

Daxin Materials Corporation

2025 Annual Shareholders' Meeting Minutes

(Translation)

Means of Meeting: Physical

Date and Time: 9:30 am (Wednesday) May 14, 2025

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

Total DAXIN outstanding shares: 102,715,911 shares

Total shares represented by shareholders present in person or by proxy: 67,926,315 shares
(including 61,079,180 shares casted electronically)

Percentage of shares held by shareholders present in person or by proxy: 66.13%

Directors present: Cheng-Yih Lin, Chairman

Tsung-Hsing Kuo, Director and President

Chin-Cheng Pan, Director, Representative of Eternal Materials Co. Ltd.

Ting-Li Lin, Director, Representative of Konly Venture Corporation

Xin-Wu Lin, Independent Director and Convener of the Audit Committee

Wei-Shun Cheng, Independent Director and Convener of the Remuneration Committee

Chiao-Mou Cheng, Independent Director

Chih-Chun Tsai, Independent Director

Attendees: Jun-Yuan Wu, Certified Public Accountant

Chair: Cheng-Yih Lin, Chairman

Recorder: Yen-Chen Liu

I. Call Meeting to Order (The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chair called the meeting to order.)

II. Chairman's Address (omitted)

III. Report Items

1. To report the Business of 2024

Explanatory Notes:

For 2024 Business Report, please refer to Attachment 1(P.5~8).

2. Audit Committee's review report

Explanatory Notes:

For Audit Committee's review report, please refer to Attachment 2(P.9).

3. To report the distribution of employees' and directors' Remuneration of 2024

Explanatory Notes:

- (1) The Board of Directors approved the distribution of 2024 employees' and directors' remuneration on February 25, 2025. The employees' remuneration is NT\$53,835,446 and the directors' remuneration is NT\$5,383,545; 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 2024 financial statements.

4. To report the cash dividend distribution of 2024

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\$513,579,555 from the retained earnings available for distribution as of December 31, 2024, and the Company distributed dividends of NT\$5 per common share, have been approved by the meeting of Board held on February 25, 2025. 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.

IV. Recognition Items

1. To accept 2024 Business Report and Financial Statements. (proposed by the Board of Directors)

Explanatory Notes:

- (1) For 2024 Business Report, please refer to Attachment 1(P.5~8).
- (2) The 2024 Financial Statements were audited by Jun-Yuan Wu and Chien-Hui Lu of KPMG. For Independent Auditors' Report, the aforementioned Financial Statements, please refer to Attachment 3 & 4(P.10~25).

Voting results: 67,926,315 shares were represented at the time of voting.

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	64,552,879	95.03%
Votes against	7,700	0.01%
Votes invalid	0	0.00%
Votes abstained	3,365,736	4.95%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

2. To accept the proposal for the distribution of 2024 earnings. (proposed by the Board of Directors)

Explanatory Notes:

For the Proposal for 2024 Earnings Distribution, please refer to Attachment 5(P.26).

Voting results: 67,926,315 shares were represented at the time of voting.

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	64,470,979	94.91%
Votes against	89,699	0.13%
Votes invalid	0	0.00%
Votes abstained	3,365,637	4.95%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

V. Discussion Items

1. 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) It is proposed to lift the non-competition restrictions on the directors and their representatives at the annual shareholders’ meeting. Please refer to Attachment 6(P.27).

Voting results: 67,926,315 shares were represented at the time of voting.

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	64,400,129	94.80%
Votes against	25,818	0.03%
Votes invalid	0	0.00%
Votes abstained	3,500,368	5.15%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

2. To approve the amendment of the “Articles of Incorporation” (proposed by the Board of Directors)

Explanatory Notes:

- (1) According to the amendment to Article 14, Paragraph 6 of the Securities and Exchange Act on August 7, 2024, the company shall specify in its articles of incorporation that a certain percentage of its annual earnings shall be allocated for salary adjustments or remuneration distributions for its non-executive employees. However, the company's accumulated losses shall have been covered. In accordance with the Financial Supervisory Commission's Order No. Jin-Guan-Zheng-Fa-Zi-1130385442 issued on November 18, 2024, the company shall complete the amendment to its Articles of Incorporation by the 2025 shareholders' meeting.
- (2) To align with future business development, the Articles of Incorporation will be amended to include the establishment of the position of Vice Chairman.
- (3) For the comparison table of the Articles of Incorporation before and after the amendment, please refer to Attachment 7(P. 28).

Voting results: 67,926,315 shares were represented at the time of voting.

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	63,777,775	93.89%
Votes against	793,002	1.16%
Votes invalid	0	0.00%
Votes abstained	3,355,538	4.93%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

VI. Extempore Motions

There being no extempore motions, and the Chair announced the meeting was adjourned.

VII. Adjournment

The meeting was adjourned at 9:53 a.m.

【 There were no shareholders' questions at this shareholders' meeting. 】

Note: The percentages of votes in favor, votes against, invalid votes, and abstained votes are truncated to the second decimal place without rounding. Therefore, minor decimal differences may occur, resulting in the total not equaling exactly 100.00%.

Attachment 1

Daxin Materials Corporation 2024 Business Report

In 2024, Daxin overcame numerous challenges while achieving significant successes, strengthening its operational foundation. After navigating two years of market volatility, the display industry has stabilized, and the company's long-term investments in semiconductor materials are beginning to yield results. Overall, the operating income in 2024 was NT\$ 4.118 billion, a decrease of 3.4% from the previous year. In terms of display materials, revenue reached NT\$3.651 billion in 2024, declining 8.0% year-over-year due to customers' technological transitions and strategic product line adjustments aimed at enhancing competitiveness. In terms of semiconductor materials, after years of strategic investment and substantial R&D resource allocation, revenue nearly doubled to NT\$372 million in 2024, representing a 95.6% increase year-over-year and contributing 9.0% to the total company revenue.

In the past period, the semiconductor industry's mature process products have undergone inventory adjustment, while demand for advanced semiconductor processes has surged rapidly, driven by artificial intelligence (AI) and high-performance computing (HPC). Additionally, ongoing geopolitical tensions and trade conflicts between major economies have intensified the semiconductor industry's need for high-quality, competitive, and locally sourced upstream materials. We are experiencing growing product development requests from our customer base while also gaining more opportunities for collaborative development with major international companies. In 2024, multiple products have transitioned to mass production, and as our customers expand their manufacturing capacity, we anticipate accelerated growth momentum. Several products for sub-2nm advanced processes and advanced packaging are currently under joint development and validation with semiconductor clients. Furthermore, our strategic collaborations with leading international materials companies are starting to yield results. These developments have already begun contributing to our revenue, with forthcoming partnerships in related products will fortify and diversify our collaborations.

Due to stabilization in the display industry and strategic product portfolio adjustments, annual display materials revenue declined compared to the previous year. However, by optimizing the product portfolio and production processes, as well as increasing the proportion of self-manufactured raw materials, we successfully enhanced our products' overall competitiveness, resulting in improved gross profit performance.

Looking ahead to 2025, semiconductor materials are expected to experience rapid growth amid market opportunities and challenges. Meanwhile, the display materials segment will focus on stability, operational excellence, and competitive strengthening. By deepening industry partnerships and diversifying service models, we aim to create multifaceted growth opportunities.

Financial Performance

1. Operating revenue

Consolidated operating revenue in 2024 was NT\$4.118 billion, representing a NT\$146 million or 3.4% decrease from NT\$4.264 billion in 2023.

2. Operating income

Consolidated operating income in 2024 was NT\$607 million, representing a NT\$4 million or 0.6% decrease from NT\$611 million in 2023.

3. Profit after tax

Profit after tax in 2024 was NT\$571 million, representing a NT\$47 million or 9.0% increase from NT\$523 million in 2023.

Environmental, Social and Corporate Governance (ESG)

While driving profitable growth, Daxin actively supports national net-zero policies by prioritizing climate change issues. The company has established specific carbon reduction pathways and implemented diverse energy-saving solutions. In 2024, Daxin published its first Task Force on Climate-related Financial Disclosures (TCFD) report and plans to progressively increase RE100 renewable energy, contributing to its role as a responsible corporate citizen.

We strive to foster the growth and development of our diverse employees, and is committed to creating an inclusive workplace. As a partner in the “TALENT in Taiwan Alliance” and recipient of the 2024 “Health 99” company, we prioritize employee wellness. Since 2010, our Daxin Graduate Scholarship program has been cultivating future talents in scientific research.

Daxin values the rights and interests of all stakeholders. In 2024, all directors participated in the shareholders' meeting, which was also live-streamed to enhance interaction and engagement with investors. The Company revised its "Rules for Performance Evaluation of Board of Directors", stipulating that an external evaluation shall be conducted by independent professionals at least once every three years to improve board efficiency and corporate governance. We will continue to promote various sustainability and governance initiatives in alignment with the "Corporate Governance 3.0 – Sustainable Development Roadmap."

Research and Development

Daxin maintains a significant R&D investment, focusing on three major application areas: semiconductor materials, display materials, and key raw materials. We embrace a research and development model that equally emphasizes chemistry, processes, equipment, and AI, while continuously investing in innovative advanced materials and forward-looking technology projects.

We have actively promoted digital transformation in the chemical industry and achieved multiple breakthroughs in process innovation and chemical structure design:

- **Generative AI and Computational Science:** Utilizing AI for molecular structure design and screening, establishing patent analysis systems to accelerate product development.
- **Intelligent Process Control:** Balancing standardization with diverse production models to enhance production stability and line flexibility.
- **Comprehensive Quality Monitoring Mechanism:** Establishing complete traceability from raw materials sourcing through manufacturing processes to the client end.

Semiconductor Materials

The semiconductor market is expanding rapidly in scale, quality, and variety. Daxin provides a comprehensive product portfolio, with multiple products having obtained POR (Process of Record) certification and several already in mass production. We expect strong sales growth for existing products and more products entering mass production in the coming year.

Our solutions cover critical materials for semiconductor processes from front-end to advanced packaging, maintaining high competitiveness. Key products include:

- **Front-End Wafer Process Materials:** Selective metal etching solutions, post-dry etching cleaning solutions, high-purity cleaning solutions, photoresist stripping solutions, photoresist peripheral materials, wafer edge protection adhesives, high-purity polymers and surface treatment solutions.
- **Advanced Packaging Materials:** Multifunctional organic release layers, high selectivity metal etching solutions and high thermal stability photosensitive.

For future development, we will strengthen front-end wafer process technology capabilities, providing customized specialty chemicals aligned with customer process requirements, while establishing nanoparticle and ion purification and detection technologies. In advanced packaging, our photosensitive multilayer formation materials, supported by the Ministry of Economic Affairs in 2024 through the Critical Materials Guidance Program for Heterogeneous Integration Chips. Designed specifically for panel-level packaging applications, this technological breakthrough enables higher-density integration solutions for Fan-out, 2.5D, and 3DIC processes, positioning us strategically in the panel-level packaging market.

Display Materials

Daxin dominates the display materials market share with a comprehensive vertical solution portfolio. Amid intense competition, we focus on developing cost-effective products through customer collaboration. In 2024, we successfully developed the High Abrasion-Resistant FFS Liquid Crystal Alignment Layer and Cholesterol Liquid Crystal Alignment Layer.

In response to "net zero emissions" trends, panel manufacturers seek low-power, high-resolution production technologies. Daxin will continue to introduce ESG-focused energy-saving materials while actively developing environmentally friendly materials that reduce energy consumption, lower process temperature, and help customers address critical ESG challenges including carbon reduction, decreased production energy consumption, and mitigated operational impacts from rising electricity costs. We're also increasing solvent recovery, reducing waste liquid in the production process, introducing sustainable raw materials and expanding local supplier partnerships.

Key Raw Materials

With technologies cultivated through years of R&D, Daxin focuses on developing key raw materials for displays, semiconductors, lithium-ion batteries, advanced IC substrates, and other electronic materials, offering customized solutions. Our core technologies and products include Anode Binders for Lithium-Ion Batteries, Advanced IC Substrates and Key Functional Monomers. In the future, we will strengthen customer technical collaboration to accelerate development cycles, enhance responsiveness, and improve service quality.

Outline of Business Plan

Amid geopolitical uncertainties and economic volatility following the U.S. presidential election, our goal is steady investment and sustainable growth, prioritizing semiconductor materials development.

In 2024, semiconductor materials revenue nearly doubled compared to the previous year. We focus on advanced processes and packaging (sub-2nm process, 2.5D/3DIC packaging materials) to address market needs. Early-stage collaboration with key customers has secured market opportunities, with multiple projects in progress or POR-certified. We're expanding production capacity at the Chungkang new plant to meet customer demand while accelerating partnerships with international semiconductor material manufacturers to provide localized synthesis, purification, and formulation services. We aim to expand diversified businesses and drive the localization of semiconductor materials through a customer-oriented product portfolio.

For display materials, we're optimizing our product portfolio and production process, while increasing the proportion of in-house raw materials to reduce costs and enhance competitiveness. Liquid crystal alignment layer (PI) shipment growth has improved revenue and profitability. Our market-leading photosensitive spacers and copper etching solutions maintain competitive advantage while expanding customer base and product lines. We're collaborating with customers on MicroLED development, with several materials currently in testing phases. We are also actively developing high-performance, ESG-compliant low-temperature process materials to drive business growth.

Beyond semiconductor and display, we have identified opportunities in green energy, substrate manufacturing, and biomedical applications. Through partnership with industry leaders, we aim to co-develop specialty materials to establish a third major product line.

Future Outlook

Looking ahead to 2025, Taiwan's semiconductor supply chain outlook remains optimistic, driven by strong AI/HPC demand and international trade barriers. In response, the Company continues strategic investments across three business models: independent development, collaboration with leading global semiconductor manufacturers, and partnerships with international semiconductor materials companies. These strategies are expected to accelerate our growth trajectory in 2025 and beyond.

In the display industry, while market conditions are stabilizing, competition from the "red supply chain" introduces growth uncertainties. We remain focus on optimizing material costs and improving production efficiency while expanding market presence. Our future priorities include developing higher-specification materials and low-temperature processes aligned with ESG principles for low-carbon sustainability.

As the New Year brings both opportunities and challenges, Daxin's semiconductor materials are expected to deliver stronger results while our display materials reinforce its foundation for enhanced competitiveness. Through our team's collective dedication and continued close customer collaboration, we will pursue stable growth that creates mutual benefits and deliver solid business performance as a return for our shareholders' long-term support and trust.

Chairman:	<i>Cheng-Yih Lin</i>
President:	<i>Tsung-Hsing Kuo</i>
Chief Financial Officer	<i>Yen-Chen Liu</i>

Attachment 2

Daxin Materials Corporation Audit Committee's Review Report

The Board of Directors of the Company has prepared and submitted the Company's 2024 Business Report, earnings distribution proposal and Financial Statements (including the parent company only and consolidated financial statements). Among them, Jun-Yuan Wu and Chien-Hui Lu, 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

2025 Annual Shareholders' Meeting of Daxin Materials Corporation

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

February 25, 2025

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, 2024 and 2023, 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, 2024 and 2023, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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, 2024 and 2023, 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 Chun-Yuan Wu and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2025

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 194,873	4	243,803	5	2170	Accounts payable	497,087	10	407,295	9
1110	Financial assets at fair value through profit or loss — current	44,212	1	7,800	-	2180	Accounts payable to related parties	13,331	-	12,333	-
1136	Financial assets measured at amortized cost — current	1,423,778	29	1,160,628	25	2201	Payroll and bonus payable	349,878	7	299,437	6
1170	Accounts receivable, net	413,109	8	370,984	8	2213	Payable on machinery and equipment	41,339	1	36,930	1
1180	Accounts receivable due from related parties, net	720,178	15	698,305	15	2230	Current tax liabilities	72,275	2	90,782	2
130X	Inventories	379,599	7	338,185	7	2280	Lease liabilities — current	8,606	-	8,617	-
1476	Other financial assets — current	47,110	1	52,714	2	2322	Long-term borrowings, current portion	143,999	3	95,999	2
1479	Other current assets	36,429	1	29,203	1	2399	Other current liabilities	139,358	3	136,181	3
		<u>3,259,288</u>	<u>66</u>	<u>2,901,622</u>	<u>63</u>			<u>1,265,873</u>	<u>26</u>	<u>1,087,574</u>	<u>23</u>
Noncurrent assets:						Noncurrent liabilities:					
1535	Financial assets measured at amortized cost — noncurrent	26,691	1	8,800	-	2540	Long-term borrowings	244,694	5	258,893	6
1600	Property, plant and equipment	1,479,983	30	1,544,647	33	2570	Deferred tax liabilities	2,057	-	-	-
1755	Right-of-use assets	154,624	3	163,676	4	2580	Lease liabilities — noncurrent	152,732	3	160,954	3
1780	Intangible assets	2,552	-	1,992	-			<u>399,483</u>	<u>8</u>	<u>419,847</u>	<u>9</u>
1840	Deferred tax assets	23,449	-	18,070	-		Total liabilities	<u>1,665,356</u>	<u>34</u>	<u>1,507,421</u>	<u>32</u>
1920	Guarantee deposits paid	2,594	-	2,577	-		Equity:				
1990	Other noncurrent assets	316	-	677	-	3110	Common stock	1,027,159	21	1,027,159	22
		<u>1,690,209</u>	<u>34</u>	<u>1,740,439</u>	<u>37</u>	3200	Capital surplus	41,838	1	41,814	1
							Retained earnings:				
						3310	Legal reserve	638,586	13	586,250	13
						3320	Special reserve	-	-	1,310	-
						3350	Unappropriated retained earnings	1,576,558	31	1,478,107	32
								<u>2,215,144</u>	<u>44</u>	<u>2,065,667</u>	<u>45</u>
							Total equity	<u>3,284,141</u>	<u>66</u>	<u>3,134,640</u>	<u>68</u>
Total assets		<u>\$ 4,949,497</u>	<u>100</u>	<u>4,642,061</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,949,497</u>	<u>100</u>	<u>4,642,061</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, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue	\$ 4,117,847	100	4,264,121	100
5000	Operating costs	<u>2,600,000</u>	<u>63</u>	<u>2,785,030</u>	<u>65</u>
	Gross profit from operations	<u>1,517,847</u>	<u>37</u>	<u>1,479,091</u>	<u>35</u>
	Operating expenses:				
6100	Selling expenses	196,206	5	185,786	5
6200	Administrative expenses	216,504	5	204,749	5
6300	Research and development expenses	497,972	12	480,768	11
6450	Expected credit gains	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>
		<u>910,682</u>	<u>22</u>	<u>868,303</u>	<u>21</u>
	Operating income	<u>607,165</u>	<u>15</u>	<u>610,788</u>	<u>14</u>
	Non-operating income and expenses:				
7020	Other gains and losses	31,346	1	(12,943)	-
7100	Interest income	27,035	-	14,758	-
7130	Dividend income	557	-	-	-
7510	Interest expense	<u>(7,516)</u>	<u>-</u>	<u>(7,154)</u>	<u>-</u>
		<u>51,422</u>	<u>1</u>	<u>(5,339)</u>	<u>-</u>
	Profit before income tax	658,587	16	605,449	14
7950	Less: Income tax expense	<u>87,975</u>	<u>2</u>	<u>82,095</u>	<u>2</u>
	Net income	<u>570,612</u>	<u>14</u>	<u>523,354</u>	<u>12</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>-</u>	<u>-</u>	<u>1,310</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>1,310</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>1,310</u>	<u>-</u>
	Total comprehensive income	<u>\$ 570,612</u>	<u>14</u>	<u>524,664</u>	<u>12</u>
	Earnings per share (NT dollars)				
9750	Basic earnings per share	<u>\$ 5.56</u>		<u>5.10</u>	
9850	Diluted earnings per share	<u>\$ 5.54</u>		<u>5.07</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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings				Exchange differences on translation of foreign financial statements	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		
Balance at January 1, 2023	\$ 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	1,027,159	41,814	586,250	1,310	1,478,107	2,065,667	-	3,134,640
Net income	-	-	-	-	570,612	570,612	-	570,612
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	570,612	570,612	-	570,612
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	52,336	-	(52,336)	-	-	-
Reversal of special reserve	-	-	-	(1,310)	1,310	-	-	-
Cash dividends to shareholders	-	-	-	-	(421,135)	(421,135)	-	(421,135)
Other changes in capital surplus	-	24	-	-	-	-	-	24
Balance at December 31, 2024	<u>\$ 1,027,159</u>	<u>41,838</u>	<u>638,586</u>	<u>-</u>	<u>1,576,558</u>	<u>2,215,144</u>	<u>-</u>	<u>3,284,141</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, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit before income tax	\$ 658,587	605,449
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	267,767	256,996
Amortization	3,560	2,927
Expected credit gains	-	(3,000)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	9,541	(5,333)
Interest expense	7,516	7,154
Interest income	(27,035)	(14,758)
Dividend income	(557)	-
Gain on disposal of property, plant and equipment	(549)	(285)
Provisions for inventory obsolescence and devaluation loss	12,983	15,121
Others	537	999
Changes in operating assets and liabilities:		
Accounts receivable	(42,125)	(20,887)
Accounts receivable due from related parties	(21,873)	(31,777)
Inventories	(54,397)	11,025
Other current assets	(7,226)	(4,063)
Other financial assets — current	5,604	(31,470)
Financial assets measured at amortized cost — current	(261)	127
Accounts payable	89,792	(56,527)
Accounts payable to related parties	998	603
Other current liabilities	53,580	62,712
Cash generated from operations	956,442	795,013
Interest received	26,251	14,471
Interest paid	(7,478)	(7,133)
Income taxes paid	(109,804)	(77,138)
Net cash provided by operating activities	865,411	725,213
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost — current	(262,105)	(108,595)
Disposal (acquisition) of financial assets at amortized cost — noncurrent	(17,891)	1,550
Acquisition of financial assets at fair value through profit or loss	(45,953)	-
Acquisition of property, plant and equipment	(189,922)	(217,542)
Disposal of property, plant and equipment	694	346
Increase in refundable deposits	(17)	(2,400)
Acquisition of intangible assets	(4,120)	(2,605)
Decrease in other noncurrent assets	361	478
Dividends received	557	-
Net cash used in investing activities	(518,396)	(328,768)
Cash flows from financing activities:		
Proceeds from short-term borrowings	160,000	195,000
Repayments of short-term borrowings	(160,000)	(195,000)
Proceeds from long-term borrowings	145,800	60,000
Repayments of long-term borrowings	(111,999)	(77,405)
Repayment of the principal portion of lease liabilities	(8,635)	(8,490)
Cash dividends paid	(421,135)	(338,963)
Other financing activities	24	-
Net cash used in financing activities	(395,945)	(364,858)
Effect of exchange rate changes on cash and cash equivalents	-	1,310
Net increase (decrease) in cash and cash equivalents	(48,930)	32,897
Cash and cash equivalents at beginning of period	243,803	210,906
Cash and cash equivalents at end of period	\$ 194,873	243,803

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, 2024 and 2023, 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, 2024 and 2023, 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 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 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 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 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 Chun-Yuan Wu and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2025

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2024</u>		<u>December 31, 2023</u>				<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 194,873	4	243,803	5	2170	Accounts payable	497,087	10	407,295	9
1110	Financial assets at fair value through profit or loss — current	44,212	1	7,800	-	2180	Accounts payable to related parties	13,331	-	12,333	-
1136	Financial assets measured at amortized cost — current	1,423,778	29	1,160,628	25	2201	Payroll and bonus payable	349,878	7	299,437	6
1170	Accounts receivable, net	413,109	8	370,984	8	2213	Payable on machinery and equipment	41,339	1	36,930	1
1180	Accounts receivable due from related parties, net	720,178	15	698,305	15	2230	Current tax liabilities	72,275	2	90,782	2
130X	Inventories	379,599	7	338,185	7	2280	Lease liabilities — current	8,606	-	8,617	-
1476	Other financial assets — current	47,110	1	52,714	2	2322	Long-term borrowings, current portion	143,999	3	95,999	2
1479	Other current assets	<u>36,429</u>	<u>1</u>	<u>29,203</u>	<u>1</u>	2399	Other current liabilities	<u>139,358</u>	<u>3</u>	<u>136,181</u>	<u>3</u>
		<u>3,259,288</u>	<u>66</u>	<u>2,901,622</u>	<u>63</u>			<u>1,265,873</u>	<u>26</u>	<u>1,087,574</u>	<u>23</u>
Noncurrent assets:						Noncurrent liabilities:					
1535	Financial assets measured at amortized cost — noncurrent	26,691	1	8,800	-	2540	Long-term borrowings	244,694	5	258,893	6
1600	Property, plant and equipment	1,479,983	30	1,544,647	33	2570	Deferred tax liabilities	2,057	-	-	-
1755	Right-of-use assets	154,624	3	163,676	4	2580	Lease liabilities — noncurrent	<u>152,732</u>	<u>3</u>	<u>160,954</u>	<u>3</u>
1780	Intangible assets	2,552	-	1,992	-			<u>399,483</u>	<u>8</u>	<u>419,847</u>	<u>9</u>
1840	Deferred tax assets	23,449	-	18,070	-		Total liabilities	<u>1,665,356</u>	<u>34</u>	<u>1,507,421</u>	<u>32</u>
1920	Guarantee deposits paid	2,594	-	2,577	-		Equity:				
1990	Other noncurrent assets	<u>316</u>	<u>-</u>	<u>677</u>	<u>-</u>	3110	Common stock	<u>1,027,159</u>	<u>21</u>	<u>1,027,159</u>	<u>22</u>
		<u>1,690,209</u>	<u>34</u>	<u>1,740,439</u>	<u>37</u>	3200	Capital surplus	<u>41,838</u>	<u>1</u>	<u>41,814</u>	<u>1</u>
							Retained earnings:				
						3310	Legal reserve	638,586	13	586,250	13
						3320	Special reserve	-	-	1,310	-
						3350	Unappropriated retained earnings	<u>1,576,558</u>	<u>31</u>	<u>1,478,107</u>	<u>32</u>
								<u>2,215,144</u>	<u>44</u>	<u>2,065,667</u>	<u>45</u>
							Total equity	<u>3,284,141</u>	<u>66</u>	<u>3,134,640</u>	<u>68</u>
Total assets		<u>\$ 4,949,497</u>	<u>100</u>	<u>4,642,061</u>	<u>100</u>	Total liabilities and equity		<u>\$ 4,949,497</u>	<u>100</u>	<u>4,642,061</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, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue	\$ 4,117,847	100	4,264,121	100
5000	Operating costs	<u>2,600,000</u>	<u>63</u>	<u>2,785,030</u>	<u>65</u>
	Gross profit from operations	<u>1,517,847</u>	<u>37</u>	<u>1,479,091</u>	<u>35</u>
	Operating expenses:				
6100	Selling expenses	196,206	5	185,786	5
6200	Administrative expenses	216,504	5	204,749	5
6300	Research and development expenses	497,972	12	480,768	11
6450	Expected credit gains	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>
		<u>910,682</u>	<u>22</u>	<u>868,303</u>	<u>21</u>
	Operating income	<u>607,165</u>	<u>15</u>	<u>610,788</u>	<u>14</u>
	Non-operating income and expenses:				
7020	Other gains and losses	31,346	1	(12,943)	-
7100	Interest income	27,035	-	14,758	-
7130	Dividend income	557	-	-	-
7510	Interest expense	<u>(7,516)</u>	<u>-</u>	<u>(7,154)</u>	<u>-</u>
		<u>51,422</u>	<u>1</u>	<u>(5,339)</u>	<u>-</u>
	Profit before income tax	658,587	16	605,449	14
7950	Less: Income tax expense	<u>87,975</u>	<u>2</u>	<u>82,095</u>	<u>2</u>
	Net income	<u>570,612</u>	<u>14</u>	<u>523,354</u>	<u>12</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>-</u>	<u>-</u>	<u>1,310</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>1,310</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>1,310</u>	<u>-</u>
	Total comprehensive income	<u>\$ 570,612</u>	<u>14</u>	<u>524,664</u>	<u>12</u>
	Earnings per share (NT dollars)				
9750	Basic earnings per share	<u>\$ 5.56</u>		<u>5.10</u>	
9850	Diluted earnings per share	<u>\$ 5.54</u>		<u>5.07</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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2023	\$ 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	1,027,159	41,814	586,250	1,310	1,478,107	2,065,667	-	3,134,640
Net income	-	-	-	-	570,612	570,612	-	570,612
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	570,612	570,612	-	570,612
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	52,336	-	(52,336)	-	-	-
Reversal of special reserve	-	-	-	(1,310)	1,310	-	-	-
Cash dividends to shareholders	-	-	-	-	(421,135)	(421,135)	-	(421,135)
Other changes in capital surplus	-	24	-	-	-	-	-	24
Balance at December 31, 2024	<u>\$ 1,027,159</u>	<u>41,838</u>	<u>638,586</u>	<u>-</u>	<u>1,576,558</u>	<u>2,215,144</u>	<u>-</u>	<u>3,284,141</u>

Daxin Materials Corporation
Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit before income tax	\$ 658,587	605,449
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	267,767	256,996
Amortization	3,560	2,927
Expected credit gains	-	(3,000)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	9,541	(5,333)
Interest expense	7,516	7,154
Interest income	(27,035)	(14,758)
Dividend income	(557)	-
Gain on disposal of property, plant and equipment	(549)	(285)
Provisions for inventory obsolescence and devaluation loss	12,983	15,121
Others	537	2,322
Changes in operating assets and liabilities:		
Accounts receivable	(42,125)	(20,887)
Accounts receivable due from related parties	(21,873)	(31,777)
Inventories	(54,397)	11,025
Other current assets	(7,226)	(4,063)
Other financial assets — current	5,604	(31,470)
Financial assets measured at amortized cost — current	(261)	127
Accounts payable	89,792	(56,527)
Accounts payable to related parties	998	603
Other current liabilities	53,580	62,712
Cash generated from operations	956,442	796,336
Interest received	26,251	14,471
Interest paid	(7,478)	(7,133)
Income taxes paid	(109,804)	(77,138)
Net cash provided by operating activities	<u>865,411</u>	<u>726,536</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost — current	(262,105)	(108,595)
Disposal (acquisition) of financial assets at amortized cost — noncurrent	(17,891)	1,550
Acquisition of financial assets at fair value through profit or loss	(45,953)	-
Disposal of subsidiary	-	124
Acquisition of property, plant and equipment	(189,922)	(217,542)
Disposal of property, plant and equipment	694	346
Increase in refundable deposits	(17)	(2,400)
Acquisition of intangible assets	(4,120)	(2,605)
Decrease in other noncurrent assets	361	478
Dividends received	557	-
Net cash used in investing activities	<u>(518,396)</u>	<u>(328,644)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	160,000	195,000
Repayments of short-term borrowings	(160,000)	(195,000)
Proceeds from long-term borrowings	145,800	60,000
Repayments of long-term borrowings	(111,999)	(77,405)
Repayment of the principal portion of lease liabilities	(8,635)	(8,490)
Cash dividends paid	(421,135)	(338,963)
Other financing activities	24	-
Net cash used in financing activities	<u>(395,945)</u>	<u>(364,858)</u>
Net increase (decrease) in cash and cash equivalents	(48,930)	33,034
Cash and cash equivalents at beginning of period	243,803	210,769
Cash and cash equivalents at end of period	<u>\$ 194,873</u>	<u>243,803</u>

Attachment 5

Daxin Materials Corporation 2024 Earnings Distribution Table

Unit: (NT\$)

Item	Amount
Unappropriate retained earnings of previous years	1,005,946,141
Net income of 2024	570,611,638
Less:	
Legal reserve	57,061,164
Retained earnings in 2024 available for distribution	513,550,474
Retained earnings available for distribution as of December 31, 2024	1,519,496,615
Distribution items:	
Cash dividends to common shareholders (NT\$ 5 per share, i.e, NT\$ 5,000 for every 1000 shares)	513,579,555
Unappropriated retained earnings	1,005,917,060

Attachment 6

List of Non-competition Restrictions to be Lifted

Directors and their Representatives	Released restriction items
Eternal Materials Co. Ltd.	Director, Eternal Technology Corp.
Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	President, Eternal (China) Investment Co., Ltd. Director, Winchain Material Technology Co., Ltd.

Attachment 7

Comparison Table for the Articles of Incorporation Before and After the Amendment

Before amendment	After amendment	Reason of amendment
<u>Article11</u> 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.	<u>Article10</u> 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. <u>As necessary, a vice chairman may be elected by and among the directors in the same manner.</u> 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, <u>the vice chairman shall act on his behalf. In case there is no vice chairman or the vice chairman also cannot exercise the power and authority,</u> 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.	To align with future business development, to add the establishment of the position of Vice Chairman.
<u>Article15</u> 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.	<u>Article15</u> 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. <u>No less than 5% of the employees' remuneration referred to in Subparagraph 1 of Paragraph 1 shall be allocated as remuneration for non-executive employees.</u> The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.	To specify that a certain percentage of the Company's annual earnings shall be allocated for non-executive employees' remuneration.
<u>Article17</u> The Articles of Incorporation was enacted on June 30, 2006. The eighth amendment was made on June 15, 2022.	<u>Article17</u> The Articles of Incorporation was enacted on June 30, 2006. The eighth amendment was made on June 15, 2022. <u>The ninth amendment was made on May 14, 2025.</u>	To add the date of amendment.

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