

Taiwan Hopax Chems. Mfg. Co., Ltd.
Minutes for the 2023 General Shareholders Meeting

Time: 9:00 a.m. June 20, 2023 (Tuesday)

Venue: The Company's B1 Conference Room (in-person shareholders' meeting)

(No. 28, Huadong Rd., Chaoliao Village, Daliao Dist., Kaohsiung City)

Attendants: 97,701,156 shares represented by shareholders, (personal present and proxies present) accounted for 56.31% of the total shares issued (173,490,326 shares)

Sit-in members: Mei-Lin Kuo (Vice Chairman), Deloitte Taiwan Chiu-Yen Wu (Name of CPA),
Shu-Wei Chang (Attorneys At Law)

Chairperson: Tsung-Tien Kuo

Recorder: Chia-Ning Hu

- I. Meeting called to order
- II. Chair takes seat
- III. Chair's remarks: Omitted

IV. Reported Items

(I) 2022 Business Report

Description: 1. The Company's consolidated operating revenue in 2022 was NT\$5,460,230 thousand, which was an increase of approximately 15.5% from the consolidated operating revenue of NT\$4,729,003 thousand in 2021. The net income after taxes was NT\$599,351 thousand, which was an increase of approximately 39.8% from NT\$428,806 thousand in 2021.

- 2. Please see Attachment 1 for the 2022 Business Report.
- 3. Please review.

(II) 2022 Independent Auditor's Report

Description: 1. The Company's final statements for 2022 have been audited by the CPA and reviewed by the Audit Committee. Please see Attachment 4 for the Audit Committee's review report.

- 2. Please review.

(III) Report on the distribution of remuneration for 2022 to employees and Directors

Description: 1. The Company proposed to distribute remuneration of NT\$23,491,517 to employees and NT\$4,811,516 to Directors and both remunerations shall be in cash. The proposal has been approved by the Board of Directors on March 21, 2023 and submitted to the shareholders' meeting.

- 2. Please review.

(IV) Results of the performance evaluation of directors and managers and remuneration report

- 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. The remuneration for the Company's Directors, President and Vice Presidents as a percentage of net profit after tax in 2022 was 4.66%.
5. Please review.

(V) Report on the distribution of earnings in cash

- Description: 1. The Company's proposal for the distribution for 2022 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 21, 2023. Please refer to Attachment 5.
2. The Company proposes to distribute dividends of NT\$239,416,650 from 2022 earnings to shareholders in cash, with each share to be allotted at NT\$1.38. 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) 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 2022 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	US\$5,000 thousand RMB 40,000 thousand
The Company	Kunshan Hopax Paper Products Co., Ltd.	Wholly-owned subsidiary	RMB 12,000 thousand
The Company	Taiwan Hopax Chems. Mfg. Co., Ltd.	The Company	NT\$ 3,200 thousand

2. Please review.

(VII) 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 2022 are specified in the table below:

Recipients of loans	Recipient		Ending balance	
Company name	Company name	Relationship	Total amount	Amount used
The Company	Hopax Europe	Parent company and subsidiary	€500 thousand	€500 thousand

2. Please review.

V. Matters for Ratification

Case 1:

Proposal: Ratification of the 2022 Business Report and financial statements (proposed by the Board of Directors)

- Description: 1. The Company's 2022 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 2022 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 1 to 3 for the 2022 Business Report, CPAs' Audit Report, and financial statements.
4. Please ratify.

Resolution: Voting result-shares represented at the time of voting: 97,701,156

Voting result including votes casted by e-voting		% of the total represented share present
Votes in favor	94,484,251 votes	96.71%
Votes against	44,794 votes	0.04%
Votes invalid	0 votes	0.00%
Votes abstained and No votes	3,172,111 votes	3.25%

The above proposal was accepted as submitted.

Case 2:

Proposal: 2022 Earnings Distribution Statement (proposed by the Board of Directors)

- Description: 1. The Company's net income after tax for 2022 was NT\$599,351,395 and we allocated NT\$60,902,248 to the legal reserve and reversed NT\$12,510,793 to the special reserve in accordance with laws. The distributable earnings totaled NT\$781,613,983 and the Company proposes to distribute NT\$239,416,650 in cash dividends. The case was reported to and passed by the Board of Directors on March 21, 2023.
2. Please see Attachment 5 for the 2022 Earnings Distribution Statement.
3. Please ratify.

Resolution: Voting result-shares represented at the time of voting: 97,701,156

Voting result including votes casted by e-voting		% of the total represented share present
Votes in favor	94,646,249 votes	96.87%
Votes against	132,596 votes	0.14%

Voting result including votes casted by e-voting		% of the total represented share present
Votes invalid	0 votes	0.00%
Votes abstained and No votes	2,922,311 votes	2.99%

The above proposal was accepted as submitted.

VI. Elections

Proposal: Hold the election of nine directors including four independent directors (proposed by the Board of Directors)

- Description: 1. The company's current board of directors was elected at the shareholders' meeting on June 23, 2019. After the term is expired, it is proposed to hold the election of directors in the 2023 annual shareholders' meeting.
2. In accordance with the Articles of Incorporation, the Company proposes to elect nine Directors (including four Independent Directors) in the annual shareholders' meeting. The candidate nomination system is adopted for the election and the shareholders shall elect Directors from the list of Director candidates. The newly elected Directors shall serve a term of 3 years, which commences immediately from the election date, i.e., from June 20, 2023 to June 19, 2026.
3. The list of Director (including Independent Directors) candidates were resolved and approved by the Board of Directors on March 21, 2023. Please refer to Attachment 6.
4. The Company's Regulations Governing the Election of Directors, please refer to Appendix 1 of the Procedures Manual.
5. Please elect.

Voting Results: The list of the newly elected Directors with votes received as follows:

Position	Shareholder Account No. / ID	Name	Votes Received
Director	4	Tsung-Tien Kuo	109,136,205
Director	269	Mei-Lin Kuo	104,850,598
Director	P10003****	John-See Lee	104,490,711

Position	Shareholder Account No. / ID	Name	Votes Received
Director	11123	Joray Co., Ltd. Representative: Chi- Rong Huang	103,749,731
Director	11206	Chung-Sheng Cheng	97,993,438
Independent Director	M10084****	Li -Chiu Chang	97,888,517
Independent Director	R10159****	Hsieng-Cheng Tseng	77,977,927
Independent Director	M10069****	Jen-Chyuan Lee	77,446,572
Independent Director	A12201****	Guan-Hua Huang	76,568,632

VII. Matters for Discussion

Proposal: Lifting the competition restrictions for the newly elected Directors (proposed by the Board of Directors)

- Description: 1. According to Article 209 of the Company Act, director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. While some new directors may engage in or operate a business similar to or within the scope of the Company's business, subject to no harm to the interests of the Company, it is proposed to allow such acts.
3. The details of competition restrictions proposed to be lifted for newly elected Directors please refer to Attachment 7.
4. Please approve.

Resolution: Voting result-shares represented at the time of voting: 97,701,156

Voting result including votes casted by e-voting		% of the total represented share present
Votes in favor	94,618,179 votes	96.85%
Votes against	121,182 votes	0.12%
Votes invalid	0 votes	0.00%
Votes abstained and No votes	2,961,795 votes	3.03%

The above proposal was accepted as submitted.

VIII. Special Motions: None.

No question was raised by Shareholder.

Meeting Adjourned: June 20, 2023 at 10:00 a.m.

Taiwan Hopax Chems. Mfg. Co., Ltd.
2022 Business Report

I. Results of operations

Hopax Group pursues sustainable and stable growth in profitability and we pay close attention to corporate social responsibility. The Company is honored to receive the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Silver" award from Taiwan Institute for Sustainable Energy (TAISE) in 2022. The core value of "innovation" has led Hopax to expand the sales of the diverse products. In response to the impact of the external environment (pandemic, transportation, raw material prices, etc.), all employees have actively responded and stabilized supply to meet customer demand. We pursue opportunities for growth in sales of our main products and continue to develop key product process technologies with advantages in environmental protection, cost, and production efficiency and work hard to enhance automation and smart manufacturing. Although the sales of certain products were affected by the pandemic, the Group achieved great performance in both revenue and net profit in 2022. The Company consolidated revenue for 2022 totaled NT\$5,460,230 thousand, a 15.5% increase compared to 2021. The consolidated net income after taxes was NT\$599,351 thousand, which was an increase of 39.8% from 2021. The basic earnings per share after taxes was NT\$3.46.

II. Future prospects

There remain many variables in the global business environment such as environmental protection, carbon emissions, exchange rates, and political and economic conditions. To maintain stable and profitable growth, our product operation strategies are described below:

- a. Specialty chemicals: We shall consolidate the market share of our main products, maintain a stable gross margin, actively explore opportunities for growth in export sales, focus on new potential developments for the future, accelerate the realization of new types of production processes, continue to develop products that meet customer needs.
- b. Fine chemicals: Pharmaceutical markets, electric vehicle, and copper foil have the potential for high growth. As short-term goals, we shall focus on flexible production deployment and improvement of procedure to actively capture customer demand. As medium to long-term goals, we shall meet market demand through technological breakthroughs in manufacturing processes and increased production capacity.
- c. Stick'N products: The introduction of new coating technology and quality control software benefits the Company's quality improvements and the new automation equipment with increased production efficiency also helps expand market share. We have successfully won orders from major office stationery customers in various regions.

d. Agricultural technology products: We continue to develop high quality and safe "microbial fertilizers" and "agricultural spreaders" as we aim to achieve diversification, technological advancement, and internationalization. We seek to play an important role in global organic agriculture development, reduce the pollution of the environment by excessive use of chemical fertilizers, reduce soil degradation, and ensure the sustainable development of the land.

e. Subsidiary Hopax Biomedical: It has long focused on "formaldehyde removal" and "anti-bacterial" products beneficial to human health. It has adopted data management to strengthen customer sales opportunities, and developed a diverse range of products for pets. It has strengthened its image as a high-quality brand and adopted cross-industry alliance strategies to intensify consumer awareness and gain a foothold in the market.

f. Subsidiary SeeCure Taiwan: It continues to make progress in the development of precision treatments and aims to use innovative drugs to improve human health and quality of life, and 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 our stable development and create sustainable competitiveness for the Group.

Chairman: Tsung-Tien Kuo Manager: Tsung-Tien Kuo Accounting Supervisor: Wen-Hui Yu

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, 2022 and 2021, 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 a summary of significant accounting policies.

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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2022. 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 identified in the Company's parent company only financial statements for the year ended December 31, 2022 is as follows:

Occurrence of revenue

Percentage of revenue and key performance indicators of specific departments of the Company was relatively higher, and under Standards on Auditing, revenue has a presumed risk of fraud. Therefore, we deemed the occurrence of revenue of specific customers with significant sales amounts in this specific department as a key audit matter.

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

1. We understood and tested internal controls related to the occurrence of recognized revenue.

2. We conducted a sampling inspection of operating revenue details including finished product, shipping documentation, or customs export declaration, collection documents or send confirmation, checked whether the recipient was the same as the transaction partner.

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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 21, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 4 and 6)	\$ 114,661	2	\$ 88,986	2
Financial assets at FVTPL - current (Notes 4, 7 and 27)	1,330	-	2,212	-
Notes receivable (Notes 4, 5, 9 and 22)	10,343	-	11,145	-
Accounts receivable, net (Notes 4, 5, 9 and 22)	640,943	11	568,083	10
Accounts receivable - related parties (Notes 9, 22 and 28)	179,713	3	158,692	3
Other receivables	13,941	-	13,849	-
Other receivables - related parties (Note 28)	21,411	-	17,518	-
Inventories (Notes 4, 5 and 10)	701,014	12	600,376	11
Prepayments	22,954	-	20,378	1
Other current assets	<u>1,908</u>	<u>-</u>	<u>2,341</u>	<u>-</u>
Total current assets	<u>1,708,218</u>	<u>28</u>	<u>1,483,580</u>	<u>27</u>
NONCURRENT ASSETS				
Financial assets at FVTOCI - noncurrent (Notes 4, 8 and 27)	12,962	-	22,337	-
Investments accounted for using the equity method (Notes 4 and 11)	2,676,057	44	2,457,329	44
Property, plant and equipment (Notes 4, 12, 29 and 30)	1,507,180	25	1,385,498	25
Right-of-use assets (Notes 4 and 13)	3,719	-	5,457	-
Investment properties (Notes 4 and 14)	8,666	-	8,975	-
Deferred tax assets (Notes 4 and 24)	136,736	3	145,775	3
Prepayments for equipment	12,350	-	57,495	1
Refundable deposits	6,288	-	2,387	-
Other noncurrent assets	<u>12,244</u>	<u>-</u>	<u>15,653</u>	<u>-</u>
Total noncurrent assets	<u>4,376,202</u>	<u>72</u>	<u>4,100,906</u>	<u>73</u>
TOTAL	<u>\$ 6,084,420</u>	<u>100</u>	<u>\$ 5,584,486</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 543,088	9	\$ 514,260	9
Short-term bills payable (Note 15)	-	-	39,978	1
Financial liabilities at FVTPL - current (Notes 4, 7 and 27)	3,005	-	183	-
Contract liabilities (Notes 4 and 22)	19,951	-	25,957	1
Accounts payable (Note 17)	149,396	2	119,824	2
Accounts payable - related parties (Notes 17 and 28)	315,204	5	273,568	5
Other payables (Note 18)	205,037	3	186,089	3
Other payables - related parties (Note 28)	330	-	20,161	-
Current tax liabilities (Notes 4 and 24)	41,178	1	43,906	1
Lease liabilities - current (Notes 4 and 13)	1,520	-	1,733	-
Current portion of long-term borrowings (Notes 15 and 29)	125,000	2	109,624	2
Bonds payable due within one year (Note 16)	275,885	5	-	-
Other current liabilities	<u>6,758</u>	<u>-</u>	<u>3,144</u>	<u>-</u>
Total current liabilities	<u>1,686,352</u>	<u>27</u>	<u>1,338,427</u>	<u>24</u>
NONCURRENT LIABILITIES				
Bonds payable (Note 16)	-	-	286,752	5
Long-term borrowings (Notes 15 and 29)	675,000	11	629,813	11
Provisions - noncurrent (Notes 4 and 19)	5,535	-	5,794	-
Deferred tax liabilities (Notes 4 and 24)	98,301	2	95,053	2
Lease liabilities - noncurrent (Notes 4 and 13)	2,249	-	3,770	-
Net defined benefit liabilities (Notes 4 and 20)	53,344	1	81,492	2
Guarantee deposits received	<u>567</u>	<u>-</u>	<u>470</u>	<u>-</u>
Total noncurrent liabilities	<u>834,996</u>	<u>14</u>	<u>1,103,144</u>	<u>20</u>
Total liabilities	<u>2,521,348</u>	<u>41</u>	<u>2,441,571</u>	<u>44</u>
EQUITY (Note 21)				
Ordinary shares	<u>1,734,903</u>	<u>29</u>	<u>1,732,041</u>	<u>31</u>
Capital surplus	<u>627,972</u>	<u>10</u>	<u>615,528</u>	<u>11</u>
Retained earnings				
Legal reserve	357,664	6	314,783	6
Special reserve	328,708	5	294,856	5
Unappropriated earnings	<u>830,021</u>	<u>14</u>	<u>514,415</u>	<u>9</u>
Total retained earnings	<u>1,516,393</u>	<u>25</u>	<u>1,124,054</u>	<u>20</u>
	(5)	(5)		(6)
Other equity	(316,196)	)	(328,708)	)
Total equity	<u>3,563,072</u>	<u>59</u>	<u>3,142,915</u>	<u>56</u>
TOTAL	<u>\$ 6,084,420</u>	<u>100</u>	<u>\$ 5,584,486</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)	\$ 3,648,196	100	\$ 3,134,184	100
OPERATING COSTS (Notes 10, 20, 23 and 28)	<u>2,763,302</u>	<u>76</u>	<u>2,350,231</u>	<u>75</u>
GROSS PROFIT	884,894	24	783,953	25
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4)	2,647	-	-	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>-</u>	<u>-</u>	<u>1,217</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>882,247</u>	<u>24</u>	<u>785,170</u>	<u>25</u>
OPERATING EXPENSES (Notes 9, 20, 23 and 28)				
Selling and marketing	222,035	6	194,563	6
General and administrative	160,562	4	151,992	5
Research and development	129,242	4	128,855	4
Expected credit loss (gain)	<u>(2,027)</u>	<u>-</u>	<u>2,004</u>	<u>-</u>
Total operating expenses	<u>509,812</u>	<u>14</u>	<u>477,414</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>372,435</u>	<u>10</u>	<u>307,756</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 28)				
Interest income	667	-	122	-
Other income	28,949	1	42,610	1
Other gains and losses	32,514	1	(5,560)	-
Finance costs	(22,185)	(1)	(15,802)	(1)
Share of profit or loss of subsidiaries	<u>270,088</u>	<u>7</u>	<u>176,875</u>	<u>6</u>
Total non-operating income and expenses	<u>310,033</u>	<u>8</u>	<u>198,245</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	682,468	18	506,001	16
INCOME TAX EXPENSE (Notes 4 and 24)	<u>83,117</u>	<u>2</u>	<u>77,195</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>599,351</u>	<u>16</u>	<u>428,806</u>	<u>14</u>

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 13,714	-	\$ (12,637)	-
Unrealized loss on investments in equity instruments at FVTOCI	(9,348)	-	(15,090)	-
Share of Other comprehensive income (loss) of subsidiaries for using the equity method	(8,239)	-	7,446	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(873)</u>	<u>-</u>	<u>5,545</u>	<u>-</u>
	<u>(4,746)</u>	<u>-</u>	<u>(14,736)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	5,208	-	(7,911)	-
Share of Other comprehensive income (loss) of subsidiaries for using the equity method	30,356	1	(15,138)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(8,455)</u>	<u>-</u>	<u>4,610</u>	<u>-</u>
	<u>27,109</u>	<u>1</u>	<u>(18,439)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>22,363</u>	<u>1</u>	<u>(33,175)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 621,714</u>	<u>17</u>	<u>\$ 395,631</u>	<u>13</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 3.46</u>		<u>\$ 2.48</u>	
Diluted	<u>\$ 3.38</u>		<u>\$ 2.47</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, 2022 AND 2021
(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, 2021	\$ 1,732,041	\$ 574,956	\$ 287,147	\$ 304,265	\$ 276,363	\$ (284,512)	\$ (10,344)	\$ (294,856)	\$ 2,879,916
Appropriation of 2020 earnings (Note 21)									
Legal reserve	-	-	27,636	-	(27,636)	-	-	-	-
Special reserve reversed	-	-	-	(9,409)	9,409	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(173,204)	-	-	-	(173,204)
	-	-	27,636	(9,409)	(191,431)	-	-	-	(173,204)
Equity component of convertible bonds issued by the Company (Note 16)	-	40,572	-	-	-	-	-	-	40,572
Net profit for the year ended December 31, 2021	-	-	-	-	428,806	-	-	-	428,806
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	677	(18,439)	(15,413)	(33,852)	(33,175)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	429,483	(18,439)	(15,413)	(33,852)	395,631
BALANCE AT DECEMBER 31, 2021	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

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 682,468	\$ 506,001
Adjustments for:		
Depreciation expense	119,509	118,576
Amortization expense	4,013	4,409
Expected credit loss recognized (reversed)	(2,027)	2,004
Net loss (gain) on FV changes of financial assets and liabilities at FVTPL	13,317	(4,640)
Finance costs	22,185	15,802
Interest income	(667)	(122)
Share of profit of subsidiaries	(270,088)	(176,875)
Loss (gain) on disposal of property, plant and equipment, net	1,145	(947)
Reversal of write-down of inventories	(5,910)	(3,171)
Unrealized (realized) gain on transactions with subsidiaries	1,147	(2,717)
Losses on the disposal of subsidiaries	6,206	-
Other non-cash items	(259)	(2,476)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	12,880	6,865
Notes receivable	802	(1,426)
Accounts receivable	(70,833)	(150,419)
Accounts receivable - related parties	(21,021)	(60,096)
Other receivables	(92)	(5,607)
Other receivables - related parties	36	6,474
Inventories	(94,728)	(92,553)
Prepayments	(2,576)	783
Other current assets	433	(1,384)
Financial liabilities held for trading	(22,522)	(2,644)
Contract liabilities	(6,006)	9,903
Accounts payable	29,572	14,886
Accounts payable - related parties	41,636	7,720
Other payables	16,591	25,885
Other current liabilities	3,614	645
Net defined benefit liabilities	(14,434)	(17,770)
Cash generated from operations	444,391	197,106
Interest received	630	105
Interest paid	(19,006)	(15,615)
Income tax paid	(82,886)	(49,331)
Net cash generated from operating activities	343,129	132,265
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTOCI	27	-
Proceeds from capital reduction of financial assets at FVTOCI	-	386
Decrease in financial assets at amortized cost	-	16,195
Acquisition of investments accounted for using the equity method	(20,000)	(30,000)

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of subsidiaries	\$ 4,483	\$ -
Payments for property, plant and equipment	(194,792)	(95,187)
Proceeds from disposal of property, plant and equipment	3,812	1,924
Increase in other receivables - related parties	(3,892)	(12,545)
Increase in refundable deposits	(3,901)	(30)
Increase in other noncurrent assets	(604)	(1,523)
Dividend received from subsidiaries	<u>86,560</u>	<u>104,765</u>
Net cash used in investing activities	<u>(128,307)</u>	<u>(16,015)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	28,828	-
Decrease in short-term borrowings	-	(251,586)
Decrease in short-term bills payable	(40,000)	(95,000)
Proceeds from issuance of convertible bonds	-	325,365
Increase in long-term borrowings	957,406	609,605
Repayment of long-term borrowings	(896,843)	(515,673)
Increase in guarantee deposits received	97	-
Decrease in other payables - related parties	(20,038)	(5,036)
Repayment of the principal portion of lease liabilities	(1,734)	(3,381)
Distribution of cash dividends	<u>(216,863)</u>	<u>(173,204)</u>
Net cash used in financing activities	<u>(189,147)</u>	<u>(108,910)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,675	7,340
CASH AT THE BEGINNING OF THE YEAR	<u>88,986</u>	<u>81,646</u>
CASH AT THE END OF THE YEAR	<u>\$ 114,661</u>	<u>\$ 88,986</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, 2022 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 21, 2023

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, the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the consolidated financial statements for the year ended December 31, 2022 is as follows:

Occurrence of revenue

Percentage of revenue and key performance indicators of specific departments of the Group was relatively higher, and under Standards on Auditing, revenue has a presumed risk of fraud. Therefore, we deemed the occurrence of revenue of specific customers with significant sales amounts in this specific department as a key audit matter.

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

1. We understood and tested internal controls related to the authenticity of recognized revenue.

2. We conducted a sampling inspection of operating revenue details including finished product, shipping documentation, or customs export declaration, collection documents or sent confirmation, checked whether the recipient was the same as the transaction partner.

Other Matter

We have also audited the parent company only financial statements of Taiwan Hopax Chemicals Mfg. Co., Ltd. as of and for the years ended December 31, 2022 and 2021 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 the 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 21, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated 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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 548,323	8	\$ 376,207	6
Financial assets at FVTPL - current (Notes 4, 7 and 28)	3,040	-	2,212	-
Financial assets at amortized cost - current (Notes 4, 8 and 30)	86,441	1	143,011	2
Notes receivable (Notes 4, 5, 10, 23 and 30)	281,298	4	282,371	5
Accounts receivable, net (Notes 4, 5, 10 and 23)	1,024,178	15	1,041,944	17
Other receivables	31,763	1	19,883	-
Inventories (Notes 4, 5 and 11)	1,502,236	23	1,263,905	20
Prepayments	63,470	1	54,563	1
Other current assets	24,659	-	28,816	-
Total current assets	3,565,408	53	3,212,912	51
NONCURRENT ASSETS				
Financial assets at FVTOCI - noncurrent (Notes 4, 9 and 28)	64,236	1	68,800	1
Property, plant and equipment (Notes 4, 13, 30 and 31)	2,719,889	41	2,581,881	41
Right-of-use assets (Notes 4 and 14)	104,324	2	107,782	2
Investment properties (Notes 4 and 15)	8,666	-	8,975	-
Deferred tax assets (Notes 4 and 25)	151,989	2	164,197	3
Prepayments for equipment	29,347	1	77,458	1
Refundable deposits	7,967	-	4,045	-
Other noncurrent assets	24,957	-	28,662	1
Total noncurrent assets	3,111,375	47	3,041,800	49
TOTAL	\$ 6,676,783	100	\$ 6,254,712	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 587,008	9	\$ 636,663	10
Short-term bills payable (Note 16)	-	-	39,978	1
Financial liabilities at FVTPL- current (Notes 4, 7 and 28)	3,008	-	183	-
Contract liabilities (Notes 4 and 23)	61,521	1	59,424	1
Notes payable (Note 18)	246,369	4	211,671	3
Accounts payable (Note 18)	339,120	5	362,692	6
Other payables (Note 19)	375,739	6	353,353	6
Current tax liabilities (Notes 4 and 25)	73,019	1	75,531	1
Lease liabilities - current (Notes 4 and 14)	1,810	-	2,020	-
Current portion of long-term borrowings (Notes 16 and 30)	163,236	2	151,015	3
Current portion of Corporate bonds payable (Notes 4 and 17)	275,885	4	-	-
Other current liabilities	12,860	-	11,141	-
Total current liabilities	2,139,575	32	1,903,671	31
NONCURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	-	-	286,752	5
Long-term borrowings (Notes 16 and 30)	789,707	12	712,594	11
Provisions - noncurrent (Notes 4 and 20)	5,535	-	5,794	-
Deferred tax liabilities (Notes 4 and 25)	98,301	2	95,053	1
Lease liabilities - noncurrent (Notes 4 and 14)	2,470	-	4,278	-
Net defined benefit liabilities (Notes 4 and 21)	76,837	1	102,549	2
Guarantee deposits received	1,286	-	1,106	-
Total noncurrent liabilities	974,136	15	1,208,126	19
Total liabilities	3,113,711	47	3,111,797	50
EQUITY (Note 22)				
Ordinary shares	1,734,903	26	1,732,041	27
Capital surplus	627,972	9	615,528	10
Retained earnings				
Legal reserve	357,664	5	314,783	5
Special reserve	328,708	5	294,856	5
Unappropriated earnings	830,021	13	514,415	8
Total retained earnings	1,516,393	23	1,124,054	18
		(5)		(5)
Other equity	(316,196)	)	(328,708)	)
Total equity	3,563,072	53	3,142,915	50
TOTAL	\$ 6,676,783	100	\$ 6,254,712	100

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 5,460,230	100	\$ 4,729,003	100
OPERATING COSTS (Notes 11, 21 and 24)	<u>3,946,500</u>	<u>73</u>	<u>3,413,150</u>	<u>72</u>
GROSS PROFIT	<u>1,513,730</u>	<u>27</u>	<u>1,315,853</u>	<u>28</u>
OPERATING EXPENSES (Notes 10, 21 and 24)				
Selling and marketing	384,400	7	352,356	8
General and administrative	237,348	4	237,806	5
Research and development	160,060	3	154,748	3
Expected credit loss (gain) recognized	<u>(4,450)</u>	<u>-</u>	<u>6,690</u>	<u>-</u>
Total operating expenses	<u>777,358</u>	<u>14</u>	<u>751,600</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>736,372</u>	<u>13</u>	<u>564,253</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	3,317	-	2,706	-
Other income	22,154	-	34,031	1
Other gains and losses	38,262	1	(18,342)	-
Finance costs	<u>(29,864)</u>	<u>-</u>	<u>(19,240)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>33,869</u>	<u>1</u>	<u>(845)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	770,241	14	563,408	12
INCOME TAX EXPENSE (Notes 4 and 25)	<u>170,890</u>	<u>3</u>	<u>134,602</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>599,351</u>	<u>11</u>	<u>428,806</u>	<u>9</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	13,875	-	(11,169)	-
Unrealized loss on investments in equity instruments at FVTOCI	(17,713)	-	(10,136)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(908)</u>	<u>-</u>	<u>6,569</u>	<u>-</u>
	<u>(4,746)</u>	<u>-</u>	<u>(14,736)</u>	<u>-</u>

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 35,564	-	\$ (23,049)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(8,455)</u>	<u>-</u>	<u>4,610</u>	<u>-</u>
	<u>27,109</u>	<u>-</u>	<u>(18,439)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>22,363</u>	<u>-</u>	<u>(33,175)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 621,714</u>	<u>11</u>	<u>\$ 395,631</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 599,351</u>	<u>11</u>	<u>\$ 428,806</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 621,714</u>	<u>11</u>	<u>\$ 395,631</u>	<u>8</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 3.46</u>		<u>\$ 2.48</u>	
Diluted	<u>\$ 3.38</u>		<u>\$ 2.47</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, 2022 AND 2021 (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, 2021	\$ 1,732,041	\$ 574,956	\$ 287,147	\$ 304,265	\$ 276,363	\$ (284,512)	\$ (10,344)	\$ (294,856)	\$ 2,879,916
Appropriation of 2020 earnings (Note 22)									
Legal reserve	-	-	27,636	-	(27,636)	-	-	-	-
Special reserve reversed	-	-	-	(9,409)	9,409	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(173,204)	-	-	-	(173,204)
	-	-	27,636	(9,409)	(191,431)	-	-	-	(173,204)
Equity component of convertible bonds issued by the Company (Note 17)	-	40,572	-	-	-	-	-	-	40,572
Net profit for the year ended December 31, 2021	-	-	-	-	428,806	-	-	-	428,806
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(8,965)	(18,439)	(5,771)	(24,210)	(33,175)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	419,841	(18,439)	(5,771)	(24,210)	395,631
Disposal of financial assets designated as at fair value through other comprehensive income	-	-	-	-	9,642	-	(9,642)	(9,642)	-
BALANCE AT DECEMBER 31, 2021	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

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 770,241	\$ 563,408
Adjustments for:		
Depreciation expense	269,570	260,017
Amortization expense	10,561	23,133
Expected credit loss recognized (reversal)	(4,450)	6,690
Net loss (gain) on FV changes of financial assets and liabilities at FVTPL	18,127	(5,234)
Finance costs	29,864	19,240
Interest income	(3,317)	(2,706)
Dividend income	(2,335)	(737)
Loss on disposal of property, plant and equipment, net	5,230	7,639
Reversal of write-down of inventories	(7,915)	(4,848)
Losses on disposal of subsidiaries	6,206	-
Other non-cash items	(259)	(2,476)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	13,223	7,990
Notes receivable	1,073	12,049
Accounts receivable	22,177	(318,597)
Other receivables	(11,880)	(5,619)
Inventories	(230,489)	(260,422)
Prepayments	(8,907)	(6,412)
Other current assets	4,157	1,349
Financial liabilities held for trading	(29,382)	(2,997)
Contract liabilities	2,097	10,430
Notes payable	39,416	72,920
Accounts payable	(23,572)	71,974
Other payables	10,014	37,296
Other current liabilities	1,719	3,447
Net defined benefit liabilities	(11,837)	(16,617)
Cash generated from operations	869,332	470,917
Interest received	3,317	2,706
Interest paid	(25,714)	(18,927)
Income tax paid	(167,168)	(99,360)
Net cash generated from operating activities	<u>679,767</u>	<u>355,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	(21,493)	(26,753)
Proceeds from sale of financial assets at FVTOCI	8,344	23,484
Proceeds from capital reduction of financial assets at FVTOCI	-	386
Decrease (increase) in financial assets at amortized cost	56,570	(71,220)
Payments for property, plant and equipment	(336,720)	(248,387)
Proceeds from disposal of property, plant and equipment	3,235	1,858
Increase in refundable deposits	(3,922)	(11)

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition of right-of-use assets	\$ (1,040)	\$ (1,281)
Increase in other noncurrent assets	(6,856)	(9,865)
Dividends received	<u>2,335</u>	<u>737</u>
Net cash used in investing activities	<u>(299,547)</u>	<u>(331,052)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(49,655)	(276,671)
Decrease in short-term bills payable	(40,000)	(95,000)
Proceeds from issuance of convertible bonds	-	325,365
Increase in long-term borrowings	1,018,584	692,645
Repayment of long-term borrowings	(942,726)	(584,873)
Increase in guarantee deposits received	180	39
Repayment of the principal portion of lease liabilities	(2,018)	(3,663)
Distribution of cash dividends	<u>(216,863)</u>	<u>(173,204)</u>
Net cash used in financing activities	<u>(232,498)</u>	<u>(115,362)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>24,394</u>	<u>(17,870)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	172,116	(108,948)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>376,207</u>	<u>485,155</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 548,323</u>	<u>\$ 376,207</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:

2023 annual shareholders' meeting of Taiwan Hopax Chems. Mfg. Co., Ltd.

Taiwan Hopax Chems. Mfg. Co., Ltd.

Audit Committee convener: Yi-Hsiung Huang

March 21, 2023

Taiwan Hopax Chems. Mfg. Co., Ltd.
2022 Earnings Distribution Statement

Unit: NT\$

Item	Amount
Opening undistributed earnings	220,820,955
Minus: 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	(1,246,175)
Plus: Remeasurement of defined benefit plan converted into retained earnings	11,097,263
Adjusted undistributed earnings	230,672,043
Plus: After-tax net profit of the current period	599,351,395
Minus: Provision for legal reserve	(60,920,248)
Plus: Reverse for special surplus reserve (Note 1)	12,510,793
Retained earnings available for distribution for this period	781,613,983
Distribution items (calculated based on 173,490,326 shares outstanding as of the end of February 2023)	(239,416,650)
Shareholder dividends - cash (NT\$1.38 per share)	
Undistributed earnings after distribution	542,197,333

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

[Attachment 6]

Taiwan Hopax Chems. Mfg. Co., Ltd.
List of the Candidates for the Directors (including independent directors)

Title	Name	Shareholding (Share)	Major Education	Major Experience	Reason of re-nomination of an independent director after serving three terms of office
Director	Tsung-Tien Kuo	6,631,031(Including 2,500,000 retained decision-making trust shares)	PhD in Chemical Engineering, University of Missouri	Chairman, Taiwan Hopax Chems. Mfg. Co., Ltd.	NA
Director	Mei-Lin Kuo	1,745,335	Hospitality Management M.A., George Washington University	Vice Chairman, Taiwan Hopax Chems. Mfg. Co., Ltd., Chairman of Hopax International (Shanghai) Co., Ltd., Supervisor of Changshu Hopax Chemical Co., Ltd., Supervisor of Kunshan Hopax Paper Products Co., Ltd., Supervisor of Smart Capital Inc.	NA
Director	John-See Lee	0	PhD, Illinois Institute of Technology, USA	Chairman of Personal Genomics Taiwan, Inc., Independent Director of Far Eastern New Century Corporation, Independent Director of San Fu Chemical Co., Ltd., Director of Zhen Ding Technology Co., Ltd., President, Industrial Technology Research Institute, Director, Taiwan Semiconductor Manufacturing Company Limited	NA
Director	Joray Co., Ltd. Representative: Chi-Rong Huang	2,343,003	Wharton School, University of Pennsylvania, Bachelor of Science in Economics	Executive Director of Asiavest Capital Co., Ltd., Director of Systex Corporation	NA
Director	Chung-Sheng Cheng	1,797	Master of Business Administration, National Sun Yat-sen University	Executive Vice Chairman, Taiwan Hopax Chems. Mfg. Co., Ltd Chairman, Kunshan Hopax Paper Products Co., Ltd., Supervisor of Hopax Bio-Medical Tech. Co., Ltd., Supervisor of SeeCure Taiwan Co., Ltd.	NA
Independent Director	Hsieng-Cheng Tseng	0	PhD, Department of Chemical Engineering, University of Washington	Consultant, Yuan T.Lee Foundation Science Education for All, President, National Hsinchu University of Education, Commissioner, Education Bureau of Kaohsiung City, Professor and Director of the Department of Chemical Engineering	NA

Independent Director	Jen-Chyuan Lee	0	PhD, Department of Fisheries and Allied Aquaculture, Auburn University, Alabama, USA	Adjunct Professor, National Taiwan University, Deputy Minister, Council of Agriculture, Secretary General, Council of Agriculture, Director General, Department of Fisheries, Council of Agriculture	Mr. Jen-Chyuan Lee has a professional background in agriculture/fishery science and has rich experience; while serving as an independent director, he provided important advice to the company.
Independent Director	Li -Chiu Chang	0	Master of insurance in NCU	The CEO of Sun Ten Group, Chairman, Chairman, FOCI Fiber Optic Communications, Chairman, Yuanta Securities, The leader of Financial Supervisory Commission, The auditor of National Taxation Bureau of Taipei	NA
Independent Director	Guan-Hua Huang	0	EMBA of National Taiwan University and Fudan University	Executive Director of Newwide Group, Founder of Smart Capital Inc.	NA

Taiwan Hopax Chems. Mfg. Co., Ltd.

Lifting of Competition Restrictions for Newly Elected Directors

Title	Name	Positions in Other Companies
Director	Tsung-Tien Kuo	Director of PT. Hopax Indonesia, Director of Phoenix Worldwide Group Ltd., Director of Hopax Europe Ltd., Director of Hopax Worldwide Group Ltd., Director of Hopax Holding Ltd., Chairman of Hopax Bio-Medical Tech. Co., Ltd., Chairman and President of SeeCure Taiwan Co., Ltd.
Director	Mei-Lin Kuo	Director of Hopax Bio-Medical Tech. Co., Ltd., Chairman of Hopax International (Shanghai) Co., Ltd., Supervisor of Changshu Hopax Chemical Co., Ltd., Supervisor of Kunshan Hopax Paper Products Co., Ltd., Supervisor of Smart Capital Inc.
Director	John-See Lee	Independent Director of Far Eastern New Century Corporation, Independent Director of Everlight Electronics Co., Ltd., Independent Director of San Fu Chemical Co., Ltd., Independent Director of BRIM Biotechnology, Inc., Chairman of Personal Genomics Taiwan, Inc., Chairman of Quark Biosciences Taiwan, Inc.
Director	Joray Co., Ltd. Representative: Chi-Rong Huang	Executive Director of Asiavest Capital Co., Ltd., Director of Systex Corporation, Director of Joway Investment Co., Ltd., Director of Joray Co., Ltd.
Director	Chung-Sheng Cheng	Chairman, Kunshan Hopax Paper Products Co., Ltd., Director of Hopax Europe Ltd. and Hopax Worldwide Group Ltd., Director of Hopax Worldwide Group Ltd., Supervisor of Hopax International (Shanghai) Co., Ltd., Supervisor of Hopax Bio-Medical Tech. Co., Ltd., Supervisor of SeeCure Taiwan Co., Ltd.
Independent Director	Hsieng-Cheng Tseng	Consultant, Yuan T.Lee Foundation Science Education for All
Independent Director	Jen-Chyuan Lee	Adjunct Professor, National Taiwan University
Independent Director	Li -Chiu Chang	The CEO of Sun Ten Group, Chairman, Panion & BF Biotec Inc., Chairman, Bowlin Biotech Corp., Chairman, Shun Tian International Consulting Co., Ltd., Chairman, Herbiotek Co., Ltd., Chairman, Cheng Fong Chemical Co., Ltd., Chairman, Ho Tung Chemical Corp., Chairman, YH Bio Co., Ltd., Director of SHI DING Venture Capital., Director of FOCI Fiber Optic Communications, Director of Formosan Union Chemical Corporation, Independent Director of Acme Electronics Corporation, Independent Director of T3EX Global Holdings Corp.
Independent Director	Guan-Hua Huang	Executive Director of Newwide Group, Independent Director of H.H.Galaxy Co., Ltd.