



Stock code: 5234

Daxin Materials Corporation

2024 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

May 24, 2024

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-----Disclaimer-----

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2024 ANNUAL SHAREHOLDERS' MEETING OF DAXIN MATERIALS CORPORATION. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

Chapter I Meeting Procedure

Daxin Materials Corporation

2024 Annual Shareholders' Meeting Procedure

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Recognition and Discussion Items

V. Extempore Motions

VI. Adjournment

Chapter II Meeting Agenda

Daxin Materials Corporation 2024 Annual Shareholders' Meeting Agenda

Date and Time: 9:30 am (Friday) May 24, 2024

Place: No.21, Keyuan Rd., Xitun Dist., Taichung City, 407, Taiwan (R.O.C.)
(Office of Continuing Education, Chaoyang University of Technology)

Means of Meeting: Physical

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

1. To report the business of 2023
2. Audit Committee's review report
3. To report the distribution of employees' and directors' remuneration of 2023
4. To report the cash dividend distribution of 2023

IV. Recognition and Discussion Items

1. To accept 2023 Business Report and Financial Statements
2. To accept the proposal for the distribution of 2023 earnings
3. To lift the non-competition restriction on directors

V. Extempore Motions

VI. Adjournment

Report Items

1. To report the Business of 2023

Explanatory Notes:

For 2023 Business Report, please refer to Attachment 1(P.5~7).

2. Audit Committee's review report

Explanatory Notes:

For Audit Committee's review report, please refer to Attachment 2(P.8).

3. To report the distribution of employees' and directors' Remuneration of 2023

Explanatory Notes:

- (1) The Board of Directors approved the distribution of 2023 employees' and directors' remuneration on February 27, 2024. The employees' remuneration is NT\$49,491,732 and the directors' remuneration is NT\$4,949,173; both shall be paid in cash.
- (2) The aforementioned amounts of remuneration to employees and Directors that are approved by the Board of Directors are the same as the amount recognized in the 2023 financial statements.

4. To report the cash dividend distribution of 2023

Explanatory Notes:

- (1) The dividend distribution in the form of cash shall be approved by the Board of Directors and reported to the shareholders' meeting, in accordance with Article 15-1 of Articles of Incorporation.
- (2) The distribution of cash dividends to shareholders is NT\$421,135,235 from the retained earnings available for distribution as of December 31, 2023, and the Company distributed dividends of NT\$4.1 per common share, have been approved by the meeting of Board held on February 27, 2024. The cash dividend will be calculated according to the distribution ratio and distributed, rounded down to the nearest one NT\$. (any amount below one NT\$ will be discarded). The aggregate dividend resulting from the above rounded-down, will be distributed to the shareholders in descending order of decimal point and in ascending order of shareholder account number, until the total amount of cash dividend has been fully distributed. The chairman is authorized to determine the ex-dividend date and other relevant matters.
- (3) If the cash dividend distribution ratio is adjusted due to a change of the Company's total number of outstanding common shares, it is proposed to authorize fully the Chairman of Board of Directors to proceed with the relevant matters.

Recognition and Discussion Items

1. To accept 2023 Business Report and Financial Statements. (proposed by the Board of Directors)

Explanatory Notes:

- (1) For 2023 Business Report, please refer to Attachment 1(P.5~7).
- (2) The 2023 Financial Statements were audited by Chien-Hui Lu and Jun-Yuan Wu of KPMG. For Independent Auditors' Report, the aforementioned Financial Statements, please refer to Attachment 3 & 4(P.9~24).

Resolution:

2. To accept the proposal for the distribution of 2023 earnings. (proposed by the Board of Directors)

Explanatory Notes:

For the Proposal for 2023 Earnings Distribution, please refer to Attachment 5(P.25).

Resolution:

3. To lift the non-competition restriction on directors (proposed by the Board of Directors)

Explanatory Notes:

- (1) According to Article 209 of the Company Act, "a 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) List of non-competition restrictions proposed to be lifted in the 2024 annual shareholders' meeting. The aforementioned list is attached hereto as Attachment 6(P.26).

Resolution:

Extempore Motions

Adjournment

Chapter III Attachment

Attachment 1

Daxin Materials Corporation 2023 Business Report

Throughout 2023, the global manufacturing landscape was substantially affected by various factors. Major economies continued to raise interest rates to curb inflation, geopolitical conflicts, and trade tensions led to disruptions in supply chain. The utilization rate of the display industry's production exhibited notable fluctuations. It sharply declined from 3Q'22 to its lowest point, experienced gradual recovery in each subsequent quarter until 3Q'23, and then rapidly decelerated in the fourth quarter, reflecting the industry's dynamic changes. The operating revenue in 2023 was 4.264 billion, marking a 9.6% growth from the previous year. Breaking down the revenue by industry applications, display materials reached 3.968 billion, an 8.0% year-over-year increase, semiconductor materials recorded 0.19 billion, a 61.9% year-over-year increase, and key raw materials generated 0.92 billion, a 20.7% year-over-year increase.

2024 will be a year full of challenges and opportunities for Daxin Materials. In display materials, our focus extends beyond simply improving product portfolios. We are actively exploring new business opportunities, introducing products to new clients and production lines with expected growth.

In semiconductor materials, geopolitical uncertainties and the dissolution of globalization has prompted major industrialized countries to regard semiconductors as strategic resources. Thus, there is a trend establishing comprehensive domestic upstream/downstream industry chains. This evolving situation also brings opportunities for Taiwan materials industries to capitalize on their local advantages. Daxin Materials has strategically allocated a substantial portion of the R&D resources developed over the past eighteen years to cater to the materials needs of advanced back-end packaging processes, advanced front-end processes, and mature processes. The growing demands from customers is creating unprecedented opportunities, prompting early collaboration in product development. In 2024, we anticipate mass production and market introduction of more semiconductor material products, becoming another key business for Daxin Materials.

Financial Performance

1. Operating revenue

Consolidated operating revenue in 2023 was NT\$4.264 billion, representing a NT\$375 million or 9.6% increase from NT\$3.889 billion in 2022.

2. Operating income

Consolidated operating income in 2023 was NT\$611 million, representing a NT\$173 million or 39.4% increase from NT\$438 million in 2022.

3. Profit after tax

Profit after tax in 2023 was NT\$523 million, representing a NT\$97 million or 22.8% increase from NT\$426 million in 2022.

Research and Development

The Company's three major product markets include display materials, semiconductor materials, and key raw materials. In 2023, the Company's R&D expenditure reached NT\$480 million, underscoring our high investment in research and development and R&D workforce. Furthermore, we achieved certification for the Taiwan Intellectual Property Management Specification Verification (Level A, certified by Tips). We are committed to developing advanced materials and cutting-edge technologies, strategically positioning ourselves ahead of future market demands.

Display Materials:

Beyond advancing materials to meet higher specifications in LCDs, our focus extends to developing materials and processes that align with ESG requirements. Effective cost control is imperative to sustain a competitive edge in a saturated market.

Regarding MicroLED-related new materials, the Company is making significant investment in developing materials related to the mass transfer process, ensuring a strong market presence in emerging display technologies.

Semiconductor Materials:

The three operational models of the Company in the semiconductor industry are:

1. Independent research and development of materials
2. Collaborative development with top-tier semiconductor foundries
3. Collaborative development with top-tier semiconductor materials companies

Our focus in product development lies in the materials required for front-end, back-end, and advanced packaging processes. In addition to product development, we are also engaged in the innovation of key materials for critical photoresists used in both mature and advanced processes.

Currently, several new products for advanced processes below two nanometers and advanced packaging are undergoing joint development and verification with semiconductor customers. In 2024, multiple semiconductor materials will undergo verification on customer production lines. Our collaboration with international industry giants will diversify our product line, leading to a higher share of semiconductor revenue.

In addition to indirect materials for processes, we are also investing in the development of permanent materials with high barriers to entry, such as Photosensitive Polyimide. While the verification process for such materials is challenging and time-consuming, their market value becomes significantly high upon successful mass production and market entry.

Key Raw Materials:

The Company possesses extensive experience in the research, development, production, and sales of silicon-based polymers for green energy lithium batteries. We are actively exploring more opportunities for new materials in the upstream and downstream industries of batteries.

Furthermore, we have developed various functional monomers and specialty polymers suitable for applications in displays, semiconductors, and other electronic materials. These materials exhibit shared characteristics of high purity and low ion content. While the promotion of such products may take longer time, once successful, their sales lifespan is extended, with minimal impact from economic fluctuations.

Outline of Business Plan

The Company's major revenue came from the display industry. Over the past year, the industry has experienced rapid changes in capacity utilization, facing operational challenges. The Company will continue to optimize its product portfolio and production processes, increase the proportion of in-house raw materials, and reduce costs to enhance competitiveness. Additionally, we plan to expand our market presence by reaching out to new customers and exploring new product lines. Our goal is to develop materials for higher specifications and low-temperature processes that align with ESG (Environmental, Social, and Governance) principles to drive growth in future operations.

In advanced semiconductor packaging and wafer processes, abundant market opportunities await. Recent developments in new product launches have delivered promising results, with continuous expansion of production lines in collaboration with global industry leaders. In addition to investing in semiconductor material production lines in existing facilities, we have completed construction of a new semiconductor materials factory. It is equipped with high-purity production lines. Several new products are scheduled to enter mass production in 2024, with more materials in the pipeline expected to follow suit. The successful achievement of mass production in these developments is anticipated to have a significant impact on revenue. To expedite the growth of semiconductor product revenue share, our company is simultaneously pursuing all three operational models in the semiconductor industry to explore diverse opportunities. It is anticipated that semiconductor materials will be the primary growth engine for the company in the coming years.

Future Outlook

Looking forward, our focus in the display market will be advancing materials with higher-specification, low-temperature properties, and low-carbon footprints in alignment with the ESG sustainability trend, as well as MicroLED-related new materials to sustain our competitive advantage and bolster market presence. We aim to promote our mature, competitively priced products to a broader customer base, leading to increased profitability. Semiconductor materials are expected to yield positive outcomes and contribute to revenue growth. Taiwan's advanced semiconductor processes hold a unique and irreplaceable global advantage, underscoring the growing significance of the upstream materials supply chain in the semiconductor industry. We will advance simultaneously with our three business models, and future operational growth is expected. Lithium battery materials and other key raw materials require long-term investment and cultivation. These products extend across multiple segments of the industry chain, offering a broader scope and ample material opportunities in various industries. Moreover, we are dedicated to ensuring that the development of new materials adheres to low-carbon and low-pollution processes.

Daxin is committed to fulfilling its role as a responsible corporate citizen and supporting the United Nations' Sustainable Development Goals (SDGs). The Sustainable Development Committee promotes various sustainable initiatives. Our environmental efforts are primarily focused on addressing climate change. We have developed specific blueprints for carbon reduction pathways and actively implement diverse energy-saving solutions. Moreover, we are gradually implementing the RE100 renewable energy usage plan. Through annual greenhouse gas inventories and external verification, we regularly assess our energy-saving and carbon reduction performance, strengthening our low-carbon process capabilities. Furthermore, we prioritize waste reduction through process improvements and optimize solvent recovery rates, maximizing resource utilization. Our commitment extends to promoting product resource cycling, fostering opportunities for a circular economy.

As for social aspect, talents are the driving force for innovation. Daxin strives to foster the growth and development of our employees and establish a safe and healthy work environment. Daxin also cultivates future talents through several initiatives to support scientific education and nurture the next generation of innovators. With our dedication to drive sustainable social development, we aim to create value for the common good and expand our social impact.

In terms of governance, the Sustainability Committee operates under the supervision and guidance of the Board of Directors, actively driving the integration of sustainable initiatives into our operations. In 2023, we voluntarily published our first sustainability report following the GRI guidelines, providing stakeholders with insights into our sustainability progress. A Corporate Governance Officer has been appointed to oversee governance matters for both the Board of Directors and shareholders' meetings. Furthermore, the board has been fully re-elected, with half of the members being independent directors, reinforcing corporate governance and ensuring a balanced approach to shareholder rights.

Beyond 2024, we are prepared for the challenges and opportunities ahead in the coming years. Daxin will strive to foster innovations for sustainability, advance materials design technologies, and refine process technologies to provide high-quality and competitive solutions. We are enthusiastic about our future and remain committed to delivering strong returns for our shareholders.

Chairman: *Cheng-Yih Lin*

President: *Tsung-Hsing Kuo*

Chief Financial Officer: *Yen-Chen Liu*

Attachment 2

Daxin Materials Corporation Audit Committee's Review Report

The Board of Directors of the Company has prepared and submitted the Company's 2023 Business Report, earnings distribution proposal and Financial Statements (including the parent company only and consolidated financial statements). Among them, Chien-Hui Lu and Jun-Yuan Wu, Certified Public Accounts of KPMG, have audited the Financial Statements (including the parent company only and consolidated financial statements). The aforementioned business report, earnings distribution proposal, and financial statements (including the parent company only and consolidated financial statements) have been reviewed by the Audit Committee and no discrepancy is found. The report is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and we hereby submit this report.

To

2024 Annual Shareholders' Meeting of Daxin Materials Corporation

Convener of the Audit Committee: *Xin-Wu Lin*

February 27, 2024

Attachment 3

Independent Auditors' Report

To the Board of Directors of Daxin Materials Corporation:

Opinion

We have audited the consolidated financial statements of Daxin Materials Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountant 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 of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Refer to Note 4(13) "Revenue recognition" and Note 6(16) "Operating revenue" to the consolidated financial statements.

Description of the key audit matter:

Revenue generation is a key operating activity of a company, and the Group's major portion of revenue is composed of related party transactions which might have inherently higher risk of fraud. Moreover, revenue recognition is also dependent on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Consequently, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing the Group's controls surrounding revenue recognition; understanding the Group's revenue types, its sales terms, related sales agreements and other supporting documents, to assess whether revenue recognition policies are applied appropriately; evaluating the trend of revenue; understanding the nature of related party transactions; performing the circularization of related party transactions; computer-aided testing sales cut off, on a sampling basis, for transactions incurred within a certain period before and after the balance sheet date to evaluate whether the revenue was recorded in proper period; and assessing the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Refer to Note 4(8) "Inventories"; Note 5 for uncertainty of accounting estimation and assumptions for inventory valuation, and Note 6(5) "Inventories" to the consolidated financial statements.

Description of the key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to rapid product innovation and keen market competition, the Group's products may no longer meet market demand in short time and lead to the rapid fluctuation in the sales demand, as well as the selling price, which may result in product obsolescence and the cost of inventories to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating whether valuation of inventories was accounted by the nature of inventories (the storage life of chemicals); performing sampling tests to verify the accuracy of inventory aging; understanding and testing the Group's controls surrounding inventories obsolescence management; inspecting the calculation mode of net realizable value; sampling the related tickets and supporting documents; evaluating whether valuation of inventories was accounted by in accordance with the Group's accounting policies, as well as the reasonableness of inventory provision policy; and assessing the adequacy of the Group's disclosures of its inventory valuation policy and other related disclosures.

Other Matter

Daxin Materials Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Daxin Materials Corporation and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 243,803	5	210,906	5	2120	Financial liabilities at fair value through profit or loss — current	\$ -	-	271	-
1110	Financial assets at fair value through profit or loss — current	7,800	-	2,738	-	2170	Accounts payable	407,295	9	463,822	10
1136	Financial assets measured at amortized cost — current	1,160,628	25	1,051,873	23	2180	Accounts payable to related parties	12,333	-	11,730	-
1170	Accounts receivable, net	370,984	8	347,097	8	2201	Payroll and bonus payable	299,437	6	249,179	5
1180	Accounts receivable due from related parties, net	698,305	15	666,528	15	2213	Payable on machinery and equipment	36,930	1	71,515	2
130X	Inventories	338,185	7	364,331	8	2230	Current tax liabilities	90,782	2	80,567	2
1476	Other financial assets — current	52,714	2	21,244	-	2280	Lease liabilities — current	8,617	-	8,489	-
1479	Other current assets	<u>29,203</u>	<u>1</u>	<u>25,140</u>	<u>1</u>	2322	Long-term borrowings, current portion	95,999	2	98,942	2
		<u>2,901,622</u>	<u>63</u>	<u>2,689,857</u>	<u>60</u>	2399	Other current liabilities	<u>136,181</u>	<u>3</u>	<u>123,706</u>	<u>3</u>
								<u>1,087,574</u>	<u>23</u>	<u>1,108,221</u>	<u>24</u>
Noncurrent assets:						Noncurrent liabilities:					
1535	Financial assets measured at amortized cost — noncurrent	8,800	-	10,350	-						
1600	Property, plant and equipment	1,544,647	33	1,610,314	36	2540	Long-term borrowings	258,893	6	273,355	6
1755	Right-of-use assets	163,676	4	173,108	4	2580	Lease liabilities — noncurrent	<u>160,954</u>	<u>3</u>	<u>169,572</u>	<u>4</u>
1780	Intangible assets	1,992	-	2,314	-			<u>419,847</u>	<u>9</u>	<u>442,927</u>	<u>10</u>
1840	Deferred tax assets	18,070	-	12,812	-		Total liabilities	<u>1,507,421</u>	<u>32</u>	<u>1,551,148</u>	<u>34</u>
1920	Guarantee deposits paid	2,577	-	177	-		Equity:				
1990	Other noncurrent assets	<u>677</u>	<u>-</u>	<u>1,155</u>	<u>-</u>	3110	Common stock	<u>1,027,159</u>	<u>22</u>	<u>1,027,159</u>	<u>23</u>
		<u>1,740,439</u>	<u>37</u>	<u>1,810,230</u>	<u>40</u>	3200	Capital surplus	<u>41,814</u>	<u>1</u>	<u>41,814</u>	<u>1</u>
							Retained earnings:				
						3310	Legal reserve	586,250	13	543,638	12
						3320	Special reserve	1,310	-	1,303	-
						3350	Unappropriated retained earnings	<u>1,478,107</u>	<u>32</u>	<u>1,336,335</u>	<u>30</u>
								<u>2,065,667</u>	<u>45</u>	<u>1,881,276</u>	<u>42</u>
						3410	Exchange differences on translation of foreign financial statements	-	-	(1,310)	-
							Total equity	<u>3,134,640</u>	<u>68</u>	<u>2,948,939</u>	<u>66</u>
Total assets		<u>\$ 4,642,061</u>	<u>100</u>	<u>4,500,087</u>	<u>100</u>	Total liabilities and equity		<u>\$ 4,642,061</u>	<u>100</u>	<u>4,500,087</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue	\$ 4,264,121	100	3,889,236	100
5000	Operating costs	<u>2,785,030</u>	<u>65</u>	<u>2,643,158</u>	<u>68</u>
	Gross profit from operations	<u>1,479,091</u>	<u>35</u>	<u>1,246,078</u>	<u>32</u>
	Operating expenses:				
6100	Selling expenses	185,786	5	186,184	5
6200	Administrative expenses	204,749	5	176,171	5
6300	Research and development expenses	480,768	11	442,683	11
6450	Expected credit losses (gains)	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
		<u>868,303</u>	<u>21</u>	<u>808,038</u>	<u>21</u>
	Operating income	<u>610,788</u>	<u>14</u>	<u>438,040</u>	<u>11</u>
	Non-operating income and expenses:				
7020	Other gains and losses	(12,943)	-	45,458	1
7100	Interest income	14,758	-	6,815	-
7510	Interest expense	<u>(7,154)</u>	<u>-</u>	<u>(5,122)</u>	<u>-</u>
		<u>(5,339)</u>	<u>-</u>	<u>47,151</u>	<u>1</u>
	Profit before income tax	605,449	14	485,191	12
7950	Less: Income tax expenses (note 6(13))	<u>82,095</u>	<u>2</u>	<u>59,071</u>	<u>1</u>
	Net income	<u>523,354</u>	<u>12</u>	<u>426,120</u>	<u>11</u>
8300	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>1,310</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>1,310</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>1,310</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 524,664</u>	<u>12</u>	<u>426,114</u>	<u>11</u>
	Earnings per share (NT dollars) (note 6(15))				
	Basic earnings per share	<u>\$ 5.10</u>		<u>4.15</u>	
	Diluted earnings per share	<u>\$ 5.07</u>		<u>4.12</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Exchange differences on translation of foreign financial statements		Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		
Balance at January 1, 2022	\$ 1,027,159	41,814	475,597	1,285	1,522,668	1,999,550	(1,304)	3,067,219
Net income	-	-	-	-	426,120	426,120	-	426,120
Other comprehensive income (loss)	-	-	-	-	-	-	(6)	(6)
Total comprehensive income	-	-	-	-	426,120	426,120	(6)	426,114
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	68,041	-	(68,041)	-	-	-
Special reserve appropriated	-	-	-	18	(18)	-	-	-
Cash dividends to shareholders	-	-	-	-	(544,394)	(544,394)	-	(544,394)
Balance at December 31, 2022	1,027,159	41,814	543,638	1,303	1,336,335	1,881,276	(1,310)	2,948,939
Net income	-	-	-	-	523,354	523,354	-	523,354
Other comprehensive income (loss)	-	-	-	-	-	-	1,310	1,310
Total comprehensive income	-	-	-	-	523,354	523,354	1,310	524,664
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	42,612	-	(42,612)	-	-	-
Special reserve appropriated	-	-	-	7	(7)	-	-	-
Cash dividends to shareholders	-	-	-	-	(338,963)	(338,963)	-	(338,963)
Balance at December 31, 2023	<u>\$ 1,027,159</u>	<u>41,814</u>	<u>586,250</u>	<u>1,310</u>	<u>1,478,107</u>	<u>2,065,667</u>	<u>-</u>	<u>3,134,640</u>

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before income tax	\$ 605,449	485,191
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	256,996	218,182
Amortization	2,927	3,240
Expected credit losses (gains)	(3,000)	3,000
Net gain on financial instruments at fair value through profit or loss	(5,333)	(1,052)
Interest expense	7,154	5,122
Interest income	(14,758)	(6,815)
Gain on disposal of property, plant and equipment	(285)	-
Provisions for inventory obsolescence and devaluation loss	15,121	16,999
Others	999	555
Changes in operating assets and liabilities:		
Accounts receivable	(20,887)	102,688
Accounts receivable due from related parties	(31,777)	202,293
Inventories	11,025	(25,103)
Other current assets	(4,063)	11,277
Other financial assets — current	(31,470)	(21,244)
Financial assets measured at amortized cost — current	127	(159)
Accounts payable	(56,527)	(121,594)
Accounts payable to related parties	603	(6,397)
Other current liabilities	62,712	(43,753)
Cash generated from operations	795,013	822,430
Interest received	14,471	6,686
Interest paid	(7,133)	(5,020)
Income taxes paid	(77,138)	(91,722)
Net cash provided by operating activities	725,213	732,374
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost — current	(108,595)	(110,250)
Disposal of financial assets at amortized cost — noncurrent	1,550	-
Acquisition of property, plant and equipment	(217,542)	(228,969)
Disposal of property, plant and equipment	346	-
Decrease (increase) in refundable deposits	(2,400)	1
Acquisition of intangible assets	(2,605)	(2,762)
Decrease (increase) in other noncurrent assets	478	(185)
Net cash used in investing activities	(328,768)	(342,165)
Cash flows from financing activities:		
Proceeds from short-term borrowings	195,000	120,000
Repayments of short-term borrowings	(195,000)	(120,000)
Proceeds from long-term borrowings	60,000	181,500
Repayments of long-term borrowings	(77,405)	(22,703)
Decrease in guarantee deposits received	-	(132)
Repayment of the principal portion of lease liabilities	(8,490)	(8,366)
Cash dividends paid	(338,963)	(544,394)
Net cash used in financing activities	(364,858)	(394,095)
Effect of exchange rate changes on cash and cash equivalents	1,310	(6)
Net increase (decrease) in cash and cash equivalents	32,897	(3,892)
Cash and cash equivalents at beginning of period	210,906	214,798
Cash and cash equivalents at end of period	\$ 243,803	210,906

Attachment 4

Independent Auditors' Report

To the Board of Directors of Daxin Materials Corporation:

Opinion

We have audited the parent-company-only financial statements of Daxin Materials Corporation("the Company"), which comprise the parent-company-only balance sheet as of December 31, 2023 and 2022, the parent-company-only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only 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 financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its 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 Accountant 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 parent-company-only 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 of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Refer to Note 4(13) "Revenue recognition" and Note 6(17) "Operating revenue" to the parent-company-only financial statements.

Description of the key audit matter:

Revenue generation is a key operating activity of a company, and the Company's major portion of revenue is composed of related party transactions which might have inherently higher risk of fraud. Moreover, revenue recognition is also dependent on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Consequently, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing the Company's controls surrounding revenue recognition; understanding the Company's revenue types, its sales terms, related sales agreements and other supporting documents, to assess revenue recognition policy are applied appropriately; evaluating the trend of revenue; understanding the nature of related party transactions; performing the circularization of related party transactions; computer-aided testing sales cut off, on a sampling basis, for transactions incurred within a certain period before and after the balance sheet date to evaluate whether the revenue was recorded in proper period; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Refer to Note 4(7) "Inventories"; Note 5 for uncertainty of accounting estimation and assumptions for inventory valuation, and Note 6(5) "Inventories" to the parent-company-only financial statements.

Description of the key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to rapid product innovation and keen market competition, the Company's products may no longer meet market demand in short time and lead to the rapid fluctuation in the sales demand, as well as the selling price, which may result in product obsolescence and the cost of inventories to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating whether valuation of inventories was accounted by the nature of inventories (the storage life of chemicals); performing sampling tests to verify the accuracy of inventory aging; understanding and testing the Company's controls surrounding inventories obsolescence management; inspecting the calculation mode of net realizable value; sampling the related tickets and supporting documents; evaluating whether valuation of inventories was accounted by in accordance with the Company's accounting policies, as well as the reasonableness of inventory provision policy; and assessing the adequacy of the Company's disclosures of its inventory valuation policy and other related disclosures.

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 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 parent-company-only 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 the 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 investee companies in other entities accounted for using the equity method to express an opinion on the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

Daxin Materials Corporation

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 243,803	5	210,769	5	2120	Financial liabilities at fair value through profit or loss — current	\$ -	-	271	-
1110	Financial assets at fair value through profit or loss — current	7,800	-	2,738	-	2170	Accounts payable	407,295	9	463,822	10
1136	Financial assets measured at amortized cost — current	1,160,628	25	1,051,873	23	2180	Accounts payable to related parties	12,333	-	11,730	-
1170	Accounts receivable, net	370,984	8	347,097	8	2201	Payroll and bonus payable	299,437	6	249,179	5
1180	Accounts receivable due from related parties, net	698,305	15	666,528	15	2213	Payable on machinery and equipment	36,930	1	71,515	2
130X	Inventories	338,185	7	364,331	8	2230	Current tax liabilities	90,782	2	80,567	2
1476	Other financial assets — current	52,714	2	21,244	-	2280	Lease liabilities — current	8,617	-	8,489	-
1479	Other current assets	<u>29,203</u>	<u>1</u>	<u>25,140</u>	<u>1</u>	2322	Long-term borrowings, current portion	95,999	2	98,942	2
		<u>2,901,622</u>	<u>63</u>	<u>2,689,720</u>	<u>60</u>	2399	Other current liabilities	<u>136,181</u>	<u>3</u>	<u>123,706</u>	<u>3</u>
								<u>1,087,574</u>	<u>23</u>	<u>1,108,221</u>	<u>24</u>
Noncurrent assets:						Noncurrent liabilities:					
1535	Financial assets measured at amortized cost — noncurrent	8,800	-	10,350	-						
1550	Investments accounted for using equity method	-	-	137	-	2540	Long-term borrowings	258,893	6	273,355	6
1600	Property, plant and equipment	1,544,647	33	1,610,314	36	2580	Lease liabilities — noncurrent	<u>160,954</u>	<u>3</u>	<u>169,572</u>	<u>4</u>
1755	Right-of-use assets	163,676	4	173,108	4			<u>419,847</u>	<u>9</u>	<u>442,927</u>	<u>10</u>
1780	Intangible assets	1,992	-	2,314	-		Total liabilities	<u>1,507,421</u>	<u>32</u>	<u>1,551,148</u>	<u>34</u>
1840	Deferred tax assets	18,070	-	12,812	-		Equity:				
1920	Guarantee deposits paid	2,577	-	177	-	3110	Common stock	<u>1,027,159</u>	<u>22</u>	<u>1,027,159</u>	<u>23</u>
1990	Other noncurrent assets	<u>677</u>	<u>-</u>	<u>1,155</u>	<u>-</u>	3200	Capital surplus	<u>41,814</u>	<u>1</u>	<u>41,814</u>	<u>1</u>
		<u>1,740,439</u>	<u>37</u>	<u>1,810,367</u>	<u>40</u>		Retained earnings:				
						3310	Legal reserve	586,250	13	543,638	12
						3320	Special reserve	1,310	-	1,303	-
						3350	Unappropriated retained earnings	<u>1,478,107</u>	<u>32</u>	<u>1,336,335</u>	<u>30</u>
								<u>2,065,667</u>	<u>45</u>	<u>1,881,276</u>	<u>42</u>
						3410	Exchange differences on translation of foreign financial statements	-	-	(1,310)	-
							Total equity	<u>3,134,640</u>	<u>68</u>	<u>2,948,939</u>	<u>66</u>
Total assets		<u>\$ 4,642,061</u>	<u>100</u>	<u>4,500,087</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,642,061</u>	<u>100</u>	<u>4,500,087</u>	<u>100</u>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue	\$ 4,264,121	100	3,889,236	100
5000	Operating costs	<u>2,785,030</u>	<u>65</u>	<u>2,643,158</u>	<u>68</u>
	Gross profit from operations	<u>1,479,091</u>	<u>35</u>	<u>1,246,078</u>	<u>32</u>
	Operating expenses:				
6100	Selling expenses	185,786	5	186,184	5
6200	Administrative expenses	204,749	5	176,171	5
6300	Research and development expenses	480,768	11	442,683	11
6450	Expected credit losses (gains)	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
		<u>868,303</u>	<u>21</u>	<u>808,038</u>	<u>21</u>
	Operating income	<u>610,788</u>	<u>14</u>	<u>438,040</u>	<u>11</u>
	Non-operating income and expenses:				
7020	Other gains and losses	(12,943)	-	45,458	1
7100	Interest income	14,758	-	6,815	-
7510	Interest expense	<u>(7,154)</u>	<u>-</u>	<u>(5,122)</u>	<u>-</u>
		<u>(5,339)</u>	<u>-</u>	<u>47,151</u>	<u>1</u>
	Profit before income tax	605,449	14	485,191	12
7950	Less: Income tax expense	<u>82,095</u>	<u>2</u>	<u>59,071</u>	<u>1</u>
	Net income	<u>523,354</u>	<u>12</u>	<u>426,120</u>	<u>11</u>
8300	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>1,310</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>1,310</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>1,310</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 524,664</u>	<u>12</u>	<u>426,114</u>	<u>11</u>
	Earnings per share (NT dollars)				
9750	Basic earnings per share	<u>\$ 5.10</u>		<u>4.15</u>	
9850	Diluted earnings per share	<u>\$ 5.07</u>		<u>4.12</u>	

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Exchange differences on translation of foreign financial statements	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		Total equity
Balance at January 1, 2022	\$ 1,027,159	41,814	475,597	1,285	1,522,668	1,999,550	(1,304)	3,067,219
Net income	-	-	-	-	426,120	426,120	-	426,120
Other comprehensive income (loss)	-	-	-	-	-	-	(6)	(6)
Total comprehensive income	-	-	-	-	426,120	426,120	(6)	426,114
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	68,041	-	(68,041)	-	-	-
Special reserve appropriated	-	-	-	18	(18)	-	-	-
Cash dividends to shareholders	-	-	-	-	(544,394)	(544,394)	-	(544,394)
Balance at December 31, 2022	1,027,159	41,814	543,638	1,303	1,336,335	1,881,276	(1,310)	2,948,939
Net income	-	-	-	-	523,354	523,354	-	523,354
Other comprehensive income (loss)	-	-	-	-	-	-	1,310	1,310
Total comprehensive income	-	-	-	-	523,354	523,354	1,310	524,664
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	42,612	-	(42,612)	-	-	-
Special reserve appropriated	-	-	-	7	(7)	-	-	-
Cash dividends to shareholders	-	-	-	-	(338,963)	(338,963)	-	(338,963)
Balance at December 31, 2023	<u>\$ 1,027,159</u>	<u>41,814</u>	<u>586,250</u>	<u>1,310</u>	<u>1,478,107</u>	<u>2,065,667</u>	<u>-</u>	<u>3,134,640</u>

Daxin Materials Corporation**Statements of Cash Flows****For the years ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before income tax	\$ 605,449	485,191
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	256,996	218,182
Amortization	2,927	3,240
Expected credit losses (gains)	(3,000)	3,000
Net gain on financial instruments at fair value through profit or loss	(5,333)	(1,052)
Interest expense	7,154	5,122
Interest income	(14,758)	(6,815)
Gain on disposal of property, plant and equipment	(285)	-
Provisions for inventory obsolescence and devaluation loss	15,121	16,999
Others	2,322	555
Changes in operating assets and liabilities:		
Accounts receivable	(20,887)	102,688
Accounts receivable due from related parties	(31,777)	202,293
Inventories	11,025	(25,103)
Other current assets	(4,063)	11,277
Other financial assets – current	(31,470)	(21,244)
Financial assets measured at amortized cost – current	127	(159)
Accounts payable	(56,527)	(121,594)
Accounts payable to related parties	603	(6,397)
Other current liabilities	62,712	(43,753)
Cash generated from operations	796,336	822,430
Interest received	14,471	6,686
Interest paid	(7,133)	(5,020)
Income taxes paid	(77,138)	(91,722)
Net cash provided by operating activities	726,536	732,374
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost – current	(108,595)	(110,250)
Disposal of financial assets at amortized cost – noncurrent	1,550	-
Disposal of subsidiary	124	-
Acquisition of property, plant and equipment	(217,542)	(228,969)
Disposal of property, plant and equipment	346	-
Decrease (increase) in refundable deposits	(2,400)	1
Acquisition of intangible assets	(2,605)	(2,762)
Decrease (increase) in other noncurrent assets	478	(185)
Net cash used in investing activities	(328,644)	(342,165)
Cash flows from financing activities:		
Proceeds from short-term borrowings	195,000	120,000
Repayments of short-term borrowings	(195,000)	(120,000)
Proceeds from long-term borrowings	60,000	181,500
Repayments of long-term borrowings	(77,405)	(22,703)
Decrease in guarantee deposits received	-	(132)
Repayment of the principal portion of lease liabilities	(8,490)	(8,366)
Cash dividends paid	(338,963)	(544,394)
Net cash used in financing activities	(364,858)	(394,095)
Net increase (decrease) in cash and cash equivalents	33,034	(3,886)
Cash and cash equivalents at beginning of period	210,769	214,655
Cash and cash equivalents at end of period	\$ 243,803	210,769

Attachment 5

Daxin Materials Corporation 2023 Earnings Distribution Table

Unit: (NT\$)

Item	Amount
Unappropriate retained earnings of previous years	954,753,029
Net income of 2023	523,354,198
Plus:	
Reversal of Special reserve	1,309,569
Less:	
Legal reserve	52,335,420
Retained earnings in 2023 available for distribution	472,328,347
Retained earnings available for distribution as of December 31, 2023	1,427,081,376
Distribution items:	
Cash dividends to common shareholders (NT\$ 4.1 per share, i.e, NT\$ 4,100 for every 1000 shares)	421,135,235
Unappropriated retained earnings	1,005,946,141

Attachment 6

List of Non-competition Restrictions to be Lifted

Directors and their Representatives	Released restriction items
Eternal Materials Co. Ltd.	Director, Eternal Materials India Private Limited
Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	Chairman, Eternal Materials India Private Limited
Konly Venture Corporation Representative: Ting-Li Lin,	Chairman, BriView (Xiamen) Corp.
Chih-Chun Tsai	Director, Egis Technology Inc.

Chapter IV Appendix

Appendix 1

Rules and Procedures of Shareholders' Meetings

Approved by the Shareholders' Meeting on July 20, 2021

1. Shareholders' meeting of the Company (the "Meeting") shall be conducted in accordance with the Rules and Procedures.
2. The shareholders or their proxies attending the meeting shall be signed in and the signing in shall be in the form of sign-in cards. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronic means. Attendance and voting at the meeting shall be calculated based on the number of shares.
3. The venue for the meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m.
4. The meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or unable to exercise the powers of the chairman for any reason, the vice chairman shall act the chair. If there is no vice chairman or the vice chairman is unable to exercise the powers for any reason, the chairman shall appoint one of the directors to act as the chair. Where the chairman does not make such a designation, the directors shall select one person from among themselves to serve as the chair. If the meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting.
5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the meeting in a non-voting capacity.
6. The Company shall make uninterrupted audio or video recordings of the meeting and the recorded materials shall be retained for at least 1 year.
7. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the meeting pursuant to Article 174 of the Company Act.

8. If the meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the meeting.

The provisions of the preceding paragraph apply mutatis mutandis to the meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

During the meeting, the chair may announce a break based on time consideration. After the meeting is adjourned, shareholders shall not elect another chair to continue the meeting at the same place or at any other place.

9. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt without consent of the chair and the shareholder in speaking, the chair shall stop any violation.
10. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
11. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a legal entity is a shareholder and designates two or more representatives to attend the Meeting, only one representative can speak on the same proposal.
12. After an attending shareholder has spoken, the chair may respond himself/herself or appoint an appropriate person to respond.
13. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
14. Vote monitoring and counting person(s) for the voting on a proposal shall be appointed by the chair, and the monitoring person(s) shall be shareholder(s). The results of voting shall be announced on site at the meeting, and a record made of the vote.
15. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the resolution shall be adopted by a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market

Observation Post System (MOPS).

16. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
17. The chair may direct the proctors or security guards to help maintain order at the meeting place. When proctors or security guards help maintain order at the meeting place, they shall wear an armband or identification card bearing the word "Proctor".
18. If a force majeure event occurs during the meeting, the chair may announce a suspension of the meeting or convene a meeting on another day.
19. Any matters not provided in the Rules and Procedures shall be handled in accordance with the Company Act, the Articles of Incorporation of the Company, and relevant laws and regulations.
20. The Rules and Procedures, and any amendments hereto, shall be effective after approval by the shareholders' meeting.

Appendix 2

Articles of Incorporation

Approved by the Shareholders' Meeting on June 15, 2022.

Chapter 1: General Provisions

Article 1

The Company is incorporated, registered and organized as a company limited by shares in accordance with the Company Act of the Republic of China, and its name is 達興材料股份有限公司 in the Chinese language, and Daxin Materials Corporation in the English language.

Article 2

The scope of business of the Company shall be as follows:

To research, design, develop, manufacture, and sale the following products:

1. Various photoresists, PI alignment layer, liquid crystal, and other related chemicals used in the manufacturing process of displays
2. Overcoat, optical clear resin and other related chemicals for touch panels
3. Ingot slicing solutions, anti-reflection materials, and other related chemicals for energy industry
4. Dielectrics, adhesives and other related chemicals for the semiconductor industry
5. Encapsulants and other related chemicals for the lighting industry
6. Specialty chemicals for other electronic products
7. Analysis and identification of chemical composition
8. Inspection and measurement of product characteristics

The business items and codes of the above products:

- (1) C801010 Basic Chemical Industrial
- (2) C801020 Petrochemical Materials Manufacturing
- (3) C801030 Precision Chemical Material Manufacturing
- (4) C801060 Synthetic Rubber Manufacturing
- (5) C801100 Synthetic Resin and Plastic Manufacturing
- (6) C801990 Other Chemical Materials Manufacturing
- (7) C802120 Industrial and Additive Manufacturing
- (8) C802200 Coating, Paint, Dye and Pigment Manufacturing
- (9) C805990 Other Plastic Products Manufacturing
- (10) CC01080 Electronics Components Manufacturing
- (11) F107200 Wholesale of Chemical Feedstock (for operation outside the science park only)
- (12) F119010 Wholesale of Electronic Materials (for operation outside the science park only)
- (13) F401010 International Trade (for products related to the above only)
- (14) I199990 Other Consulting Service
- (15) IG02010 Research and Development Service
- (16) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. (for operation outside the science park only)

The operation of the aforementioned businesses shall comply with the laws and regulations.

Article 3

The head office of the Company shall be in the Central Taiwan Science Park. The Company shall be free, upon approval of the Board of Directors and government authorities in charge, to set up branch offices, factories, branch operating offices or branch business offices at various locations within and without the territory of the Republic of China, whenever the Company deems it necessary.

Article 4

The total amount of the Company's investments is not subject the restriction of Article 13 of the Company Act. The Company may provide endorsements or guarantees to other parties for the purposes of business or investment.

Chapter 2: Capital Stock

Article 5

The total capital stock of the Company shall be in the amount of 150,000,000 New Taiwan Dollars, divided into 150,000,000 registered shares, at 10 New Taiwan Dollars each. The Board of Directors is authorized to issue the unissued shares in installments.

Among which 100,000,000 New Taiwan Dollars of the total capital stock, divided into 10,000,000 shares, at 10 New Taiwan Dollars each, should be reserved for issuing employee stock options and may be issued installment in accordance with the resolution of the Board of Directors.

Article 6

The share certificates of the Company shall be in registered form, which shall be signed by or sealed by at least three directors, and issued after duly authentication pursuant to the law.

The Company may pursuant to the laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical shares or other securities.

Article 7

Unless otherwise provided by law and regulations, the Company's shareholder services shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."

Chapter 3: Shareholders' Meeting

Article 8

Shareholders' meetings of the Company are of two types, regular meetings and special meetings. Regular meetings shall be convened once a year by the Board of Directors, within six months after the end of each fiscal year. Special meetings shall be convened in accordance with the law and regulations whenever necessary.

The aforementioned meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 9

Unless otherwise provided in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding shares of the Company. Resolutions of a shareholders meeting shall be adopted at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting. When a shareholder is unable to attend a meeting, he or she may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. Exception for trust enterprise or stock agencies approved by the competent authority, when one person who act as a proxy for two or more shareholders, the number of voting rights represented by that proxy that exceeds 3% of the total number of issued shares shall not be counted. The matters related to use or rescission of the proxy shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 9-1

If the Company proposes to cancel the public offering, the proposal shall be approved by the shareholders' meeting, and applied for the cancellation to the competent authority. This article shall not be altered during the Company is listed (whether TWSE-listed, OTC-listed, or registered on emerging-stock market).

Chapter 4: Board of Directors and Audit Committee

Article 10

The Company shall have seven to eleven directors, their term of office shall be three years. Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings, and shall be eligible for re-elected. The number of directors is determined by the Board of Directors.

The aforementioned directors of the board shall include at least three independent directors. The professional qualification, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with the relevant regulations of the competent authority.

The Company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of office.

The Board of Directors is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

Article 10-1

In compliance with Articles 14-4 of the Securities and Exchange Law, the Company shall establish an Audit Committee, which shall consist of all independent directors.

Article 10-2

The meeting of the Board of Directors shall be held at least quarterly, and the reasons for calling the Board of Directors meeting shall be notified to each director at least seven days in advance. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of board meetings shall be effected by means of fax, e-mail, or other methods.

Article 11

The board of directors shall have one chairman, and the chairman shall be elected by and among the directors by a majority vote at a meeting attended by more than two-thirds of the directors. The chairman of the Board shall preside internally at the meetings of the Board and shall externally represent the Company. In case the chairman of the Board cannot exercise the power and authority, the chairman of the Board may designate one of the directors to act as the chairman. In the absence of such a designation, the directors shall elect a designee from among themselves.

Article 12

When a director is unable to attend a meeting of the board for any reason, he/she may appoint another director to attend on his/her behalf by proxy in accordance with Article 205 of the Company Act. Each director may act as proxy for one other director only.

Chapter 5: Managerial Personnel

Article 13

The Company shall have one or more managerial personnel. The appointment, discharge, and remuneration of managerial personnel shall be decided in accordance with the Company Act.

Chapter: 6 Accounting

Article14

At the end of each fiscal year, the Board of Directors shall prepare the following documents and submit them to the shareholders' meeting for acceptance.

- I. Business report.
- II. Financial statements.
- III. Proposal for distribution of earnings or recovery of loss.

Article15

If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows:

- I. No less than 3% as employees' remuneration.
- II. No more than 1% as directors' remuneration.

The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.

Article15-1

If the Company has a profit at the end of each fiscal year, the Company shall first pay the tax, offset the accumulated losses, and set aside a legal reserve at 10% of the remaining earnings unless and until the accumulated legal reserve has reached the amount of the paid-in capital of the Company, then set aside or reverse special reserve in accordance with the Company's operation or relevant laws and regulations. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed and approved. Dividend distribution may be distributed in whole or in part, in the form of shares shall be approved by the shareholders' meeting, and in the form of cash shall be approved by the Board of Directors and reported to the shareholders' meeting.

The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. When the dividends are distributed, at least 30% of the retained earnings available for distribution of the current year shall be distributed as dividend, which may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.

Article15-2

Where the Company incurs no accumulated losses, the Company may distribute the portion of legal reserve which exceeds 25% of the Company's paid-in capital and the capital reserves permitted for distribution under the Company Act, in whole or in part, in the form of cash, to the shareholders in proportion to their shareholdings by the resolution adopted by the Board of Directors and reported to the shareholders' meeting.

Article15-3

The employees who are entitled to the following compensation can include employees of subsidiaries of the Company meeting certain specific qualifications. The Board or the person duly designated by the Board is authorized to decide such qualifications and allocation.

- I. Employees' remuneration
- II. The buy back shares to be transferred to employees
- III. Employee stock options
- IV. The reserved shares for subscription by employees when issuing new shares
- V. Restricted stock for employees

Chapter 7: Miscellaneous

Article16

Any matters not provided for in these Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.

Article17

The Articles of Incorporation was enacted on June 30, 2006.

The 1st amendment was made on June 26, 2007.

The 2nd amendment was made on June 23, 2009.

The 3rd amendment was made on June 18, 2010.

The 4th amendment was made on July 22, 2011.

The 5th amendment was made on June 23, 2014.

The 6th amendment was made on May 27, 2016.

The 7th amendment was made on May 24, 2017.

The 8th amendment was made on June 15, 2022.

Appendix 3

Shareholding of All Directors

Record Date: March 26, 2024

Title	Name	Current shareholding
Chairman	Cheng-Yih Lin	2,298,832
Director	Tsung-Hsing Kuo	231,911
Director	Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	23,423,812
Director	Konly Venture Corporation Representative : Ting-Li Lin	19,113,730
Independent Director	Wei-Shun Cheng	0
Independent Director	Xin-Wu Lin	0
Independent Director	Chiao-Mou Cheng	0
Independent Director	Chih-Chun Tsai	0
Total shareholdings of all Directors		45,068,285

Note

1 : Total shares issued as of March 26, 2024 : 102,715,911 common shares.

2 : The minimum shareholding requirements of according to Article 26 of the Securities and Exchange Act : 8,000,000 common shares.

DAXin