

HOPAX

Taiwan Hopax Chems. Mfg. Co., Ltd.

Annual Shareholders' Meeting 2024

Procedures Manual

Method for convening the meeting: In-person
shareholders' meeting

June 26, 2024

Procedures Manual

Table of Contents

Item	Page Number
I. Annual Shareholders' Meeting Agenda.....	1
II. Reported Items.....	2
III. Matters for Ratification.....	4
IV. Special Motions	6

Attachments

I. 2023 Business Report.....	7
II. 2023 Financial Statements and Independent Auditor's Report.....	9
III. 2023 Consolidated Financial Statements and Independent Auditor's Report...	18
IV. Audit Committee's Audit Report.....	28
V. 2023 Remuneration to Ordinary Directors and Independent Directors	29
VI. 2023 Earnings Distribution Statement.....	30

Appendix:

I. Rules of Procedure for Shareholders' Meetings	31
II. Articles of Incorporation	34
III. Shareholdings of Directors	42

Taiwan Hopax Chems. Mfg. Co., Ltd.
Annual Shareholders' Meeting 2024
Agenda

Time: 9:00 a.m. June 26, 2024 (Wednesday)

Venue: The Company's B1 Conference Room (in-person shareholders' meeting)
(No. 28, Huadong Rd., Chaoliao Village, Daliao Dist., Kaohsiung City)

- I. Meeting called to order
- II. Chair takes seat
- III. Chair's remarks
- IV. Reported Items
 - (I) 2023 Business Report
 - (II) 2023 Independent Auditor's Report
 - (III) Report on the distribution of remuneration for 2023 to employees and Directors
 - (IV) Report the 2023 performance assessments and compensation levels of directors, and managerial officers
 - (V) Report on the Distribution of Cash Divided from Earnings in 2023
 - (VI) Report on endorsements and guarantees by the Company and subsidiaries
 - (VII) Report on fund loans to others by the Company and subsidiaries
- V. Matters for Ratification
 - (I) Ratification of the 2023 Business Report and financial statements
 - (II) 2023 Earnings Distribution Statement
- VI. Special Motions
- VII. Meeting adjourned

Reported Items

(I) 2023 Business Report

Description: 1. The Company's consolidated operating revenue in 2023 was NT\$4,521,236 thousand, which was an decrease of approximately 17.2% from the consolidated operating revenue of NT\$5,460,230 thousand in 2022. The net income after taxes was NT\$429,990 thousand, which was an decrease of approximately 28.30% from NT\$599,351 thousand in 2022.

2. Please see Attachment I (page 7) of the Procedures Manual for the 2023 Business Report.

3. Please review.

(II) 2023 Independent Auditor's Report

Description: 1. The Company's final statements for 2023 have been audited by the CPA and reviewed by the Audit Committee. Please see Attachment IV (page 28) of the Procedures Manual for the Audit Committee's review report.

2. Please review.

(III) Report on the distribution of remuneration for 2023 to employees and Directors

Description: 1. The Company proposed to distribute remuneration of NT\$17,058,325 to employees and NT\$3,493,874 to Directors and both remunerations shall be in cash. The proposal has been approved by the Board of Directors on March 14, 2024 and submitted to the shareholders' meeting.

2. Please review.

(IV) Report the 2023 performance assessments and compensation levels of directors, and managerial officers

Description: 1. The Company's remuneration for Directors is determined based on the "Regulations Governing the Remuneration of Directors and Members of Functional Committees" and Article 29 of the "Articles of Incorporation". No more than 2% of the profits from the current year shall be distributed as remuneration to Directors for the current year. The "Regulations Governing the Remuneration of Directors and Members of Functional Committees" of the Company require the Company to consider the results of the performance evaluation of the Directors, the Directors' participation and contribution to operations, and the prevailing remuneration in the domestic and international industry to determine a reasonable level of remuneration.

2. The remuneration paid by the Company to managerial officers shall be

based on the Company's remuneration policy, the remuneration level of the position in the industry market, and the scope of authority and responsibility of the position within the Company. The Company shall also reference the annual performance evaluation of individual managerial officers and their contribution to the Company to provide reasonable remuneration payment.

3. The performance evaluation and the reasonableness of salary and remuneration for Directors and managerial officers shall be reviewed by the Remuneration Committee and the Board of Directors. The remuneration system shall also be reviewed constantly based on actual business operations and related laws.
4. Please see Attachment V (page 29) of the 2023 Remuneration to Ordinary Directors and Independent Directors.
5. Please review.

(V) Report on the Distribution of Cash Divided from Earnings in 2023

Description: 1. The Company's proposal for the distribution for 2023 earnings was prepared in accordance with the Company Act and the Articles of Incorporation and was passed in a resolution of the Board of Directors on March 14, 2024. Please refer to Attachment VI of the Procedures Manual (page 30).

2. The Company proposes to distribute dividends of NT\$216,862,908 from 2023 earnings to shareholders in cash, with each share to be allotted at NT\$1.25. The cash allotment shall be rounded to the nearest NT\$1 (amounts less than NT\$1 shall be rounded off). Any amount less than NT\$1 will be recognized as the Company's miscellaneous income.
3. The Company also authorizes the Chairman of the Board of Directors to determine the baseline date for the distribution of dividends and the payment date. Where the number of outstanding shares changes as a result of the conversion of convertible bonds issued by the Company into common shares at the request of the holders, repurchase of the Company's shares, transfer, conversion and cancellation of treasury stock, or other changes in shares, the Chairman is authorized to adjust the dividend distribution per share accordingly.
4. Please review.

(VI) Report on Endorsements and guarantees by the Company and subsidiaries

Description: 1. The endorsements and guarantees by the Company and subsidiaries as of the end of December 2023 are specified in the table below:

Provider of the endorsement/guarantee	Recipients of the endorsement/guarantee		Ending balance of
Company name	Company name	Relationship	endorsements/guarantees
The Company	Changshu Hopax Chemical Co., Ltd.	Wholly-owned subsidiary	RMB 10,000 thousand
The Company	Kunshan Hopax Paper Products Co., Ltd.	Wholly-owned subsidiary	RMB 12,000 thousand

2. Please review.

(VII) Report on fund loans to others by the Company and subsidiaries

Description: 1. The loans to others by the Company and subsidiaries as of the end of December 2023 are specified in the table below:

Recipients of loans Company name	Recipient		Ending balance	
	Company name	Relationship	Total amount	Amount used
The Company	Hopax Europe	Parent company and subsidiary	€400 thousand	-

2. Please review.

Matters for Ratification

Case 1:

Proposal: Ratification of the 2023 Business Report and financial statements (proposed by the Board of Directors)

Description: 1. The Company's 2023 financial statements have been audited and authenticated by the CPAs Chiu-Yen Wu and Kai-Ning Hsu of Deloitte Taiwan, who issued an unqualified opinion in the Audit Report.

2. The 2023 Business Report and financial statements have been passed by the Board of Directors in a resolution and submitted to the Audit Committee which completed its review.

3. Please see Attachment I to III (page 7 to page 27) of the Procedures Manual for the 2023 Business Report, CPAs' Audit Report, and financial statements.

4. Please ratify.

Resolution:

Case 2:

Proposal: 2023 Earnings Distribution Statement (proposed by the Board of Directors)

Description: 1. The Company's net income after tax for 2023 was NT\$429,990,133 and we allocated NT\$44,350,185 to the legal reserve and NT\$35,947,432 to the special reserve in accordance with laws. The distributable earnings totaled NT\$905,401,561 and the Company proposes to distribute NT\$216,862,908 in cash dividends. The case was reported to and passed by the Board of Directors on March 14, 2024.

2. Please see Attachment VI (page 30) of the Procedures Manual for the 2023 Earnings Distribution Statement.

3. Please ratify.

Resolution:

Special Motions

Taiwan Hopax Chems. Mfg. Co., Ltd.
2023 Business Report

I. Results of operations

Hopax pursues sustainable and steady business growth and attaches great importance to corporate social responsibility. We are honored to be recognized for "excellence in disclosing occupational safety and health indicators in the corporate sustainability report by the Occupational Safety and Health Administration, Ministry of Labor in 2023" and the "MVP for dual-axis transformation of digitalization and ESG." In 2023, the Group's consolidated revenue was NT\$4,521,236 thousand, consolidated net profit after tax of was NT\$429,990 thousand, and basic earnings per share after taxes was NT\$2.48. Despite being limited by the slowdown in customer and market demand, all employees are still actively responding by continuing to develop process technologies for eco-friendly, low-carbon key products with a competitive advantage. Guided by the core value of "innovation," Hopax has achieved a diversified product portfolio. In order to meet customer growth needs and product process technologies that are in line with ESG trends, as well as the Group's mid- to long-term strategic development plan, Hopax's application to establish a new factory in Pingtung Science Park was reviewed and approved by the National Science and Technology Council (NSTC) Central Taiwan Science Park Review Committee on November 28, 2023, preparing for the next stage of development.

II. Future prospects

The global business environment still faces many variables in environmental protection, carbon emissions, and the political and economic situation. In order to maintain steady profit growth, the operating strategies of each major product are described below:

- a. Specialty chemicals: Star products aim to gain the highest market share in the local market, maintain a stable profit margin, and actively expand export growth opportunities. Focusing on new potential development directions in the future, we continue to develop products that meet customer needs and diverse fields of application, and realize new types of production processes.
- b. Fine chemicals: We implement tiered management of main products with the goal of becoming the world's number one comprehensive supplier. We actively deploy terminal and high-end applications, and continue to develop high-quality, high-efficiency, low-carbon emissions, low-waste and environmentally sustainable green process products, strengthening the allocation of production resources to meet market demand and realize sales opportunities.
- c. Stick'N products: We continue to pursue orders from major stationery supplies channels

worldwide, introduce new coating technologies and quality management systems, and use automated equipment to improve production efficiency and achieve mid- to long-term strategies.

d. Agricultural technology products: We continue to develop high-quality and safe "microbial fertilizers", "agricultural spreaders," and "aquaculture microbial water quality improvers," hoping to develop diverse pollution-free, eco-friendly products and play an important role in the global development trend of agriculture and fisheries.

e. Subsidiary Hopax Biomedical: We have long focused on "formaldehyde removal" and "anti-bacterial" products that are beneficial to human health, and have developed diverse products and services in response to market demand, such as "pet supplies," "home cleaning supplies," and "formaldehyde removal services," We continue to strengthen the cross-industry alliance strategy to create the image of a high quality brand, which is deeply embedded in consumers to gain market popularity.

f. Subsidiary SeeCure Taiwan: The development of precision treatments has already produced results in the current stage, and uses innovative drugs to improve human health and quality of life, in order to create higher value for new biotechnology drug development in Taiwan.

Hopax Group's long-term development strategy is to meet the needs of customers with green process technologies and diversified and innovative development. We have always remained ambitious and we have set challenging targets to continue to enhance the Group's sustainable competitiveness.

Chairman:

Manager:

Accounting Supervisor:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Hopax Chemicals Mfg. Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Taiwan Hopax Chemicals Mfg. Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2023 is as follows:

Occurrence of revenue

The main source of revenue of the Company comes from sales of specialty chemicals, fine chemicals, stick'N, and the sales revenue from specific customers with significant sales amounts have increased significantly. Under Standards on Auditing, revenue has a presumed risk of fraud. Therefore, we deemed the occurrence of revenue from specific customers a key audit matter.

In response to the specific matter described above, we have carried out audit procedures, including:

1. We obtained an understanding of and tested the effectiveness of the controls over the authenticity of recognized revenue are effective.
2. We obtained detailed information on the sales revenue of specific customers, selected appropriate samples, checked shipping documents or attached customs clearance documents, etc. and checked whether the amount and object of payment were consistent with the object of sales to confirm that revenue had actually occurred.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future

events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiu-Yen Wu and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 4 and 6)	\$ 158,456	3	\$ 114,661	2
Financial assets at FVTPL - current (Notes 4, 7 and 27)	2,765	-	1,330	-
Notes receivable (Notes 4, 5, 9 and 22)	11,497	-	10,343	-
Accounts receivable, net (Notes 4, 5, 9 and 22)	467,942	8	640,943	11
Accounts receivable - related parties (Notes 9, 22 and 28)	136,659	3	179,713	3
Other receivables	9,842	-	13,941	-
Other receivables - related parties (Note 28)	5,424	-	21,411	-
Inventories (Notes 4, 5 and 10)	569,316	10	701,014	12
Prepayments	18,506	-	22,954	-
Other current assets	<u>1,150</u>	<u>-</u>	<u>1,908</u>	<u>-</u>
Total current assets	<u>1,381,557</u>	<u>24</u>	<u>1,708,218</u>	<u>28</u>
NONCURRENT ASSETS				
Financial assets at FVTOCI - noncurrent (Notes 4, 8 and 27)	12,541	-	12,962	-
Investments accounted for using the equity method (Notes 4 and 11)	2,773,056	48	2,676,057	44
Property, plant and equipment (Notes 4, 12, 29 and 30)	1,506,167	26	1,507,180	25
Right-of-use assets (Notes 4 and 13)	14,708	-	3,719	-
Investment properties (Notes 4 and 14)	8,356	-	8,666	-
Deferred tax assets (Notes 4 and 24)	127,956	2	136,736	3
Prepayments for equipment	7,242	-	12,350	-
Refundable deposits	6,165	-	6,288	-
Other noncurrent assets	<u>10,425</u>	<u>-</u>	<u>12,244</u>	<u>-</u>
Total noncurrent assets	<u>4,466,616</u>	<u>76</u>	<u>4,376,202</u>	<u>72</u>
TOTAL	<u>\$ 5,848,173</u>	<u>100</u>	<u>\$ 6,084,420</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 375,000	7	\$ 543,088	9
Financial liabilities at FVTPL - current (Notes 4, 7 and 27)	304	-	3,005	-
Contract liabilities (Notes 4 and 22)	14,085	-	19,951	-
Accounts payable (Note 17)	127,025	2	149,396	2
Accounts payable - related parties (Notes 17 and 28)	277,804	5	315,204	5
Other payables (Note 18)	183,348	3	205,037	3
Other payables - related parties (Note 28)	300	-	330	-
Current tax liabilities (Notes 4 and 24)	67,216	1	41,178	1
Lease liabilities - current (Notes 4 and 13)	4,098	-	1,520	-
Current portion of long-term borrowings (Notes 15 and 29)	416,667	7	125,000	2
Bonds payable due within one year (Note 16)	280,311	5	275,885	5
Other current liabilities	<u>5,878</u>	<u>-</u>	<u>6,758</u>	<u>-</u>
Total current liabilities	<u>1,752,036</u>	<u>30</u>	<u>1,686,352</u>	<u>27</u>
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 29)	208,333	3	675,000	11
Provisions - noncurrent (Notes 4 and 19)	4,789	-	5,535	-
Deferred tax liabilities (Notes 4 and 24)	98,734	2	98,301	2
Lease liabilities - noncurrent (Notes 4 and 13)	10,722	-	2,249	-
Net defined benefit liabilities (Notes 4 and 20)	42,349	1	53,344	1
Guarantee deposits received	<u>-</u>	<u>-</u>	<u>567</u>	<u>-</u>
Total noncurrent liabilities	<u>364,927</u>	<u>6</u>	<u>834,996</u>	<u>14</u>
Total liabilities	<u>2,116,963</u>	<u>36</u>	<u>2,521,348</u>	<u>41</u>
EQUITY (Note 21)				
Ordinary shares	<u>1,734,903</u>	<u>30</u>	<u>1,734,903</u>	<u>29</u>
Capital surplus	<u>627,972</u>	<u>11</u>	<u>627,972</u>	<u>10</u>
Retained earnings				
Legal reserve	418,584	7	357,664	6
Special reserve	316,196	5	328,708	5
Unappropriated earnings	<u>985,698</u>	<u>17</u>	<u>830,021</u>	<u>14</u>
Total retained earnings	<u>1,720,478</u>	<u>29</u>	<u>1,516,393</u>	<u>25</u>
Other equity	<u>(352,143)</u>	<u>(6)</u>	<u>(316,196)</u>	<u>(5)</u>
Total equity	<u>3,731,210</u>	<u>64</u>	<u>3,563,072</u>	<u>59</u>
TOTAL	<u>\$ 5,848,173</u>	<u>100</u>	<u>\$ 6,084,420</u>	<u>100</u>

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)	\$ 3,042,286	100	\$ 3,648,196	100
OPERATING COSTS (Notes 10, 20, 23 and 28)	<u>2,307,263</u>	<u>76</u>	<u>2,763,302</u>	<u>76</u>
GROSS PROFIT	735,023	24	884,894	24
UNREALIZED GAIN ON TRASACTTIONS WITH SUBSIDIARIES (Notes 4)	-	-	2,647	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>190</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>735,213</u>	<u>24</u>	<u>882,247</u>	<u>24</u>
OPERATING EXPENSES (Notes 9, 20, 23 and 28)				
Selling and marketing	154,788	5	222,035	6
General and administrative	163,095	6	160,562	4
Research and development	127,908	4	129,242	4
Reversal of expected credit loss recognized	<u>(1,412)</u>	<u>-</u>	<u>(2,027)</u>	<u>-</u>
Total operating expenses	<u>444,379</u>	<u>15</u>	<u>509,812</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>290,834</u>	<u>9</u>	<u>372,435</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 28)				
Interest income	3,316	-	667	-
Other income	29,313	1	28,949	1
Other gains and losses	798	-	32,514	1
Finance costs	(26,847)	(1)	(22,185)	(1)
Share of profit or loss of subsidiaries	<u>204,340</u>	<u>7</u>	<u>270,088</u>	<u>7</u>
Total non-operating income and expenses	<u>210,920</u>	<u>7</u>	<u>310,033</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	501,754	16	682,468	18
INCOME TAX EXPENSE (Notes 4 and 24)	<u>71,764</u>	<u>2</u>	<u>83,117</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>429,990</u>	<u>14</u>	<u>599,351</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20, 21 and 24)				

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 11,203	-	\$ 13,714	-
Unrealized loss on investments in equity instruments at FVTOCI	(421)	-	(9,348)	-
Share of Other comprehensive income (loss) of subsidiaries for using the equity method	23,164	1	(8,239)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(7,900)	-	(873)	-
	<u>26,046</u>	<u>1</u>	<u>(4,746)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,238)	-	5,208	-
Share of Other comprehensive income (loss) of subsidiaries for using the equity method	(43,556)	(2)	30,356	1
Income tax relating to items that may be reclassified subsequently to profit or loss	(3,688)	-	(8,455)	-
	<u>(48,482)</u>	<u>(2)</u>	<u>27,109</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(22,436)</u>	<u>(1)</u>	<u>22,363</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 407,554</u>	<u>13</u>	<u>\$ 621,714</u>	<u>17</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 2.48</u>		<u>\$ 3.46</u>	
Diluted	<u>\$ 2.42</u>		<u>\$ 3.38</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operation	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Loss on Financial Assets at FVTOCI	Total	
BALANCE AT JANUARY 1, 2022	\$ 1,732,041	\$ 615,528	\$ 314,783	\$ 294,856	\$ 514,415	\$ (302,951)	\$ (25,757)	\$ (328,708)	\$ 3,142,915
Appropriation of 2021 earnings (Note 21)									
Legal reserve	-	-	42,881	-	(42,881)	-	-	-	-
Special reserve	-	-	-	33,852	(33,852)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(216,863)	-	-	-	(216,863)
	-	-	42,881	33,852	(293,596)	-	-	-	(216,863)
Net profit for the year ended December 31, 2022	-	-	-	-	599,351	-	-	-	599,351
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	11,550	27,109	(16,296)	10,813	22,363
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	610,901	27,109	(16,296)	10,813	621,714
Conversion of corporate bonds to ordinary shares (Note 21)	2,862	12,444	-	-	-	-	-	-	15,306
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(1,699)	-	1,699	1,699	-
BALANCE AT DECEMBER 31, 2022	1,734,903	627,972	357,664	328,708	830,021	(275,842)	(40,354)	(316,196)	3,563,072
Appropriation of 2022 earnings (Note 21)									
Legal reserve	-	-	60,920	-	(60,920)	-	-	-	-
Special reserve reversed	-	-	-	(12,512)	12,512	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(239,416)	-	-	-	(239,416)
	-	-	60,920	(12,512)	(287,824)	-	-	-	(239,416)
Net profit for the year ended December 31, 2023	-	-	-	-	429,990	-	-	-	429,990
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	13,511	(48,482)	12,535	(35,947)	(22,436)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	443,501	(48,482)	12,535	(35,947)	407,554
BALANCE AT DECEMBER 31, 2023	\$ 1,734,903	\$ 627,972	\$ 418,584	\$ 316,196	\$ 985,698	\$ (324,324)	\$ (27,819)	\$ (352,143)	\$ 3,731,210

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 501,754	\$ 682,468
Adjustments for:		
Depreciation expense	134,541	119,509
Amortization expense	1,819	4,013
Reversal of expected credit loss recognized	(1,412)	(2,027)
Net loss on FV changes of financial assets and liabilities at FVTPL	16,257	13,317
Finance costs	26,847	22,185
Interest income	(3,316)	(667)
Share of profit of subsidiaries	(204,340)	(270,088)
Loss on disposal of property, plant and equipment, net	176	1,145
(Reversal of) write-down of inventories	3,754	(5,910)
Unrealized (realized) gain on transactions with subsidiaries	(1,690)	1,147
Losses on the disposal of subsidiaries	-	6,206
Other non-cash items	(746)	(259)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	5,283	12,880
Notes receivable	(1,154)	802
Accounts receivable	174,413	(70,833)
Accounts receivable - related parties	43,054	(21,021)
Other receivables	4,099	(92)
Other receivables - related parties	(333)	36
Inventories	127,944	(94,728)
Prepayments	4,448	(2,576)
Other current assets	758	433
Financial liabilities held for trading	(25,676)	(22,522)
Contract liabilities	(5,866)	(6,006)
Accounts payable	(22,371)	29,572
Accounts payable - related parties	(37,400)	41,636
Other payables	(17,995)	16,591
Other current liabilities	(880)	3,614
Net defined benefit liabilities	208	(14,434)
Cash generated from operations	722,176	444,391
Interest received	3,316	630
Interest paid	(23,413)	(19,006)
Income tax paid	(48,101)	(82,886)
Net cash generated from operating activities	653,978	343,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTOCI	-	27
Acquisition of investments accounted for using the equity method	(40,000)	(20,000)
Proceeds from disposal of subsidiaries	-	4,483
Payments for property, plant and equipment	(129,245)	(194,792)
Proceeds from disposal of property, plant and equipment	86	3,812

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2023	2022
Decrease (increase) in other receivables - related parties	\$ 16,320	\$ (3,892)
Increase in refundable deposits	123	(3,901)
Increase in other noncurrent assets	-	(604)
Dividend received from subsidiaries	<u>128,795</u>	<u>86,560</u>
Net cash used in investing activities	<u>(23,921)</u>	<u>(128,307)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	28,828
Decrease in short-term borrowings	(168,088)	-
Decrease in short-term bills payable	-	(40,000)
Increase in long-term borrowings	470,000	957,406
Repayment of long-term borrowings	(645,000)	(896,843)
Increase (decrease) in guarantee deposits received	(567)	97
Decrease in other payables - related parties	-	(20,038)
Repayment of the principal portion of lease liabilities	(3,191)	(1,734)
Distribution of cash dividends	<u>(239,416)</u>	<u>(216,863)</u>
Net cash used in financing activities	<u>(586,262)</u>	<u>(189,147)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,795	25,675
CASH AT THE BEGINNING OF THE YEAR	<u>114,661</u>	<u>88,986</u>
CASH AT THE END OF THE YEAR	<u>\$ 158,456</u>	<u>\$ 114,661</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Taiwan Hopax Chemicals Mfg. Co., Ltd. for the year ended December 31, 2023 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Taiwan Hopax Chemicals Mfg. Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Taiwan Hopax Chemicals Mfg. Co., Ltd.

By

Tsung-Tien Kuo
Chairman

March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Hopax Chemicals Mfg. Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is as follows:

Occurrence of revenue

The main source of revenue of the Group comes from sales of specialty chemicals, fine chemicals, stick'N, and the sales revenue from specific customers with significant sales amounts have increased significantly. Under Standards on Auditing, revenue has a presumed risk of fraud. Therefore, we deemed the occurrence of revenue from specific customers a key audit matter.

In response to the specific matter described above, we have carried out audit procedures, including:

1. We obtained an understanding of and tested the effectiveness of the controls over the authenticity of recognized revenue.
2. We obtained detailed information on the sales revenue of specific customers, selected appropriate samples, checked shipping documents or attached customs clearance documents, etc. and checked whether the amount and object of payment were consistent with the object of sales to confirm that revenue had actually occurred.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiu-Yen Wu and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and consolidated cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 641,038	11	\$ 548,323	8
Financial assets at FVTPL - current (Notes 4, 7 and 28)	4,725	-	3,040	-
Financial assets at amortized cost - current (Notes 4, 8 and 30)	57,890	1	86,441	1
Notes receivable (Notes 4, 5, 10, 23 and 30)	156,076	3	281,298	4
Accounts receivable, net (Notes 4, 5, 10 and 23)	799,098	13	1,024,178	15
Other receivables	10,308	-	31,763	1
Current tax assets (Notes 4 and 25)	6	-	-	-
Inventories (Notes 4, 5 and 11)	1,280,996	21	1,502,236	23
Prepayments	39,549	1	63,470	1
Other current assets	<u>24,982</u>	<u>-</u>	<u>24,659</u>	<u>-</u>
Total current assets	<u>3,014,668</u>	<u>50</u>	<u>3,565,408</u>	<u>53</u>
NONCURRENT ASSETS				
Financial assets at FVTOCI - noncurrent (Notes 4, 9 and 28)	92,491	2	64,236	1
Property, plant and equipment (Notes 4, 13, 30 and 31)	2,666,512	44	2,719,889	41
Right-of-use assets (Notes 4 and 14)	110,701	2	104,324	2
Investment properties (Notes 4 and 15)	8,356	-	8,666	-
Deferred tax assets (Notes 4 and 25)	143,084	2	151,989	2
Prepayments for equipment	12,842	-	29,347	1
Refundable deposits	7,897	-	7,967	-
Other noncurrent assets	<u>22,600</u>	<u>-</u>	<u>24,957</u>	<u>-</u>
Total noncurrent assets	<u>3,064,483</u>	<u>50</u>	<u>3,111,375</u>	<u>47</u>
TOTAL	<u>\$ 6,079,151</u>	<u>100</u>	<u>\$ 6,676,783</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 375,000	6	\$ 587,008	9
Financial liabilities at FVTPL- current (Notes 4, 7 and 28)	304	-	3,008	-
Contract liabilities (Notes 4 and 23)	53,154	1	61,521	1
Notes payable (Note 18)	156,020	3	246,369	4
Accounts payable (Note 18)	263,751	4	339,120	5
Other payables (Note 19)	317,525	5	375,739	6
Current tax liabilities (Notes 4 and 25)	82,223	1	73,019	1
Lease liabilities - current (Notes 4 and 14)	4,317	-	1,810	-
Current portion of long-term borrowings (Notes 16 and 30)	416,667	7	163,236	2
Current portion of corporate bonds payable (Notes 4 and 17)	280,311	5	275,885	4
Other current liabilities	<u>11,342</u>	<u>-</u>	<u>12,860</u>	<u>-</u>
Total current liabilities	<u>1,960,614</u>	<u>32</u>	<u>2,139,575</u>	<u>32</u>
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 30)	208,333	4	789,707	12
Provisions - noncurrent (Notes 4 and 20)	4,789	-	5,535	-
Deferred tax liabilities (Notes 4 and 25)	98,734	2	98,301	2
Lease liabilities - noncurrent (Notes 4 and 14)	10,723	-	2,470	-
Net defined benefit liabilities (Notes 4 and 21)	63,998	1	76,837	1
Guarantee deposits received	<u>750</u>	<u>-</u>	<u>1,286</u>	<u>-</u>
Total noncurrent liabilities	<u>387,327</u>	<u>7</u>	<u>974,136</u>	<u>15</u>
Total liabilities	<u>2,347,941</u>	<u>39</u>	<u>3,113,711</u>	<u>47</u>
EQUITY (Note 22)				
Ordinary shares	<u>1,734,903</u>	<u>29</u>	<u>1,734,903</u>	<u>26</u>
Capital surplus	<u>627,972</u>	<u>10</u>	<u>627,972</u>	<u>9</u>
Retained earnings				
Legal reserve	418,584	7	357,664	5
Special reserve	316,196	5	328,708	5
Unappropriated earnings	<u>985,698</u>	<u>16</u>	<u>830,021</u>	<u>13</u>
Total retained earnings	<u>1,720,478</u>	<u>28</u>	<u>1,516,393</u>	<u>23</u>
Other equity	(352,143)	(6)	(316,196)	(5)
Total equity	<u>3,731,210</u>	<u>61</u>	<u>3,563,072</u>	<u>53</u>
TOTAL	<u>\$ 6,079,151</u>	<u>100</u>	<u>\$ 6,676,783</u>	<u>100</u>

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 4,521,236	100	\$ 5,460,230	100
OPERATING COSTS (Notes 11, 21 and 24)	<u>3,262,934</u>	<u>72</u>	<u>3,946,500</u>	<u>73</u>
GROSS PROFIT	<u>1,258,302</u>	<u>28</u>	<u>1,513,730</u>	<u>27</u>
OPERATING EXPENSES (Notes 10, 21 and 24)				
Selling and marketing	317,050	7	384,400	7
General and administrative	245,126	5	237,348	4
Research and development	156,850	4	160,060	3
Expected credit gain recognized	<u>(1,523)</u>	<u>-</u>	<u>(4,450)</u>	<u>-</u>
Total operating expenses	<u>717,503</u>	<u>16</u>	<u>777,358</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>540,799</u>	<u>12</u>	<u>736,372</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	7,329	-	3,317	-
Other income	21,267	1	22,154	-
Other gains and losses	(3,991)	-	38,262	1
Finance costs	<u>(31,172)</u>	<u>(1)</u>	<u>(29,864)</u>	<u>-</u>
Total non-operating income and expenses	<u>(6,567)</u>	<u>-</u>	<u>33,869</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	534,232	12	770,241	14
INCOME TAX EXPENSE (Notes 4 and 25)	<u>104,242</u>	<u>2</u>	<u>170,890</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>429,990</u>	<u>10</u>	<u>599,351</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	15,603	-	13,875	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI	19,311	-	(17,713)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(8,868)</u>	<u>-</u>	<u>(908)</u>	<u>-</u>
	<u>26,046</u>	<u>-</u>	<u>(4,746)</u>	<u>-</u>

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (44,794)	(1)	\$ 35,564	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(3,688)	-	(8,455)	-
	<u>(48,482)</u>	<u>(1)</u>	<u>27,109</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(22,436)</u>	<u>(1)</u>	<u>22,363</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 407,554</u>	<u>9</u>	<u>\$ 621,714</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 429,990</u>	<u>10</u>	<u>\$ 599,351</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 407,554</u>	<u>9</u>	<u>\$ 621,714</u>	<u>11</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 2.48</u>		<u>\$ 3.46</u>	
Diluted	<u>\$ 2.42</u>		<u>\$ 3.38</u>	

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

(Concluded)

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Loss on Financial Assets at FVTOCI		
BALANCE AT JANUARY 1, 2022	\$ 1,732,041	\$ 615,528	\$ 314,783	\$ 294,856	\$ 514,415	\$ (302,951)	\$ (25,757)	\$ (328,708)	\$ 3,142,915
Appropriation of 2021 earnings (Note 22)									
Legal reserve	-	-	42,881	-	(42,881)	-	-	-	-
Special reserve	-	-	-	33,852	(33,852)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(216,863)	-	-	-	(216,863)
	-	-	42,881	33,852	(293,596)	-	-	-	(216,863)
Net profit for the year ended December 31, 2022	-	-	-	-	599,351	-	-	-	599,351
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	11,097	27,109	(15,843)	11,266	22,363
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	610,448	27,109	(15,843)	11,266	621,714
Conversion of corporate bonds into ordinary shares (Note 22)	2,862	12,444	-	-	-	-	-	-	15,306
Disposal of financial assets designated as at fair value through other comprehensive income	-	-	-	-	(1,246)	-	1,246	1,246	-
BALANCE AT DECEMBER 31, 2022	1,734,903	627,972	357,664	328,708	830,021	(275,842)	(40,354)	(316,196)	3,563,072
Appropriation of 2022 earnings (Note 22)									
Legal reserve	-	-	60,920	-	(60,920)	-	-	-	-
Special reserve reversed	-	-	-	(12,512)	12,512	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(239,416)	-	-	-	(239,416)
	-	-	60,920	(12,512)	(287,824)	-	-	-	(239,416)
Net profit for the year ended December 31, 2023	-	-	-	-	429,990	-	-	-	429,990
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	12,394	(48,482)	13,652	(34,830)	(22,436)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	442,384	(48,482)	13,652	(34,830)	407,554
Disposal of financial assets designated as at fair value through other comprehensive income	-	-	-	-	1,117	-	(1,117)	(1,117)	-
BALANCE AT DECEMBER 31, 2023	\$ 1,734,903	\$ 627,972	\$ 418,584	\$ 316,196	\$ 985,698	\$ (324,324)	\$ (27,819)	\$ (352,143)	\$ 3,731,210

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 534,232	\$ 770,241
Adjustments for:		
Depreciation expense	296,208	269,570
Amortization expense	7,467	10,561
Reversal of expected credit gain recognized	(1,523)	(4,450)
Net loss on FV changes of financial assets and liabilities at FVTPL	22,788	18,127
Finance costs	31,172	29,864
Interest income	(7,329)	(3,317)
Dividend income	(2,354)	(2,335)
Loss on disposal of property, plant and equipment, net	3,354	5,230
Write-down (reversal) of inventories	4,145	(7,915)
Losses on disposal of subsidiaries	-	6,206
Other non-cash items	(746)	(259)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	11,902	13,223
Notes receivable	125,222	1,073
Accounts receivable	226,348	22,177
Other receivables	21,455	(11,880)
Inventories	217,283	(230,489)
Prepayments	23,921	(8,907)
Other current assets	(323)	4,157
Financial liabilities held for trading	(39,079)	(29,382)
Contract liabilities	(8,367)	2,097
Notes payable	(96,935)	39,416
Accounts payable	(75,369)	(23,572)
Other payables	(20,979)	10,014
Other current liabilities	(1,518)	1,719
Net defined benefit liabilities	2,764	(11,837)
Cash generated from operations	1,273,739	869,332
Interest received	7,329	3,317
Interest paid	(29,252)	(25,714)
Income tax paid	(98,350)	(167,168)
Net cash generated from operating activities	1,153,466	679,767
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	(14,893)	(21,493)
Proceeds from sale of financial assets at FVTOCI	5,949	8,344
Decrease in financial assets at amortized cost	28,551	56,570
Payments for property, plant and equipment	(270,763)	(336,720)
Proceeds from disposal of property, plant and equipment	961	3,235
Decrease in refundable deposits	70	-
Increase in refundable deposits	-	(3,922)
Acquisition of right-of-use assets	\$ (1,482)	\$ (1,040)

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	2023	2022
Increase in other noncurrent assets	(5,110)	(6,856)
Dividends received	<u>2,354</u>	<u>2,335</u>
Net cash used in investing activities	<u>(254,363)</u>	<u>(299,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(212,008)	(49,655)
Decrease in short-term bills payable	-	(40,000)
Increase in long-term borrowings	470,000	1,018,584
Repayment of long-term borrowings	(798,525)	(942,726)
Increase in guarantee deposits received	-	180
Decrease in guarantee deposits received	(536)	-
Repayment of the principal portion of lease liabilities	(3,482)	(2,018)
Distribution of cash dividends	<u>(239,416)</u>	<u>(216,863)</u>
Net cash used in financing activities	<u>(783,967)</u>	<u>(232,498)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(22,421)</u>	<u>24,394</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,715	172,116
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>548,323</u>	<u>376,207</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 641,038</u>	<u>\$ 548,323</u>

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

(Concluded)

Taiwan Hopax Chems. Mfg. Co., Ltd.

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the 2022 Business Report, financial statements (including consolidated and individual financial statements), and earnings distribution proposal, of which the financial statements have been audited by the CPAs Chia-Ling Chiang and Kai-Ning Hsu of Deloitte Taiwan, who issued an unqualified opinion in the Audit Report. The Audit Committee has reviewed the aforementioned business report, financial statements, and earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

To:

2024 annual shareholders' meeting of Taiwan Hopax Chems. Mfg. Co., Ltd.

Taiwan Hopax Chems. Mfg. Co., Ltd.

Audit Committee convener: Li -Chiu Chang

March 14, 2024

[Attachment V]

Taiwan Hopax Chems. Mfg. Co., Ltd.
Remuneration to Ordinary Directors and Independent Directors
2023

Job title	Name	Directors' remuneration								Ratio of total compensation (A+B+C+D) to net profit after tax	Remuneration for part-time employees								Ratio of total compensation (A+B+C+D+E+F+G) to net profit after tax	Compensation from investments other than subsidiaries or parent company		
		Remuneration (A)		Severance pay and pension (B)		Director's remuneration (C) (Note 1)		Business expenses (D)			Salary, bonuses, and allowances (E)		Severance pay and pension (F) (Note 2)		Employee remuneration (G) (Note 1)							
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash value	Share value	Cash value	Share value		The Company	All companies in the financial report
Chairman	Tsung-Tien Kuo	0	0	0	0	1,305	1,305	80	80	1,385	1,385	7,725	7,725	358	358	410	0	410	0	9,878	9,878	None
Vice Chairman	Mei-Lin Kuo	0	0	0	0	154	154	60	60	214	214	3,027	3,027	86	86	214	0	214	0	3,541	3,541	None
Director	John-See Lee	0	0	0	0	845	845	230	230	1,075	1,075	0	0	0	0	0	0	0	0	1,075	1,075	None
Director	Representative of Joray Co., Ltd.: Chi-Rong Huang	0	0	0	0	1,075	1,075	70	70	1,145	1,145	0	0	0	0	0	0	0	0	1,145	1,145	None
Director	Chung-Sheng Cheng	0	0	0	0	115	115	30	30	145	145	1,412	1,412	54	54	98	0	98	0	1,709	1,709	None
Independent Director	Yi-Hsiung Huang	420	420	0	0	0	0	80	80	500	500	0	0	0	0	0	0	0	0	500	500	None
Independent Director	Li -Chiu Chang	420	420	0	0	0	0	60	60	480	480	0	0	0	0	0	0	0	0	480	480	None
Independent Director	Jen-Chyuan Lee	885	885	0	0	0	0	160	160	1,045	1,045	0	0	0	0	0	0	0	0	1,045	1,045	None
Independent Director	Hsieng-Cheng Tseng	885	885	0	0	0	0	130	130	1,015	1,015	0	0	0	0	0	0	0	0	1,015	1,015	None
Independent Director	Guan-Hua Huang	390	390	0	0	0	0	10	10	400	400	0	0	0	0	0	0	0	0	400	400	None
1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: The compensation for Independent Directors of the Company includes fixed remuneration and transportation expenses. The fixed remuneration is paid quarterly in accordance with the "Regulations Governing the Remuneration of Directors and Members of Functional Committees". The transportation expenses are paid each time Directors attend a meeting of the Board of Directors or functional committee in person.																						

[Attachment VI]

Taiwan Hopax Chems. Mfg. Co., Ltd.
2023 Earnings Distribution Statement

Unit: NT\$

Item	Amount
Opening undistributed earnings	542,197,333
Plus: Disposal of investments in equity instruments measured at fair value through other comprehensive gain and loss with accumulated profit or loss transferred directly to retained earnings	1,117,269
Plus: Remeasurement of defined benefit plan converted into retained earnings	12,394,443
Adjusted undistributed earnings	555,709,045
Plus: After-tax net profit of the current period	429,990,133
Minus: Provision for legal reserve	(44,350,185)
Minus: Provision for special surplus reserve (Note 1)	(35,947,432)
Retained earnings available for distribution for this period	905,401,561
Distribution items (calculated based on 173,490,326 shares outstanding as of the end of February 2024)	(216,862,908)
Shareholder dividends - cash (NT\$1.25 per share)	
Undistributed earnings after distribution	688,538,653

Note 1: According to Issue no. Financial-Supervisory-Securities-Corporate-1090150022 dated March 31, 2021, where there is a reduction in shareholders' equity for the current year, a special reserve of the same amount must be appropriated from the net income after taxes of the current period plus the amount of the undistributed earnings in the current period. If there is a subsequent reversal of the reduction in shareholders' equity, the reversal may be distributed to the shareholders as earnings.

Note 2: The order of distribution of earnings shall prioritize the distribution of earnings for the current year. Any shortfall shall be supplemented by the undistributed earnings of the previous period.

Note 3: All earnings shall be distributed in cash. The total number of fractional amounts below NT\$1 as a result of the distribution of shareholder bonuses shall be recognized as the Company's miscellaneous income.

Chairman: Tsung-Tien Kuo

Manager: Tsung-Tien Kuo

Accounting Supervisor: Wen-Hui Yu

Taiwan Hopax Chems. Mfg. Co., Ltd.

Rules of Procedure for Shareholders' Meetings

Passed in the shareholders' meeting on June 21, 2022

- I. Unless otherwise specified by law or the Articles of Incorporation, the shareholders' meetings of the Company shall be implemented in accordance with these Rules.
- II. The Company shall set up an attendance log for attending shareholders to sign; attendance cards may be submitted by attending shareholders in lieu of signing the attendance log. The number of shares in attendance shall be calculated according to the shares indicated by the attendance log or attendance cards handed in, and the number of shares registered on the visual communication network platform plus the number of shares whose voting rights are exercised by correspondence or electronically.
- III. Attendance and voting of the shareholders' meeting shall be determined by the number of shares represented at the meeting.
- IV. The shareholders' meeting shall be held at locations that are suitable and convenient for shareholders' attendance. Meetings shall not begin earlier than 9 a.m. or later than 3 p.m.
When the Company convenes a shareholders' meeting by means of visual communication network, the restriction on the place for the meeting in the preceding paragraph shall not apply.
- V. Shareholders' meetings convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any other reason, the Vice Chairman shall act in this capacity on the Chairman's behalf. If the Vice Chairman is also unavailable, the Chairman may appoint one of the directors to act on the Chairman's behalf. If the Chairman does not appoint a delegate, one shall be elected among the Directors to act on the Chairman's behalf.
If the shareholders' meeting is convened by a person entitled to do so other than the Chairman, that person shall act as the Chairman.
- VI. The Company may appoint lawyers, certified public accountants, or certain personnel to attend the shareholders' meeting.
Staff handling administrative affairs of the shareholders' meeting shall wear identification badges or arm-bands.
- VII. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recording shall be retained for at least one year.
When the Company convenes a shareholders' meeting by means of visual communication network, the Company shall retain all records of the registration, sign-up, sign-in, questions, and voting of the shareholders, and the results of votes compiled by the Company. It shall also record the whole course of the shareholders' meeting in audio or video.

The Company shall keep the information, audio, and video recordings in the preceding paragraph in secure storage in the duration of the Company's existence and provide the audio and video recordings to the entity entrusted to organize the shareholders' meeting by means of visual communication network.

- VIII. The chair shall call the meeting to order at the appointed meeting time and also announce relevant information regarding the number of shares without voting rights and the number of shares attending. If the number of shareholders present represent less than half of all voting rights, the chair may delay the meeting. A meeting may be delayed twice for a combined maximum of one hour. If after two postponements the number of shareholders present is still insufficient while representing at least one third of the total issued shares, provisional resolutions may be adopted in accordance with Article 175, Paragraph 1 of the Company Act.

If prior to the end of the meeting the shareholders present represent at least half of the total issued shares, the chair may resubmit the provisional resolutions adopted by the meeting for a vote in accordance with Article 174 of the Company Act.

- IX. The agenda of shareholders' meetings convened by the Board of Directors shall be set by the Board of Directors. All relevant proposals (including special motions and amendments to the contents of the original proposals) shall be voted on case-by-case. The meeting shall be conducted in accordance with its agenda, which may not be changed unless resolved during the shareholders' meeting.

The above provision applies mutatis mutandis to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.

Unless by the resolution of the shareholders' meeting, the chair may not declare the meeting ended until all items on the agenda (including special motions) arranged as per the preceding two paragraphs have been completed.

After the meeting if adjourned, shareholders may not elect a chair to resume the meeting at the original location or at any other premises. However, if the chair violates meeting policy by adjourning the meeting when he/she is not permitted to do so, attending shareholders may elect another chair with the support of more than half of voting rights represented and continue the meeting.

- X. Before a shareholder present at the meeting speaks, he/she shall first fill out a statement slip stating therein the main points of the statement, the shareholder number (or the attendance serial number) and account name, so that the chair may determine the order of speaking.

A shareholder present at the meeting that merely submits a speech note without speaking is considered not to have spoken. If the contents of the speech do not conform to the contents of the speech note, the contents of the speech shall govern.

Unless given consent by the chair and the speaking shareholder, other shareholders may not speak to interrupt when a shareholder is speaking; otherwise the chair shall stop the interruption.

- XI. Unless permitted by the chair, no shareholder may speak more than twice regarding the same proposal, and may not speak for more than five minutes each time.

If a shareholder violates the rules outlined in the preceding paragraph or goes beyond the scope

of proposals in speaking, the chair may stop him/her from speaking.

XII. An institutional shareholder may assign only one proxy representative to attend the shareholders' meeting on its behalf. Where an institutional shareholder has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per proposal.

XIII. Where the shareholders' meeting is convened by means of visual communication network, a shareholder that attends the shareholders' meeting by means of visual communication network may pose questions in text format on the visual communication network platform for the shareholders' meeting in the period between the chair's announcement of the commencement and the adjournment of the meeting. A shareholder may not ask questions more than twice for each motion and each question shall be limited to 200 words. The provisions in Article 10 to Article 12 shall not apply.

After a shareholder present at the meeting speaks, the chair may reply in person or assign relevant personnel to reply.

XIV. When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote. The election of Directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and their number of votes cast, and those unelected and their number of votes cast.

XVI. While the shareholders' meeting is in session, the chair may at his/her discretion allocate and announce time for breaks.

XVII. Unless otherwise provided by the Company Act or the Articles of Incorporation, a proposal shall be approved by the consent of more than half of the votes of shares represented by shareholders present.

At the time of a vote, the shareholders shall vote on each proposal and the results of shareholders' agreement, objection, and abstention shall be entered into the Market Observation Post System.

XVIII. When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any of these proposals is approved, alternative proposals shall be treated as rejected and not be voted on separately.

XIX. The chair may instruct the proctors (or security personnel) to assist in maintaining order in the meeting venue. When proctors or security personnel help maintain order at the meeting place, they shall wear arm badges bearing the word "Proctor."

XX. These Rules shall come into force on the approval of the shareholders' meeting, as shall any amendment.

Taiwan Hopax Chems. Mfg. Co., Ltd.

Articles of Incorporation

Passed in the shareholders' meeting on June 21, 2022

Chapter 1 General Principles

Article 1 The Company is incorporated as a company limited by shares in accordance with the Company Act, and it is named Taiwan Hopax Chems. Mfg. Co., Ltd.

Article 2 The Company is engaged in the following businesses:

- (I) C801990 Manufacturing of other chemical materials.
- (II) F107990 Wholesale of other chemical products.
- (III) C801030 Precision chemical materials manufacturing.
- (IV) C802200 Coating, paint, dye and pigment manufacturing.
- (V) F107020 Wholesale of dyes and pigments.
- (VI) C601990 Other paper products manufacturing.
- (VII) F109070 Wholesale of cultural education, musical instrument, and educational entertainment necessities.
- (VIII) J101050 Environmental testing services.
- (IX) CB01990 Other machinery manufacturing.
- (X) CB01010 Mechanical equipment manufacturing.
- (XI) CB01030 Pollution controlling equipment manufacturing.
- (XII) IG01010 Biotechnology services.
- (XIII) I501010 Product designing.
- (XIV) I599990 Other designing.
- (XV) C802120 Industrial and additive manufacturing.
- (XVI) C802090 Manufacture of cleaning preparations
- (XVII) F107030 Wholesale of cleaning supplies
- (XVIII) F207030 Retail sale of cleaning supplies
- (XIX) F108040 Wholesale of cosmetics
- (XX) F208040 Retail sale of cosmetics
- (XXI) F102170 Wholesale of foods and groceries
- (XXII) F203010 Retail sale of food products and groceries
- (XXIII) F103010 Wholesale of animal feeds
- (XXIV) F202010 Retail sale of feeds
- (XXV) C801110 Fertilizer manufacturing
- (XXVI) F107050 Wholesale of fertilizer
- (XXVII) F207050 Retail sale of manure
- (XXVIII) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 2-1 The Company shall be exempt from the restrictions on total investment amount for not exceeding forty percent of the paid-up capital.
- Article 2-2 The Company may provide endorsements and guarantees to its subsidiaries and businesses with whom it conducts business transactions.
- Article 3 The Company's head office is established in Kaohsiung City. Where necessary, the Company may establish branch companies and offices domestically or overseas, subject to the resolution by its Board of Directors and the approval of the competent authority.
- Article 4 The Company's public notices shall be processed pursuant to Article 28 of the Company Act and methods prescribed by the competent authority of securities.

Chapter 2 Shares

- Article 5 The Company's capitalization is NT\$2.6 billion, including employee subscription rights totaling NT\$114 million, divided into 260 million shares. The par value of each share is NT\$10, which may be issued in separate installments.
- Article 5-1 The Company's treasury stocks purchased in accordance with laws shall be distributed to recipients that include employees of affiliated companies that meet the criteria.
- The Company's employee subscription certificates shall be distributed to recipients including employees of parents or subsidiaries of the Company meeting certain specific requirements.
- When the Company issues new shares, the employees eligible for share subscription shall include employees of parent companies or subsidiaries of the Company meeting certain specific requirements.
- The recipients of new restricted employee shares issued by the Company include employees of parent companies or subsidiaries of the Company meeting certain specific requirements.
- Article 6 The Company's stocks shall be registered and shall be signed or sealed by the Director representing the Company. The stocks shall be issued after proper certification by the competent authority or its authorized registration institution. Stocks issued by the Company are not required to be printed. The Company, however, shall contact the centralized securities depository institution for registration of the share certificates.
- Article 7 Unless otherwise specified by law, all stock-related affairs including transfer, creation of pledge, reporting of loss, transfer via inheritance, transfer via gift, application for lost or change of the specimen chop shall be handled according to "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 8 Deleted.
- Article 9 Deleted.
- Article 10 Deleted.
- Article 11 Where a shareholder requests the replacement of a share certificate due to a stain or damage or the supplementary issuance of shares, the Company may charge a service fee.

Chapter 3 Shareholders' meeting

Article 12 Title transfer of stocks shall be suspended within sixty days before the annual shareholders' meeting is held, within thirty days before a special shareholders' meeting is held, or within five days before the base date for distribution of stock dividends and bonuses or other benefits determined by the Company.

Article 13 Shareholders' meetings include general meetings and special meetings. Ordinary meetings shall be convened once annually within six months after the end of each fiscal year according to the law. Special meetings will be held according to the law whenever necessary.

The shareholders meeting must be convened by the Board of Directors, unless the Company Act provides otherwise.

Article 14 Notice of the annual shareholders' meeting shall be distributed to shareholders 30 days prior to the meeting date. Notice of a special shareholders' meeting shall be distributed to shareholders 15 days prior to the meeting date.

Agenda items must be explained in detail in the meeting notices and announcements specified in the preceding paragraph.

Article 14-1: The shareholders' meeting of the Company can be held by means of visual communication network or other methods announced by the central competent authority.

Article 15 Any shareholder, who for any reason is unable to attend shareholders' meetings, may execute a proxy printed by the Company, in which the authorized matters shall be expressly stated and the shareholder must affix his/her signature or seal, to authorize a proxy to attend the meeting on his/her behalf.

Shareholders' attendance by proxy is regulated by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority, unless the Company Act provides otherwise.

Article 16 Unless otherwise stipulated in the Company Act, the shareholders' meeting shall be chaired by the Chairman of the Board of Directors. If the Chairman is on leave or for any reason cannot discharge his/her duty, the Chairman shall designate the Vice Chairman or a Director to chair the meeting on his/her behalf. If no such designation is made by the chair, the Directors shall select one person from among themselves to serve as chair. The shareholders' meeting shall be held in accordance with the company's Rules of Procedure for Shareholders' Meetings.

Article 17 Unless otherwise required by the Company Act, shareholders' resolutions shall be adopted by at least a majority of the votes of shareholders present at a shareholders' meeting who hold a majority of all issued and outstanding shares of the Company.

Article 18 Unless otherwise provided by laws and regulations, shares held by shareholder of the Company shall be entitled to one vote for each share.

Article 19 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting

and shall be distributed to all shareholders of the company within 20 days after the close of the meeting.

The distribution of the minutes referred to in the previous paragraph shall be processed in accordance with the Company Act.

The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be retained throughout the life of the Company. Unless otherwise specified in the Company Act, the attendance logs and the powers of attorney must be kept for at least one year.

Chapter 4 Directors, Audit Committee, and Managers

Article 20 The Company shall have seven to eleven directors to be elected by the shareholders' meeting from candidates with legal capacity. The election of the Directors shall be based on a candidate nomination system and the shareholders shall elect Directors from the candidate list. The nomination shall be processed in accordance with Article 192-1 of the Company Act and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". They shall serve a term of three years and may be re-elected to serve consecutive terms. The total number of shares held by the Directors shall be determined in accordance with the standards stipulated in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the competent authority.

Article 20-1 The number of Independent Directors of the Company shall not be less than three persons in the aforementioned number of seats for Independent Directors and shall not be less than one fifth of the seats of Directors.

Article 20-2 The Company has established the Audit Committee to replace Supervisors and the Audit Committee or its members are responsible for carrying out the duties of the supervisors as specified in the Company Act, Securities and Exchange Act and other relevant regulations. The exercise of powers of the Audit Committee and its members and related matters shall be processed in accordance with the Securities and Exchange Act and related regulations.

The Company's Board of Directors may set up other functional committees, and the charters of such committees shall be established by the Board of Directors.

Article 21 The Board of Directors is formed by the Directors. The Chairman shall be elected by a majority voting of the Directors present at a meeting of its Board of Directors attended by two-thirds or more of the Directors of the Company. The Board of Directors may elect one person to serve as the Vice Chairman in the same manner. The Chairman represents the Company and oversees all business operations. Where the Chairman is on leave or for any reason cannot discharge his/her duty, the Vice Chairman shall discharge his/her duty on his/her behalf. If the Vice Chairman is also on leave or for any reason unable to exercise the powers of Vice Chairman, the Chairman shall appoint one

of the Directors to act on his/her behalf. If no such designation is made, the Directors shall select one person from among themselves to serve as chair.

Article 21-1 Deleted.

Article 22 The Board of Directors shall convene a meeting at least once every quarter, and it may call a special meeting of the Board of Directors whenever necessary. When the Board of Directors is not in session, the Chairman of the Board may convene a meeting of the Board of Directors to execute business operations of the Company.

Notifications of meetings in the preceding paragraph may be made in writing or via email or fax.

If a meeting of the Board of Directors is convened by means of visual communication network, all Directors attending the shareholders' meeting by means of visual communication network shall be deemed to have participated in the meeting in person. If a Director is unable to attend a meeting, he/she may appoint a proxy to attend the meeting by executing a proxy and specifying the scope of delegation. The proxy referred to in the preceding paragraph may be the appointed proxy of only one person.

Article 23 Meetings of the Board of Directors shall be chaired by the Chairman. Where the Chairman is absent, the Vice Chairman or other Directors shall act on his/her behalf in accordance with Article 208 of the Company Act.

Article 24 Except where otherwise provided by the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the Directors in attendance at a board meeting attended by a majority of all Directors.

Article 25 The Board of Directors is authorized to determine the remuneration of all Directors according to the contribution of the individual and extent of participation in the Company's operations, taking into account the general remuneration standards within the domestic and international industry.

Article 26 Deleted.

Article 27 The Company shall have one President and several Vice Presidents, whose appointment, dismissal, and remuneration shall be processed in accordance with Article 29 of the Company Act. The Company may purchase liability insurance policies that covers the Directors' term of service, and therefore insure itself against liabilities incurred by the Directors over the course of service.

Chapter 5 Accounting

Article 28 The Company's fiscal year begins on January 1 and ends on December 31 each year. At the end of each fiscal year, the Board of Directors shall formulate the following documents and submit them to the annual shareholders' meeting for ratification.

(I) Business Report.

(II) Financial statements.

(III) Proposals for distribution of earnings or make-up of deficit.

Article 29 If the Company has generated profits in the current year, it shall allocate no less than 2% of the profits as employee remuneration, and the Board of Directors shall decide to distribute the remuneration as shares or cash, which can also be distributed to employees of parent companies or subsidiaries that meet certain criteria. The Company's Board of Directors may allocate no more than 2% of the aforementioned profits as remuneration for Directors. The allocation of remuneration for employees and Directors shall be reported to the shareholders' meeting. However, if there are still accumulated deficit, the Company shall reserve the amount to be covered in advance, and then allocate employee remuneration and Director remuneration in proportion as stipulated in the preceding paragraph.

Article 29-1 If there is a surplus shown in the Company's final annual statements, the surplus shall be used to pay taxes in accordance with the law, and then used to compensate for deficits in previous years; 10% of the remaining amount shall then be allocated as legal reserve, but allocation to the reserve may not be required if the legal reserve has reached the Company's paid-in capital. The remaining earnings shall be apportioned to or reversed to the special reserve. If any balance remains, a proposal for distribution of the remainder together with the accumulated undistributed profits in the previous years shall be prepared by the Board of Directors. If the distribution is processed as the issuance of new shares, it shall be submitted to the shareholders' meeting for resolution. Pursuant to the regulations in the Company Act, the Company authorizes the Board of Directors to distribute all or part of the distributable dividends, bonuses, or statutory surplus reserve and capital reserve specified in Article 241, Paragraph 1 of the Company Act in cash with a resolution by a majority in a meeting attended by two thirds of the Directors, and report to the shareholders' meeting.

The Company's industry is in a phase of stable growth. The Company considers the overall environment and its long-term financial plans to achieve sustainable and stable growth in its business development. The dividend policy is mainly based on an assessment of the annual funding requirements in the Company's future capital budget plans. The Company shall first retain required funding in earnings before distributing remaining earnings as cash dividends or stock dividends. As a principle, the percentage of cash dividends paid shall be no less than 10% of the total amount of cash dividends and stock dividends paid in the year. However, if the total amount of short-term loans and long-term liabilities due within one year in the financial statements of the fiscal year before the issuance of earnings is higher than the equivalent of the total cash and cash equivalents, or if the total liabilities are higher than half of the total assets, the cash dividends may be less than 10% of the total dividends paid.

Chapter 6 Supplemental Provisions

Article 30 Matters not specified in the Articles of Incorporation shall be processed in accordance

with the Company Act as well as relevant laws and regulations.

Article 31 The Articles of Incorporation were established on January 22, 1975.

The first amendment was made on March 26, 1976.

The second amendment was made on June 30, 1977.

The third amendment was made on May 19, 1979.

The fourth amendment was made on April 1, 1980.

The fifth amendment was made on May 29, 1981.

The sixth amendment was made on, June 29, 1981.

The seventh amendment was made on November 9, 1982.

The eighth amendment was made on August 24, 1983.

The ninth amendment was made on June 25, 1984.

The tenth amendment was made on April 26, 1985.

The eleventh amendment was made on May 12, 1986.

The twelfth amendment was made on May 19, 1987.

The thirteenth amendment was made on October 6, 1987.

The fourteenth amendment was made on May 24, 1988.

The fifteenth amendment was made on June 20, 1989.

The sixteenth amendment was made on April 11, 1990.

The seventeenth amendment was made on August 15, 1990.

The eighteenth amendment was made on January 11, 1991.

The nineteenth amendment was made on April 20, 1991.

The twentieth amendment was made on June 6, 1992.

The twenty-first amendment was made on June 15, 1993.

The twenty-second amendment was made on December 28, 1993.

The twenty-third amendment was made on June 14, 1994.

The twenty-fourth amendment was made on October 11, 1996.

The twenty-fifth amendment was made on June 25, 1997.

The twenty-sixth amendment was made on May 29, 1998.

The twenty-seventh amendment was made on May 10, 1999.

The twenty-eighth amendment was made on May 26, 2000.

The twenty-ninth amendment was made on May 23, 2001.

The thirtieth amendment was made on June 26, 2002.

The thirty-first amendment was made on June 26, 2003.

The thirty-second amendment was made on June 25, 2004.

The thirty-third amendment was made on June 23, 2005.

The thirty-fourth amendment was made on June 23, 2006.

The thirty-fifth amendment was made on June 22, 2007.

The thirty-sixth amendment was made on June 27, 2008.

The thirty-seventh amendment was made on June 26, 2009.

The thirty-eighth amendment was made on June 21, 2010.

The thirty-ninth amendment was made on June 24, 2011.

The fortieth amendment was made on June 15, 2012.

The forty-first amendment was made on June 28, 2016.

The forty-second amendment was made on June 20, 2017.

The forty-third amendment was made on June 27, 2019.

The forty-fourth amendment was made on June 23, 2020.

The forty-fifth amendment was made on June 21, 2022.

[Appendix III]

Taiwan Hopax Chems. Mfg. Co., Ltd.
Shareholdings of Directors

- I. Type and total number of outstanding shares: 173,490,326 ordinary shares
- II. Minimum number of shares of all Directors by law: 10,409,419 shares
(As the Company has appointed Independent Directors, the percentage of shares held by Directors other than Independent Directors may be reduced to 80% of the original requirement)
- III. The shareholding status of Directors is as follows:

Book closure date of the annual shareholders' meeting of the current year: April 28, 2024

Job title	Name	Date elected	Term (year)	Number of shares held when elected		Number of shares held as recorded in the list of shareholders on the book closure date		Notes
				Number of shares	Percentage of outstanding shares at the time	Number of shares	Percentage of outstanding shares at the time	
Chairman	Tsung-Tien Kuo	2023.06.20	3 years	6,630,031	3.82%	6,630,031	3.82%	Note
Director	Joray Co., Ltd. Representative: Chi-Rong Huang	2023.06.20	3 years	2,343,003	1.33%	2,343,003	1.35%	
Director	John-See Lee	2023.06.20	3 years	0	0.00%	0	0.00%	
Director	Mei-Lin Kuo	2023.06.20	3 years	1,745,335	1.01%	1,745,335	1.01%	
Director	Chung-Sheng Cheng	2023.06.20	3 years	1,797	0.00%	1,797	0.00%	
Independent Director	Li -Chiu Chang	2023.06.20	3 years	0	0.00%	0	0.00%	
Independent Director	Jen-Chyuan Lee	2023.06.20	3 years	0	0.00%	0	0.00%	
Independent Director	Hsieng-Cheng Tseng	2023.06.20	3 years	0	0.00%	0	0.00%	
Independent Director	Guan-Hua Huang	2023.06.20	3 years	0	0.00%	0	0.00%	
Total				10,720,166	6.18%	10,720,166	6.18%	

Note: As of April 28, 2024, the shares held personally by the Chairman, Tsung-Tien Kuo totaled 4,130,031 shares (2.38% of all shares). If the 2,500,000 shares (1.44% of all shares) placed in a trust for which Mr. Kuo retains the right to use is included, the total number of shares held is 6,630,031 (3.82% of all shares).

- IV. The Company has established an Audit Committee; therefore, restrictions on the number of shares that must be held by supervisors does not apply.
- V. The number of shares held by all Directors of the Company meets the legally required percentage.