Procurement, HR, Legal, IT, and Audit Office. Additionally, the “Information Security Audit Task Force” and the “Information Security Implementation Task Force” were formed to oversee the Company’s information and physical security planning and audits, and also lead the committee’s operations.

Responsibilities of the Information Security Committee:

- (1) Formulate and periodically review the information security management policies and regulations.
- (2) Convene regular review meetings to ensure smooth operation of the management mechanisms, and report annually to the Board of Directors.
- (3) The IT department includes a Chief Information Security Officer, security officers, and staff who oversee all cybersecurity policies and the design and implementation of the cybersecurity defense structure.

[Diagram: Organizational Structure for Information Security]



2. Information and Communication Security Policy

The Company’s Information Security Policy applies to both the parent company and all domestic and overseas subsidiaries. It is guided by the following principles:

- (1) Strengthen information security management to ensure the confidentiality, integrity, and availability of information assets.
- (2) Provide an information environment that ensures business continuity.
- (3) Comply with applicable regulations to avoid internal and external threats, whether intentional or accidental.

The objectives of the Company's Information Security Policy are:

- (1) Ensure the confidentiality, integrity, availability (CIA), and regulatory compliance of company information systems and processes.
- (2) Strengthen in-depth defense capabilities across organization, personnel, processes, and technology, enhancing system resilience and business continuity.
- (3) Regularly review and evaluate the effectiveness of risk management measures and incident response procedures.
- (4) Implement data protection, backup, and recovery to avoid improper use, tampering, or destruction due to human error, intentional actions, or natural disasters, ensuring business operations and protecting competitiveness.
- (5) Protect customer information and privacy regardless of location or local legal requirements.

To further enhance security management, the Company has implemented a comprehensive Information Security Management System (ISMS) to mitigate cybersecurity threats across system, technical, and procedural dimensions. ISO/IEC 27001 certification was obtained in 2022, valid from July 22, 2022 to July 22, 2025. By applying the PDCA (Plan-Do-Check-Act) model, the Company continues to strengthen daily security operations and incident response capabilities:

- (1) Plan--Focus on risk management. Since 2022, the Company has adopted ISO/IEC 27001 to ensure standardized system operations and reduce security vulnerabilities and production anomalies. Continuous improvement is achieved through annual audits.
- (2) Do--Establish multi-layered security defenses and introduce new risk control technologies to enhance detection and response efficiency, and strengthen data and network protection.
- (3) Check--Monitor security performance indicators, undergo annual third-party audits, and conduct vulnerability scanning through external vendors.
- (4) Act--Review and continuously improve. Employees and contractors violating security policies are subject to disciplinary action. Ongoing cybersecurity training is provided to enhance awareness.

3. Specific Management Plans

(1) Security Awareness Training

Regularly conduct cybersecurity training and awareness programs, including recorded online sessions.

A. In 2024, all 19 new HQ employees completed a 1-hour onboarding cybersecurity training. The security officer and personnel completed 6 hours of video-based training hosted by the Taiwan Stock Exchange, with 100% pass rate. Topics included: a. Cybersecurity awareness, essential knowledge, and responsibilities (2 hrs); b. Incident prevention and response (2.5 hrs); c. Guidance on cybersecurity controls for listed companies (1.5 hrs).

B. Monthly policy updates via email. On Jan 3, 2024, a company-wide briefing on cybersecurity was attended by 487 employees (122 total training hours). In addition, the Group conducted three phishing simulations involving 500 participants.

(2) Information System Security Management

A. Antivirus software is installed on all servers and employee devices, with automatic updates and regular checks. Endpoint Detection and Response (EDR) tools are deployed.

B. Timely application of system security patches.

C. Email systems include anti-spam filters, malware detection, and archiving.

D. Daily data backups follow the 3/2/1 rule (3 copies, 2 media, 1 offsite). Annual data restoration drills are conducted.

E. Administrative privileges are removed from user devices; only authorized, licensed software is permitted.

F. Security risk is assessed before outsourcing; vendors must sign confidentiality agreements.

G. Annual internal audits and ISO 27001 external audits are conducted.

(3)Network Security Management

- A. External applications are protected by firewalls, port restrictions, and abnormal access monitoring.
- B. Network traffic is filtered and monitored using firewalls, with automatic alerts.
- C. Personal, unauthorized devices are blocked from network access.
- D. Internal firewalls segment access to sensitive systems and control application-level permissions.

(4)System Access Control

- A. Access rights are managed upon onboarding, job changes, and termination through formal application and approval workflows.
- B. Secure passwords and periodic updates are required.
- C. Access to internal applications is granted based on job roles and approved requests.
- D. Vendor accounts are limited to short-term access only, revoked immediately after use.

(5)Security Operations and Sustainability

- A. The Information Security Committee manages policy implementation and compliance, with the IT department responsible for daily operations.
- B. ISO 27001:2013 certification obtained in 2022; subsidiary in Vietnam certified to ISO 27001:2022 in 2024.
- C. In compliance with FSC regulations for listed companies, two full-time cybersecurity staff have been appointed since 2022.
- D. Incident response procedures are in place, with immediate notification and recovery measures.
- E. Cyber insurance is considered based on risk assessments.

4. Resource Investment in Information Security Management

To ensure business continuity and reduce risks of cyber incidents, the Company has implemented a defense-in-depth strategy across network, endpoint, data, and cloud layers:

- (1)Deployment of firewalls, blocking unauthorized device connections, and implementing secure remote access solutions.
- (2)Regular patching of vulnerabilities, endpoint data control, and storage high availability (HA) architecture.
- (3)Endpoint Detection and Response (EDR) for monitoring anomalies and mitigating intrusions.
- (4)Strengthened backup systems with 3/2/1 backup and disaster recovery (DR) drills, and planned implementation of sensitive data protection platforms.

Following ISO/IEC 27001 procedures, the Company conducts annual vulnerability scans and addresses high-risk issues, as well as executes phishing simulation drills to test and enhance employee awareness. In 2024, the Company invested NT\$2,568 thousands in IT equipment and personnel. For 2025, a budget of NT\$ 3,379 thousands is planned. Additionally, the Company has joined TWCERT/CC (<https://www.twcert.org.tw/>) to gain access to domestic and international cybersecurity intelligence and cooperative defense resources.

- (II)Disclosure of Significant Losses, Potential Impacts, and Response Measures Due to Major Information Security Incidents in the Most Recent Year and up to the Date of this Annual Report: None.

VII. Material Contracts

Company Name	Contract Type	Counterparty	Contract Period	Key Terms	Restrictive Clauses
NanPao Taiwan	Credit Line	Mizuho Bank	20241215-20261215	Working capital; NT\$1 billion; revolving credit, principal repaid at maturity	None
NanPao Taiwan	Credit Line	Taipei Fubon Bank	20241211-20261211	Working capital; NT\$350 million; revolving credit, principal repaid at maturity	Subject to certain financial ratios and conditions
NanPao Taiwan	Credit Line	Mega International Commercial Bank	20241106-20261106	Working capital; NT\$100 million; revolving credit, principal repaid at maturity	None
NanPao Taiwan	Credit Line	DBS Bank	20240531-20260531	Working capital; NT\$800 million; revolving credit, principal repaid at maturity	None
NanPao Taiwan	Credit Line	CTBC Bank	20241031-20261031	Working capital; NT\$400 million; revolving credit, principal repaid at maturity	Subject to certain financial ratios and conditions
NanPao Taiwan	Credit Line	Export-Import Bank of R.O.C.	20240911-20310911	Mid-term loan; Overseas investment loan of NT\$300 million; to be fully drawn within 18 months from signing; 10 equal principal repayments every 6 months starting from 30 months after first drawdown	None
NanPao Taiwan	Other	Tai Hung-Chang and others	20240916	Share purchase of Yun Teh Industrial Co., Ltd.	None
NanPao Materials Vietnam	Credit Line	CTBC Bank	20241031-20281031	Mid-term loan; USD 3.8 million; 9 equal principal repayments every 3 months, starting 24 months after first drawdown	Subject to certain financial ratios and conditions
NanPao Materials Vietnam	Credit Line	CTBC Bank	20241031-20271031	Mid-term loan; USD 4.6 million; 9 equal principal repayments every 3 months, starting 24 months after first drawdown	Subject to certain financial ratios and conditions
Prince Pharmaceutical	Credit Line	Taiwan Cooperative Bank	20200629-20350629	Secured loan; NT\$320 million; 180 equal monthly repayments including principal and interest	None
Huaian NanPao	Credit Line	E.SUN Bank	20230518-20250518	Mid-term loan; RMB 20 million; quarterly interest payments; 4 principal repayments every 6 months, with first 3 repayments at 10% and final at 70%	None
Huaian NanPao	Credit Line	Cathay United Bank	20240809-20270809	Mid-term loan; RMB 20 million; loan term of 3 years starting from the first drawdown date; 5 principal repayments every 6 months starting 12 months after first drawdown, with repayment ratio of 7% for the 1st to 4th installments, and 72% for the 5th installment	Subject to certain financial ratios and conditions

Company Name	Contract Type	Counterparty	Contract Period	Key Terms	Restrictive Clauses
Huaian NanPao	Credit Line	Fubon Bank (China)	20241024-20301031	Mid-term loan; RMB 40 million; 10 principal repayments every 6 months after first drawdown, with repayment ratio of 1% for the 1st to 4th installments, 5% for the 5th to 7th installments, 10% for the 8th to 9th installments, and the remaining principal for the 10th installment	Subject to certain financial ratios and conditions
NanPao Advanced Investment	Credit Line	E.SUN Bank	20240110-20270108	Mid-term loan; RMB 40 million; drawdown period of 3 years; quarterly interest payments; 6 principal repayments every 6 months starting 6 months after first drawdown, with first 5 at 1% and final at 95%	None
NanPao Advanced Investment	Other	Pushin (Shanghai) Chemical Co., Ltd.	20231221	Joint venture of NanPao Fine Chemical Materials (Anhui) Co., Ltd.	None

V. Review of Financial Status, Operating Results, and Risk Management

I. Financial Status

(I) Financial Status Analysis

Unit: NT\$1,000; %

Item \ Year	2023/12/31	2024/12/31	Difference	%	Remark
Current Assets	13,431,577	16,906,412	3,474,835	26	Note1
Property, Plant, and Equipment	5,808,353	5,840,228	31,875	1	
Intangible Assets	809,125	820,383	11,258	1	
Other Assets	3,615,341	3,699,525	84,184	2	
Total Assets	23,664,396	27,266,548	3,602,152	15	
Current Liabilities	6,392,434	7,640,439	1,248,005	20	Note2
Non-current liabilities	2,725,283	3,689,677	964,394	35	Note2
Total Liabilities	9,117,717	11,330,116	2,212,399	24	Note2
Equity Attributable to Owners of Parent	13,177,213	14,491,589	1,314,376	10	
Capital Stock	1,205,707	1,205,707	-	-	
Capital Surplus	2,124,891	2,123,816	(1,075)	-	
Retained Earnings	8,907,660	9,722,870	815,210	9	
Other Equity	938,955	1,439,196	500,241	53	Note3
Non Controlling Interests	1,369,466	1,444,843	75,377	6	
Total Stockholders' Equity	14,546,679	15,936,432	1,389,753	10	

Note 1: Increase in current assets was primarily due to an increase in cash and cash equivalents.

Note 2: Increase in current liabilities, non-current liabilities, and total liabilities was mainly due to an increase in short-term and long-term borrowings.

Note 3: Increase in other equity was primarily attributable to the exchange differences arising from the translation of the financial statements of foreign operations during the year.

(II) Impact of financial position changes over the past two years: There was no significant impact on the financial position.

(III) Future response plans: Not applicable.

II. Financial Performance

(I) Analysis of Financial Performance

Unit: NT\$1,000; %

Item \ Year	2023	2024	Difference	%	Remark
Sales Revenue	20,581,188	22,982,598	2,401,410	12	
Operating Costs	14,090,728	15,460,340	1,369,612	10	
Gross Profit	6,490,460	7,522,258	1,031,798	16	
Operating Expenses	3,526,078	3,929,509	403,431	11	
Operating Profit	2,964,382	3,592,749	628,367	21	Note1
Non-operating Income and Expenses	429,379	164,101	(265,278)	(62)	Note2
Profit Before Income Tax	3,393,761	3,756,850	363,089	11	
Tax Expense	827,329	969,970	142,641	17	
Net Income	2,566,432	2,786,880	220,448	9	
Other Comprehensive Income	(2,623,573)	477,399	3,100,972	118	Note3
Total Comprehensive Income	(57,141)	3,264,279	3,321,420	5,813	Note3

Note 1: Mainly due to the adjustment of the product structure in the current year, focusing on high-margin products and the stabilization of raw material prices.

Note 2: Mainly due to a decrease of approximately NT\$279 million in dividend income compared to the previous year.

Note 3: Mainly due to the valuation gains from financial assets measured at fair value through other comprehensive income in the current year.

(II) Expected Sales Volume and Basis for the Next Year: Please refer to "I、Letter to Shareholders."

(III) Impact of Financial Performance Changes in the Past Two Years: There is no significant impact on financial performance.

(IV) Future Plans and Responses: Not applicable.

III. Cash Flow

Changes in Consolidated Cash Flows for 2024

Unit: NT\$1,000

Cash Balance 2023/12/31	Net Cash Flow from Operating Activities	Net Cash Flow from Investing Activities	Net Cash Flow from Financing Activities	Effect of Exchange Rate Changes	Cash Balance 2023/12/31
4,574,565	2,802,120	(644,951)	(34,773)	213,187	6,910,148

(I) Cash Flow Analysis for 2024:

1. Operating Activities: Mainly attributable to net profit for the year.
2. Investing Activities: Mainly due to the final payment for the acquisition of subsidiary Changshu Yu Bo Polymer Materials Co., Ltd., and the purchase of property, plant, and equipment.
3. Financing Activities: Mainly due to increased borrowings and the distribution of cash dividends during the year.

(II) Improvement Plan for Insufficient Liquidity: There is no cash liquidity shortage.

(III) Cash Liquidity Analysis for the Coming Year: Not applicable.

IV. Financial and Business Impact from Major Capital Expenditure

(I) Major capital expenditures in the most recent fiscal year:

Unit: NT\$1,000

Plan	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Amount	Actual Use of Capital	
				2024	2025
2024 new equipment, equipment renewal and capacity expansion	Working Capital	2024/12/31	1,290,000	1,290,000	-
2025 new equipment, equipment renewal and capacity expansion	Working Capital	2025/12/31	1,310,000	-	1,310,000

(II) Expected Benefits

Following the above capital expenditures and equipment upgrades, not only will product output increase, but production costs will also be reduced and product quality improved.

V. Investment Policy in Recent Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The Company's equity-method investments are made in accordance with the Company's development strategy and operational needs, seeking suitable strategic partners. In 2024 the investment loss recognized under the equity method amounted to NT\$51,223 thousands, compared to an investment loss of NT\$8,974 thousands in 2023, resulting in an increase of NT\$42,249 thousands in investment losses. In the future, the Company will continue to follow a long-term strategic investment approach when using the equity method for investment, while maintaining ongoing prudent evaluations.

VI. Risk Assessment and Analysis

(I) Risk Management Policy and Framework

1. Risk Management Policy

In accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission (FSC) and relevant provisions of the "Risk Management Best-Practice Principles for Taiwan Stock Exchange and Taipei Exchange listed Companies," the Company established the Risk Management Policy and Procedures in 2020, approved by the Board of Directors, and revised in 2023. This serves as the Company's highest guiding principle for risk management. The risk management process includes risk identification, analysis, evaluation, response, monitoring, and review. Each year, the Risk Management Team conducts regular assessments and discussions on potential and emerging risks from the three major ESG perspectives-Environmental (E) (including climate and natural resources), Social (S), and Governance (G)-by evaluating frequency of occurrence, degree of impact, and level of control. Reports are regularly submitted to the Audit Committee and the Board of Directors.

[Diagram: Risk Management Process]

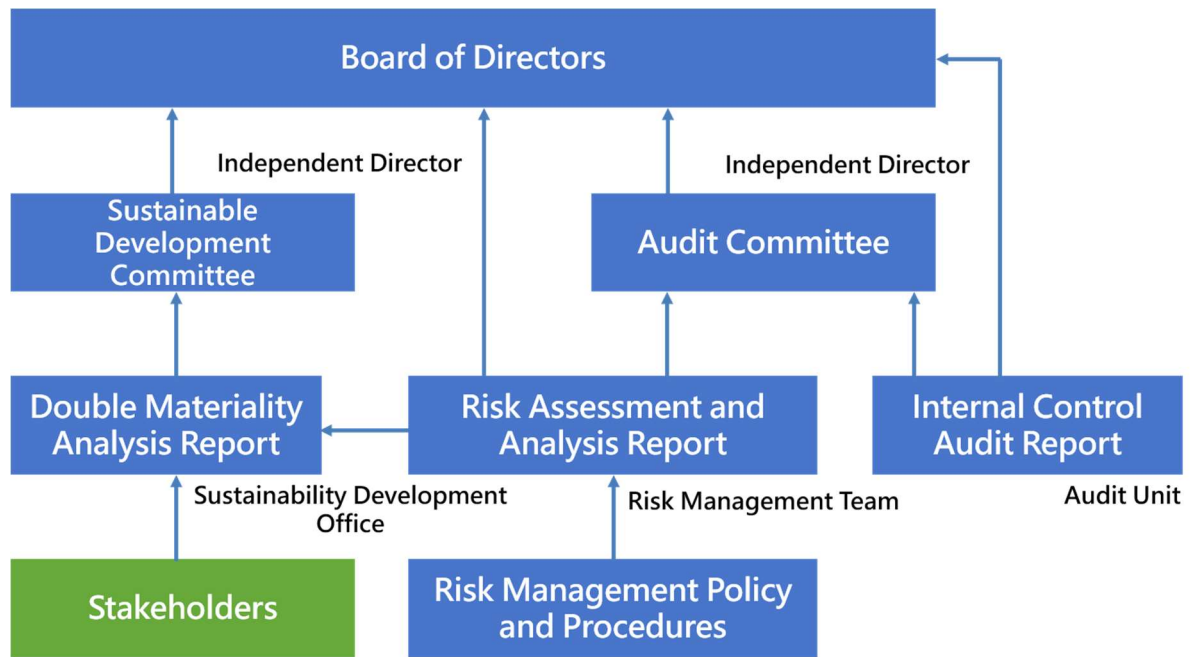


2. Enterprise Risk Management Framework

The Company is committed to establishing a robust risk management system. The Audit Committee and the Sustainable Development Committee act as the top-level units responsible for risk management, assisting the Board of Directors in performing its risk management duties. Various types of risks are delegated to appropriate entities for specialized management and control. The Legal Department is responsible for consolidating and managing overall risk analysis and reports directly to the CEO. Additionally, the Audit Unit, which reports directly to the Board of Directors, monitors and audits the entire risk management mechanism. Internal audits are conducted to ensure effective risk control and appropriate management of potential risks. Senior management is required to present evaluation results of risk management indicators during risk management meetings and is assessed on sustainability KPIs, which directly impact their variable compensation.

The Board of Directors established the Risk Management Policy and Procedures to define and standardize operational risks. To integrate sustainability risks into the overall risk management framework, Nan Pao identifies ESG topics based on international concerns and the United Nations Sustainable Development Goals (SDGs). Stakeholder feedback is incorporated through questionnaires, and a Double Materiality Analysis is used to identify operational risks. The Sustainability Development Office identifies causes of impact, areas affected, assessment methods, related risks, and management measures for nine major issues. With reference to the Risk Assessment and Analysis Report prepared by the Risk Management Team, risk factors and key sustainability management items related to the material issues are identified. The effectiveness of mitigation measures by responsible units is tracked and disclosed in the Sustainability Report. The materiality identification and goal-setting process is conducted annually.

[Diagram: Risk Management Organizational Structure]



- (1) **Board of Directors** – The highest authority for risk management within the Company. It approves the risk management policy and related guidelines, oversees overall implementation, and ensures effective risk control.
- (2) **Audit Committee** – Composed of independent directors appointed by the Board, responsible for managing financial and internal control risks.
- (3) **Sustainable Development Committee** – Composed of three or more directors, with a majority being independent directors. Responsible for managing sustainability, legal compliance, and information security risks.
- (4) **Audit Unit** – Annually develops an audit plan based on the five elements of the COSO Internal Control Framework, past audit experience, the draft budget for the next fiscal year, and the current organizational structure. The unit evaluates the management's control over internal and external environmental risks, the operation risks at each business division, and the effectiveness of internal control system design and execution. Upon completion of audits, reports are submitted regularly to the Audit Committee and the Board of Directors.
- (5) **Risk Management Team** – Composed of the highest-level executives from each functional unit. Members are responsible for executing assigned tasks from the team leader, assisting with the development, implementation, maintenance, and review of the risk management mechanisms. They also appoint personnel within their units to carry out risk management procedures and collaborate with relevant staff across business units to ensure effective implementation.
- (6) **Sustainability Development Office** – Led by the Chief Sustainability Officer (CSO), who holds the highest managerial authority in this domain. The department includes a full-time Sustainability Planning Group, and is supported by a cross-departmental team consisting of representatives from all business units and plants, along with key staff from R&D Innovation, Financial Management, Strategic Procurement, Information Management, Human Resources, and Legal. The Sustainability Development Office reports monthly progress to the CSO. Climate-related and sustainability risks and opportunities are consolidated into reports and recommendations by the department and submitted to management and the Board of Directors.

(II) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest Rate Fluctuations

The Company's interest rate risk mainly arises from fixed and floating interest rate borrowings, both short-term and long-term, used to support operational and investment activities. Changes in market interest rates cause fluctuations in future interest payment cash flows. To mitigate the adverse impact of interest rate changes on operational results, the Company manages this risk by maintaining an appropriate mix of fixed and floating rate debt. In 2024, interest expense amounted to NT\$123,340 thousands, representing 0.54% of net operating revenue. Based on the Company's interest-bearing financial liabilities exposed to cash flow interest rate risk in 2024, a 1 basis point (0.25%) increase in market interest rates would reduce pre-tax net profit by NT\$8,291 thousands.

2. Exchange Rate Fluctuations

The Company's exchange rate risk primarily arises from foreign currency-denominated cash and cash equivalents, accounts receivable, borrowings, and accounts payable. Exchange rate fluctuations may impact foreign currency-denominated revenues, costs, and overall profitability. To mitigate the impact of exchange rate fluctuations, the Company and its subsidiaries conduct part of their purchases and sales transactions in U.S. dollars, creating a natural hedge to reduce the effect of exchange rate changes on profit and loss. In 2024, the net foreign exchange gain was NT\$29,228 thousands, accounting for 0.13% of net operating revenue. Based on foreign currency-denominated monetary items in 2024, a 1% appreciation of the New Taiwan Dollar (NTD) against the U.S. Dollar would reduce consolidated pre-tax profit by NT\$5,354 thousands.

3. Inflation

According to Taiwan's Directorate-General of Budget, Accounting and Statistics, the annual CPI growth rate for 2024 was 2.18%. The Company's major raw materials include adipic acid, vinyl acetate, hydrogenated petroleum resin, chloroprene rubber, and VAE latex. These materials are mostly procured through contract negotiations, allowing the Company to negotiate prices with suppliers in response to rising prices. Therefore, fluctuations in raw material prices are not expected to have a significant adverse impact on profit and loss. Nonetheless, the Company will continue to monitor trends in raw material prices and formulate optimal procurement strategies in line with operational needs.

(III) Policies, Major Reasons for Gains or Losses, and Future Response Measures Regarding High-Risk, High-Leverage Investments, Loans to Others, Endorsements and Guarantees, and Derivatives Transactions

1. In 2024 and up to the publication date of this annual report, the Company has not engaged in high-risk, high-leverage financial investments.

2. For loans to others, endorsements and guarantees, and derivatives transactions, the Company and its subsidiaries follow relevant operating procedures and comply with regulatory disclosure requirements:

(1) Loans to Others: As of the publication date, the Company only provides loans to subsidiaries in which it holds more than 50% of the shares. All transactions comply with applicable laws and regulations.

(2) Endorsements and Guarantees: As of the publication date, the Company provides guarantees only to subsidiaries with more than 50% ownership, all of which comply with relevant legal requirements and are processed accordingly.

(3) Derivative Transactions: As of the publication date, the Company and its subsidiaries have not engaged in derivatives transactions.

(4) To manage financial transaction risks, the Company has established internal management policies and procedures in accordance with regulations set by the Financial Supervisory Commission. These include "Loan and Endorsement Guarantee Operating Procedures" and "Asset Acquisition or Disposal Processing Procedures."

(IV) Future R&D Plans and Estimated R&D Expenditures

1. In 2024, the Company's R&D expenses totaled NT\$543,033 thousands, accounting for 2.36% of revenue. To ensure and enhance its competitive advantage, the Company will continue investing in R&D and will flexibly adjust the budget based on current operations and future needs. It is estimated that R&D expenses for 2025 will account for 2%-4% of revenue.

2. For future R&D plans, please refer to the "I、Letter to Shareholders / R&D Achievements" and "IV、Operational Overview / (III) Technology and R&D Overview."

(V) Impact of Domestic and International Policy and Legal Changes on the Company's Financial and Business Operations and Response Measures

The Company continuously monitors domestic and international policy and legal changes that may affect its financial and business operations and has established risk management procedures. As of the most recent fiscal year and the publication date of this report, no such changes have had a significant impact on the Company.

(VI) Impact of Technological Changes and Industry Transformation on the Company's Financial Operations and Response Measures

To address technological changes, the Company established the Information Security Committee under the Board of Directors in November 2021. Chaired by the CEO, the committee oversees information security policy and governance. The Company's Information Security Management System (ISMS) obtained ISO 27001 certification in June 2022 and successfully passed re-certification in 2024, enhancing policies and procedures for information security. Moving forward, the Company will strengthen its cybersecurity framework in areas such as endpoint detection and response, network traffic monitoring, intrusion detection and prevention, full system backup, and security monitoring platforms. These measures will deepen defense both technically and administratively, reducing cybersecurity risks. As of the most recent fiscal year and publication date, technological and industry changes have not had a significant impact on the Company's financial or business operations.

(VII) Impact of Changes in Corporate Image on Crisis Management and Response Measures

Since its founding, the Company has adhered to principles of integrity, prudence, and solid corporate governance, maintaining a strong corporate image. This positive image reflects operational excellence, strict corporate governance, and a strong sense of corporate social responsibility. The Company continues to pursue innovation across economic, environmental, and social dimensions. As of the most recent fiscal year and the publication date of this report, there have been no changes in corporate image that have affected the Company's crisis management.

(VIII) Expected Benefits, Potential Risks, and Response Measures for Mergers and Acquisitions

On August 8, 2024, the Company's Board of Directors approved the acquisition of shares in Yun Teh Industrial Co., Ltd. This acquisition aims to expand the Company's epoxy resin product line, offering more comprehensive solutions to customers. The merger is expected to enhance cost efficiency through joint procurement, integrate distribution resources to increase market share and competitiveness, and facilitate the sharing of technologies and resources to achieve synergies, thereby accelerating revenue and profit growth. Prior to the acquisition, the Company conducted a thorough feasibility assessment and due diligence to ensure that related risks remain within acceptable levels.

(IX) Expected Benefits, Potential Risks, and Response Measures of Plant Expansion

The Company evaluates plant expansion plans based on existing capacity and projected operational growth. Investment benefits and potential risks are carefully assessed. All major capital expenditures are submitted to the Board of Directors for review and approval.

(X) Risks and Response Measures for Procurement or Sales Concentration

1. Procurement Concentration

The Company currently does not face procurement concentration risk. All key raw materials are sourced from at least two suppliers, and the Company maintains stable and cooperative relationships with its suppliers. In addition to securing sufficient material sources, the Company implements strict quality and delivery controls. Over the past two fiscal years, no supplier accounted for more than 10% of total purchases.

2. Sales Concentration

There is currently no sales concentration risk. With the expansion of business scale, the development of new products and new customers has helped diversify revenue sources. Over the past two fiscal years, no single customer accounted for more than 10% of total sales.

(XI) Impact, Risks, and Response Measures Regarding Large Transfers or Changes in Shareholding by Directors or Major Shareholders Holding Over 10%

As of the most recent fiscal year and the publication date of this report, there have been no large-scale transfers or changes in shareholding by directors or major shareholders holding more than 10%.

(XII) Impact, Risks, and Response Measures Regarding Changes in Control of the Company

As of the most recent fiscal year and the publication date of this report, there have been no risks related to changes in control of the Company.

(XIII) Disclosure of significant litigation, non-litigation, or administrative disputes involving the company, its directors, general manager, substantial responsible persons, major shareholders holding over 10% of the shares, and subsidiaries, which been finalized or are still pending, and whose outcomes may have a material impact on shareholders' equity or stock prices. The details to be disclosed include the facts in dispute, the amount involved, the date the litigation started, the major parties involved, and the status of the case as of the publication date of the annual report.

1. The following litigation is currently pending involving the Company. However, the result of the litigation is not expected to have a significant adverse impact on the Company's financials or operations:

The Company acquired its current factory land after the Tainan City Government's Land Administration Bureau completed agricultural land readjustment in 1969. However, the Tainan City Chiali Land Office identified discrepancies between the registered and actual land area during a cadastral survey conducted in 2018. The Company's land area increased, and it was required to pay the difference in land value amounting to NT\$14,465 thousands. The Company disagreed with the administrative disposition and filed an administrative appeal, which was dismissed. The Company subsequently filed an administrative lawsuit, and the Kaohsiung High Administrative Court ruled on April 19, 2022, that the administrative disposition and the appeal decision were annulled. Afterward, the Tainan City Government's Land Administration Bureau appealed, but the Supreme Administrative Court rejected the appeal on January 18, 2024, making the decision final.

2. The following litigation is currently pending involving the Company's subsidiaries. However, the result of the litigation is not expected to have a significant adverse impact on the Company's financials or operations:

(1) Some subsidiaries are involved in lawsuits regarding overdue receivables from certain customers. In order to protect the Company's rights, the subsidiaries have filed lawsuits to compel the customers to repay the debts. Some cases have already been ruled in favor of the subsidiaries by the court and are in the process of being enforced, while others are still pending. The subsidiaries have made provisions for bad debts in accordance with their policies on bad debt allowances. Some overdue receivables have already been collected from customers.

(2) In 2007, the Company won the bid for the ownership of land, buildings, and machinery equipment owned by Ho Kuei Chemicals Co., Ltd. (hereinafter referred to as "Ho Kuei Chemicals") through the Changhua District Court's auction. The assets were later sold to its subsidiary, Nan Pao Chemical Co., Ltd., for production purposes. On January 31, 2008, a third party, Fu Chien Management Consulting Company (hereinafter referred to as "Fu Chien Management"), reported to the Changhua District Court that it was the mortgage holder of the machinery equipment as collateral for a debt, and it subsequently seized the equipment. The subsidiary Nan Pao Chemical Co., Ltd. filed a third-party objection lawsuit, claiming that Fu Chien Management's debt was fictitious and non-existent. However, a fire broke out in Nan Pao Chemical Co., Ltd.'s factory in January 2010, destroying the machinery equipment. The lawsuit was modified to determine whether the equipment belonged to Nan Pao Chemical Co., Ltd. and if the court ruled that it did not, Nan Pao Chemical Co., Ltd. would be liable for damages due to negligence. This civil lawsuit was concluded by the Taiwan Supreme Court in June 2017, ruling that the machinery did not belong to Nan Pao Chemical Co., Ltd.

Ho Kuei Chemicals, according to the Changhua District Court's judgment, claimed ownership of the machinery equipment in the factory and sued Nan Pao Chemical Co., Ltd. for damages, requesting NT\$53,102 thousands based on the purchase price of the equipment, without considering depreciation according to the asset's useful life. Given the equipment was purchased from the 1990s to the 2000s, the residual value was likely less than NT\$53,102 thousands. The consolidated company has already set aside a provision of NT\$38,445 thousands for this liability. On May 18, 2022, the Changhua District Court ruled that Nan Pao Chemical Co., Ltd. should pay NT\$15,267 thousands in damages, along with 5% interest from March 8, 2012, until full payment, totaling NT\$23,246 thousands. Nan Pao Chemical Co., Ltd. appealed this decision on June 27, 2022, and deposited the payment amount as ordered. In response to the first-instance judgment, the provision for liabilities was reversed by NT\$15,199 thousands. On January 24, 2024, the Taiwan High Court Taichung Branch ruled that Nan Pao Chemical Co., Ltd. should pay NT\$12,892 thousands in damages, plus 5% interest from March 8, 2012, until full settlement. Nan Pao Chemical Co., Ltd. has appealed the decision of the Taiwan High Court Taichung Branch. After the Supreme Court remanded the case, the amount confirmed against Nan Pao Chemical Co., Ltd. was NT\$4,067 thousands. However, the Supreme Court also pointed out that Ho Kuei Chemicals lacked proper supporting documents. The case is currently still under judicial review.

3. As of the most recent fiscal year and the publication date of this report, there have been no finalized or ongoing litigation, non-litigation, or administrative disputes involving the Company's directors, general manager, substantial responsible persons, or major shareholders holding over 10% of shares that could materially affect shareholder rights or stock prices.

(XIV) Other Significant Risks and Response Measures:

As of the most recent fiscal year and the publication date of this report, the Company is not aware of any other significant risks that could potentially have a material impact on its financial condition.

VII. Other Important Matters: None.

VI. Special Disclosure

I. Summary of Affiliated Companies

(I) The Consolidated Business Report of Affiliated Enterprises

The Company's 2024 Consolidated Business Report of Affiliated Enterprises, prepared in accordance with the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises" issued by the Financial Supervisory Commission (FSC), have been filed and disclosed on the information reporting website designated by the Financial Supervisory Commission (FSC), and are available on the Market Observation Post System (MOPS). Please visit MOPS > Listed Company Info > Electronic Books > Affiliated Enterprises' Three Reports Area. Website: <https://mops.twse.com.tw>.

(II) Affiliated Company Consolidated Financial Statements:

For the year 2024, the companies required to be included in the preparation of the Consolidated Financial Report of Affiliated Enterprises in accordance with the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises" issued by the Financial Supervisory Commission (FSC) are the same as those required to be included in the preparation of the parent-subsidiary consolidated financial statements under International Financial Reporting Standard (IFRS) 10. Furthermore, the relevant information that should be disclosed in the Consolidated Financial Report of Affiliated Enterprises has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, no separate consolidated financial reports of related enterprises will be prepared. Please visit MOPS > Listed Company Info > Electronic Books > Financial Statements. Website: <https://mops.twse.com.tw>.

(III) Affiliated Company Report: None.

II. Private Placement Securities in the Most Recent Years: None.

III. Other necessary supplementary explanations: None.

VII. In the most recent year and up to the date of publication of the annual report, if any event that has a significant impact on shareholders' equity or securities prices as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.