



# **YUNG CHI PAINT & VARNISH MFG. CO., LTD**

## **2025 General Shareholders Meeting**

### **Meeting Handbook**

**Meeting Date: May 29, 2025**

**Place: No. 26, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City  
(The Company's International Conference Hall)**

**Type of General Shareholders Meeting: Physical**

# Table of Contents

	Page
One. Agenda.....	1
I. Reports.....	2
II. Rectfication.....	3
III. Discussions.....	3
IV. Extempore Motion.....	3
Two. Attachments	
I. 2024 Business Report.....	4
II. 2024 Independent Auditors' Report.....	5
III. 2024 Audit Committee Review Report.....	24
IV. 2024 Report on remuneration paid to directors .....	25
V. 2024 List of Endorsement and Guarantee.....	27
VI. 2024 Investment in Mainland China.....	28
VII. Regulations Governing Procedure for Board of Directors Meetings before and after Amendment.....	29
VIII. 2024 Earnings Distribution Table.....	30
IX. Articles of Incorporation before and after Amendment.....	31
Three. Appendixes	
I. Articles of Incorporation.....	32
II. Rules of Procedures for Shareholders Meeting.....	37
III. Shareholding of All Directors.....	48

# **YUNG CHI PAINT & VARNISH MFG. CO., LTD**

## **2025 General Shareholders Meeting Agenda**

- I. Time: May 29, 2025 (Thursday) at 10:00 am
- II. Location: No. 26, Yanhai 3rd Road, Xiaogang District, Kaohsiung City (the Company's International Conference Hall)
- III. Call the Meeting to Order
- IV. Chairperson Remarks
- V. Reports:
  - (I) 2024 Business Report
  - (II) 2024 Audit Committee Review Report
  - (III) Report on remuneration for employees and directors of 2024
  - (IV) Report on remuneration paid to directors of 2024
  - (V) Report on the implementation of endorsement and guarantee in 2024
  - (VI) Report on investment in mainland China in 2024
  - (VII) Report on the amendment to the Company's Regulations Governing Procedure for Board of Directors Meetings
- VI. Rectification:
  - (I) The Company's Business Report and Financial Statements for 2024
  - (II) 2024 Earnings Distribution Table
- VII. Discussions:
  - Proposal on Articles of Incorporation
- VIII. Extempore Motion
- IX. Meeting Adjourned

# Reports:

## Proposal I

Summary: 2024 Business Report

Explanation:

1. See p.4 of this handbook for the Business Report.
2. See p.5-p.23 of this handbook for the Financial Statements.

## Proposal II

Summary: 2024 Audit Committee Review Report

Explanation:

See p.24 of this handbook for the Audit Committee Review Report.

## Proposal III

Summary: Remuneration for employees and directors of 2024

Explanation:

1. According to Article 28 of the Company's Articles of Incorporation, if the Company has profit in the fiscal year, 1%~5% of the profit shall be offered as employee remuneration, and no more than 0.5% of the profit shall be allocated as directors' remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses.
2. The Company's 2024 pre-tax profit inclusive of employee remuneration and directors' remuneration was NT\$1,096,671 thousand. As per the Board of Directors' resolution, employee remuneration distributed was NT\$21,903 thousand and directors' remuneration distributed was NT\$ 3,352 thousand, accounting for 2.00% and 0.31%, respectively, of pre-tax profits; both were distributed in cash.
3. The employee remuneration and directors' remuneration resolved on at the Board of Directors meeting is the same as the estimated amount recognized as expenses for 2024.

## Proposal IV

Summary: 2024 Report on remuneration paid to directors.

Explanation:

See p.25-p.26 of this handbook for remuneration paid to directors.

## Proposal V

Summary: Report on the implementation of endorsement and guarantee in 2024.

Explanation:

See p.27 of this handbook for a list of the endorsement and guarantee made.

## Proposal VI

Summary: Report on investment in mainland China in 2024.

Explanation:

See p.28 of this handbook for investment in mainland China.

## Proposal VII

Summary: Report on the amendment to the Company's Regulations Governing Procedure for Board of Directors Meetings.

Explanation:

Amended in accordance with relevant government laws and regulations. For the original provisions and amended ones, see p.29 of this Handbook.

## **Rectification:**

### **Proposal I (Proposed by the Board of Directors)**

Summary: Adoption of the Company's Business Report and Financial Statements for 2024.

Explanation:

The Company's 2024 standalone financial statements and consolidated financial statements were approved by the Board of Directors, audited by Deloitte Taiwan's CPAs Hsu Jui-Hsuan and Liu Yu-Shiang, and submitted along with the Business Report to the Audit Committee, which issued a report after review. See p.4-p.24 of this handbook for the above-mentioned reports and financial statements.

Resolutions:

### **Proposal II (Proposed by the Board of Directors)**

Summary: Adoption of the Company's 2024 Earnings Distribution Proposal.

Explanation:

In the 2024 Earnings Distribution Proposal, the Company proposes to distribute a cash dividend of NT\$3.6 per share; amount distributed to each shareholder is rounded to the nearest integral. The fractional amount less than NT\$1 is then totaled and recognized as the Company's other income. After this proposal is passed at the General Shareholders Meeting, the Chairperson is authorized to decide an ex-dividend record date and payable date, among other relevant matters. See p.30 of this handbook for the Earnings Distribution Table.

Resolutions:

## **Discussions:**

### **Proposal I (Proposed by the Board of Directors)**

Summary: The proposal on the amendment to the Articles of Incorporation is hereby presented for review.

Explanation:

To amend some provisions of the Company's Articles of Incorporation in accordance with the provisions of Article 14, Paragraph 6 of the Securities and Exchange Act. For the original provisions and amended ones, see p.31 of this Handbook.

Resolutions:

## **Extempore Motion**

## **Meeting Adjourned**

# YUNG CHI PAINT & VARNISH MFG. CO., LTD

## 2024 Business Report

### I. Achievements of business plans:

Unit: NT\$1,000

Item	2024	2023	Increase or decrease (%)
Operating revenue	9,525,927	9,354,380	1.83
Operating profit	991,956	944,774	4.99
Post-tax profit	856,053	831,238	2.99
Earnings per share (NT\$)	5.28	5.13	2.92

### II. Budget execution status: Not applicable because a financial forecast was not disclosed in 2024.

### III. Financial income and expenses and profitability analysis:

#### (I) Financial income and expenses analysis:

Item		2024	2023
Financial structure (%)	Debt-to-total-assets ratio	13.35	15.32
	Ratio of long-term capital to property, plant, and equipment	317.47	305.01
Solvency (%)	Current ratio	535.02	469.41
	Quick ratio	356.73	323.99

#### (II) Profitability analysis:

Item	2024	2023
Return on assets (%)	7.32	7.24
Return on equity (%)	8.53	8.59
Pre-tax profit to paid-in capital (%)	68.34	64.36
Net profit margin (%)	8.98	8.89
Earnings per share (NT\$)	5.28	5.13

### IV. Research and Development:

- (I) The 1000°C water-based inorganic heat-resistant paint was developed.
- (II) The zinc-aluminum primer specifically for screws was developed.
- (III) Launched water-based paint for artistic modeling.
- (IV) Launched new fluorocarbon steel coil coating.
- (V) The Concrete art paint was developed and launched.
- (VI) Both FM-906 and FM-900 have passed the British Warrington fire certification and the EU's EAD weather resistance and durability tests, making them suitable for use in both indoor and outdoor environments.
- (VII) Launched the fouling-release fouling prevention topcoat.

### V. Future Development Strategies:

- (I) In-depth understanding of future market trends and development of potential products.
- (II) Establish a greenhouse gas inventory and carbon footprint system to adapt to the future operational environment.
- (III) Integrate the business of Kunshan and Jiaying factories to maximize synergy.
- (IV) Promote ESG for sustainable operations and management; fulfill corporate social responsibilities.

Chairperson: Chang Te-Jen

President: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

## Independent Auditors' Report

To YUNG CHI PAINT & VARNISH MFG. CO., LTD:

### Audit opinion

We have audited the parent company only balance sheet of YUNG CHI PAINT & VARNISH MFG. CO., LTD (YUNG CHI) as of December 31, 2024 and 2023, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only statement of cash flows for the period from January 1 through December 31, 2024 and 2023, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the financial position of YUNG CHI as of December 31, 2024 and 2023, and its parent company only financial performance and cash flows for the period from January 1 through December 31, 2024 and 2023.

### Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. 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 were independent of YUNG CHI in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and fulfilled all other responsibilities thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those that, in our professional judgment, were of utmost significance in our audit of the parent company only financial statements of YUNG CHI for the year ended December 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these issues.

Key audit matters for the parent company only financial statements of YUNG CHI for the year ended December 31, 2024 are stated as follows:

#### Revenue recognition

YUNG CHI mainly engages in manufacture and sale of paints and coating materials and the undertaking of painting projects, of which the manufacture and sale of paints and coating materials accounts for more than 90% of annual sales. Since revenue recognition is something whose default setting carries significant risks, and which fluctuates along with market demand changes and is of concern to users of the financial statements, we have identified the revenue from specific customers and the sale of specific paints and coating materials as the key audit matter. For the accounting policy regarding sales revenue, see Note 4 of this parent company only financial statements.

We also performed the following key audit procedures:

- I. Understood and tested the design of the internal control over the sales cycle, as well as the effectiveness of implementation thereof.
- II. Checked relevant documents to see whether the control over products has indeed transferred and performance obligations fulfilled; tested the collection cycle to see whether revenues have indeed occurred.
- III. Examined significant sales return after the reporting date to verify the authenticity of sales revenue recognized before the balance sheet date.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the ability of YUNG CHI 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 YUNG CHI 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 YUNG CHI's financial reporting process.

#### Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 auditing standards will always detect a material misstatement when it exists in these parent company only financial statements. Misstatements can arise from fraud or error. They 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 standalone financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

- I. Identify and assess the risks of material misstatement of the standalone 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.
- II. 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 internal control of YUNG CHI.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. 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 ability of YUNG CHI to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 auditor's report. However, future events or conditions may cause YUNG CHI to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether or not the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities of YUNG CHI to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the

audit of YUNG CHI. 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 YUNG CHI for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte & Touche Taiwan

CPA: Hsu Jui-Hsuan

CPA: Liu Yu-Shiang

Approval No. from the Financial

Supervisory Commission

Jin-Guan-Zheng-Shen-Zi #1020025513

Approval No. from the Financial

Supervisory Commission

Jin-Guan-Zheng-Shen-Zi #1050024633

March 11, 2025

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Balance Sheet

As of December 31, 2024 and 2023

Unit: NT\$1,000

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 544,790	5	\$ 959,391	9
1110	Financial assets at fair value through profit or loss (Notes 4 and 7)	415,223	4	355,994	3
1120	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	385,527	3	439,681	4
1140	Contract assets (Note 21)	131,179	1	100,094	1
1150	Notes receivable, net (Note 9)	217,887	2	248,381	2
1160	Notes receivable - related parties (Notes 9 and 27)	53,996	-	52,767	1
1170	Accounts receivable, net (Note 9)	1,433,426	12	1,329,669	12
1180	Accounts receivable - related parties (Notes 9 and 27)	285,344	3	215,549	2
1200	Other receivables (Note 9)	17,337	-	15,943	-
1210	Other receivables - related parties (Notes 9 and 27)	33,582	-	35,490	-
130X	Inventories (Notes 4 and 10)	1,703,577	15	1,536,885	14
1476	Other financial assets (Note 11)	23,175	-	16,245	-
1479	Other current assets	108,107	1	95,047	1
11XX	Total Current Assets	5,353,150	46	5,401,136	49
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	29,431	-	29,567	-
1550	Investments accounted for using equity method (Notes 4 and 12)	4,331,128	38	4,028,952	36
1600	Property, plant, and equipment (Notes 4, 13 and 28)	1,531,102	13	1,523,355	13
1755	Right-of-use assets (Notes 4 and 14)	15,832	-	22,816	-
1760	Investment property (Notes 4 and 15)	202,015	2	203,699	2
1780	Intangible assets (Note 4)	2,918	-	2,601	-
1840	Deferred income tax assets (Note 23)	40,835	-	50,076	-
1915	Equipment prepayments	45,120	1	10,405	-
1920	Guarantee deposits paid	17,689	-	16,676	-
1975	Net defined benefit assets (Notes 4 and 19)	22,662	-	-	-
1980	Other financial assets (Notes 11 and 28)	400	-	3,560	-
15XX	Total Non-current Assets	6,239,132	54	5,891,707	51
1XXX	Total Assets	\$ 11,592,282	100	\$ 11,292,843	100
	Liabilities and Stockholders' Equity				
	Current liabilities				
2100	Short-term borrowings (Notes 16, 27, and 28)	\$ 8,259	-	\$ 1,378	-
2130	Contract liabilities (Note 21)	53,121	1	57,746	1
2150	Notes payable	27,592	-	33,644	-
2170	Accounts payable (Note 27)	593,852	5	759,788	7
2200	Other payables (Notes 17 and 27)	347,315	3	325,111	3
2230	Current income tax liabilities (Note 23)	137,252	1	129,835	1
2280	Lease liability (Notes 4, 14, and 27)	7,912	-	8,020	-
2365	Refund liabilities	46,467	-	44,367	-
2399	Other current liabilities	3,739	-	20,837	-
21XX	Total Current Liabilities	1,225,509	10	1,380,726	12
	Non-current liabilities				
2550	Provisions (Notes 4 and 18)	5,824	-	6,383	-
2570	Deferred income tax liabilities (Notes 5 and 23)	82,778	1	82,778	1
2580	Lease liability (Notes 4, 14, and 27)	8,059	-	14,823	-
2640	Net defined benefit liability (Notes 4 and 19)	-	-	14,229	-
2645	Guarantee deposit received	5,918	-	5,888	-
25XX	Total Non-current Liabilities	102,579	1	124,101	1
2XXX	Total liabilities	1,328,088	11	1,504,827	13
	Equity (Note 20)				
3110	Capital stock	1,620,000	14	1,620,000	14
3200	Capital surplus	109,873	1	109,430	1
	Retained earnings				
3310	Legal reserve	2,082,370	18	1,999,353	18
3320	Special reserve	490,499	4	490,499	4
3350	Unappropriated earnings	6,042,330	53	5,811,676	52
3300	Total retained earnings	8,615,199	75	8,301,528	74
3400	Other equity	(80,878)	(1)	(242,942)	(2)
3XXX	Total stockholders' equity	10,264,194	89	9,788,016	87
3X2X	Total Liabilities and Equity	\$ 11,592,282	100	\$ 11,292,843	100

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Statement of Comprehensive Income

January 1 through December 31, 2024 and 2023

Unit: NT\$1,000, except earnings per share

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 21 and 27)				
4100	Goods sales revenue	\$ 7,073,659	94	\$ 6,817,448	95
4520	Construction revenue	<u>472,919</u>	<u>6</u>	<u>364,608</u>	<u>5</u>
4000	Total operating revenue	<u>7,546,578</u>	<u>100</u>	<u>7,182,056</u>	<u>100</u>
	Operating cost (Notes 10,19, 22 and 27)				
5110	Sales cost	5,216,767	69	5,103,518	71
5520	Construction cost	<u>421,402</u>	<u>6</u>	<u>312,673</u>	<u>4</u>
5000	Total operating cost	<u>5,638,169</u>	<u>75</u>	<u>5,416,191</u>	<u>75</u>
5900	Operating gross profit	1,908,409	25	1,765,865	25
5910	Realized (Unrealized) gain on sales	( 2,891 )	-	7,824	-
5950	Gross profit	<u>1,905,518</u>	<u>25</u>	<u>1,773,689</u>	<u>25</u>
	Operating expenses (Notes 9, 19, 22 and 27)				
6100	Marketing expenses	583,870	8	512,102	7
6200	General and administrative expenses	198,227	2	198,574	3
6300	R&D expense	224,423	3	248,662	4
6450	Loss (Reversal gain) on expected credit impairment	<u>2,720</u>	<u>-</u>	<u>4,030</u>	<u>-</u>
6000	Total operating expenses	<u>1,009,240</u>	<u>13</u>	<u>963,368</u>	<u>14</u>
6900	Operating Income	<u>896,278</u>	<u>12</u>	<u>810,321</u>	<u>11</u>
	Non-operating income and expenses (Notes 22 and 27)				
7100	Income from interests	8,659	-	13,764	-
7010	Other income	43,145	1	33,966	1
7020	Other gains and losses	32,802	-	8,263	-
7050	Financial cost	( 320 )	-	( 172 )	-
7070	Share of profit or loss of associates and subsidiaries accounted for using the equity method (Note 12)	<u>90,852</u>	<u>1</u>	<u>109,199</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>175,138</u>	<u>2</u>	<u>165,020</u>	<u>3</u>
7900	Net profits before tax	1,071,416	14	975,341	14
7950	Income tax expenses (Notes 4 and 23)	<u>215,363</u>	<u>3</u>	<u>144,103</u>	<u>2</u>
8200	Net profit in the current year	<u>856,053</u>	<u>11</u>	<u>831,238</u>	<u>12</u>
	Other comprehensive income (Notes 19, 20 and 23)				
8310	Items that will not be reclassified to profit or loss				
8311	Re-measurement of defined benefit plans	30,490	-	( 11,360 )	-
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	( 51,925 )	-	23,721	-
8330	Share of other comprehensive income of associates and subsidiaries accounted for using equity method	( 18 )	-	( 11 )	-
8349	Income tax expenses related to items that will not be reclassified	( 6,098 )	-	2,272	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences arising in the translation of foreign operations	<u>214,233</u>	<u>3</u>	<u>( 64,093 )</u>	<u>( 1 )</u>
8300	Other comprehensive income (net after tax) for the year	<u>186,682</u>	<u>3</u>	<u>( 49,471 )</u>	<u>( 1 )</u>
8500	Total comprehensive income for the year	<u>\$ 1,042,735</u>	<u>14</u>	<u>\$ 781,767</u>	<u>11</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 5.28</u>		<u>\$ 5.13</u>	
9810	Diluted	<u>\$ 5.27</u>		<u>\$ 5.12</u>	

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

Chairperson: Chang Te-Jen  
Hui

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD  
Statement of Changes in Equity  
January 1 through December 31, 2024 and 2023

Unit: NT\$1,000

Code		Capital stock	Capital reserves	Legal reserve	Special reserves	Retained earnings		Exchange differences arising in the translation of foreign operations	Other equity	Total	Total stockholders' equity
						Undistributed earnings	Total		Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income		
A1	Balance as of January 1, 2023	<u>\$ 1,620,000</u>	<u>\$ 109,380</u>	<u>\$ 1,917,371</u>	<u>\$ 490,499</u>	<u>\$ 5,630,491</u>	<u>\$ 8,038,361</u>	<u>(\$ 276,525)</u>	<u>\$ 81,983</u>	<u>(\$ 194,542)</u>	<u>\$ 9,573,199</u>
	Earnings allocation and distribution for 2022 (Note 20)										
B1	Legal reserve	-	-	81,982	-	( 81,982)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 567,000)	( 567,000)	-	-	-	( 567,000)
C3	Amount from donation	-	50	-	-	-	-	-	-	-	50
D1	Net profit for 2023	-	-	-	-	831,238	831,238	-	-	-	831,238
D3	Other comprehensive income (loss) after tax for 2023	-	-	-	-	( 9,088)	( 9,088)	( 64,093)	23,710	( 40,383)	( 49,471)
D5	Total comprehensive income for 2023	-	-	-	-	822,150	822,150	( 64,093)	23,710	( 40,383)	781,767
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 20)	-	-	-	-	8,017	8,017	-	( 8,017)	( 8,017)	-
Z1	Balance as of December 31, 2023	<u>\$ 1,620,000</u>	<u>\$ 109,430</u>	<u>\$ 1,999,353</u>	<u>\$ 490,499</u>	<u>\$ 5,811,676</u>	<u>\$ 8,301,528</u>	<u>(\$ 340,618)</u>	<u>\$ 97,676</u>	<u>(\$ 242,942)</u>	<u>\$ 9,788,016</u>
	Earnings allocation and distribution for 2023 (Note 20)										
B1	Legal reserve	-	-	83,017	-	( 83,017)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 567,000)	( 567,000)	-	-	-	( 567,000)
C3	Amount from donation	-	443	-	-	-	-	-	-	-	443
D1	Net profit for 2024	-	-	-	-	856,053	856,053	-	-	-	856,053
D3	Other comprehensive income (loss) after tax for 2024	-	-	-	-	24,392	24,392	214,233	( 51,943)	162,290	186,682
D5	Total comprehensive income for 2024	-	-	-	-	880,445	880,445	214,233	( 51,943)	162,290	1,042,735
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 20)	-	-	-	-	226	226	-	( 226)	( 226)	-
Z1	Balance as of December 31, 2024	<u>\$ 1,620,000</u>	<u>\$ 109,873</u>	<u>\$ 2,082,370</u>	<u>\$ 490,499</u>	<u>\$ 6,042,330</u>	<u>\$ 8,615,199</u>	<u>(\$ 126,385)</u>	<u>\$ 45,507</u>	<u>(\$ 80,878)</u>	<u>\$ 10,264,194</u>

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Statement of Cash Flows

January 1 through December 31, 2024 and 2023

Unit: NT\$1,000

Code		2024	2023
	Cash flow from operating activities		
A10000	Pre-tax profit for the year	\$ 1,071,416	\$ 975,341
A20010	Income expenses		
A20100	Depreciation	79,955	82,220
A20200	Amortization	987	2,236
A20300	Loss (Reversal gain) on expected credit impairment	2,720	4,030
A20400	Gains on financial assets at fair value through profit or loss	( 8,302)	( 4,855)
A20900	Financial cost	320	172
A21200	Income from interests	( 8,659)	( 13,764)
A21300	Dividend income	( 15,486)	( 12,435)
A22400	Share of profit or loss of associates and subsidiaries accounted for using equity method	( 90,852)	( 109,199)
A22500	Loss (gain) on disposal or property, plant, and equipment	( 298)	163
A24000	Unrealized (realized) gain on sales	2,891	( 7,824)
A29900	Provisions reversed	( 559)	( 8,639)
A29900	Refund liabilities recognized	151,398	146,615
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 31,085)	( 4,539)
A31130	Notes receivable	31,116	84,004
A31140	Notes receivable - related parties	( 1,254)	5,420
A31150	Accounts receivable	( 106,916)	59,272
A31160	Accounts receivable - related parties	( 69,953)	117,024
A31180	Other receivables	( 2,155)	5,588
A31190	Other receivable - related parties	1,908	( 7,913)
A31200	Inventories	( 166,692)	114,957
A31240	Other current assets	( 13,060)	( 36,767)
A32125	Contract liabilities	( 4,625)	3,486
A32130	Notes payable	( 6,052)	10,047
A32150	Accounts payable	( 165,936)	58,298
A32180	Other accounts payable	22,038	10,714
A32230	Other current liabilities	( 17,098)	20,149
A32240	Net defined benefit assets and liabilities	( 6,401)	( 6,393)
A32990	Refund liabilities	( 149,298)	( 134,508)
A33000	Cash flow from operating activities	\$ 500,068	\$ 1,352,900

Code		2024	2023
A33100	Interest received	9,420	13,132
A33200	Dividends received	15,486	12,435
A33300	Interest paid	( 320)	( 633)
A33500	Income taxes paid	( 204,803)	( 166,516)
AAAA	Net cash generated by operating activities	<u>319,851</u>	<u>1,211,318</u>
Cash Flow from Investing Activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 496)	( 53,079)
B00020	Disposal of financial assets at fair value through other comprehensive income	2,861	50,971
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	16,199
B00100	Acquisition of financial assets at fair value through profit or loss	( 650,000)	( 1,050,000)
B00200	Disposal of financial assets at fair value through profit or loss	599,073	698,861
B02700	Acquisition of property, plant and equipment	( 112,364)	( 53,726)
B02800	Proceeds from disposal of property, plant and equipment	409	683
B03700	Decrease (Increase) in guarantee deposit paid	( 1,013)	1,228
B04500	Acquisition of intangible assets	( 1,304)	( 223)
B06500	Decrease (Increase) in other financial assets	( 3,770)	( 18,037)
B07600	Dividends from subsidiaries	<u>-</u>	<u>202,050</u>
BBBB	Net cash generated by (used in) investing activities	( <u>166,604</u> )	( <u>205,073</u> )
Cash Flow from Financing Activities			
C00100	Increase (Decrease) in short-term borrowings	6,881	1,378
C03000	Increase in guarantee deposit received	30	192
C03800	Decrease in other payables	-	( 100,000)
C04020	Repayment of principal of lease liabilities	( 8,202)	( 8,463)
C04500	Cash dividends paid	( 567,000)	( 567,000)
C09900	Refund of shareholder unclaimed dividends	<u>443</u>	<u>50</u>
CCCC	Net cash used in financing activities	( <u>567,848</u> )	( <u>673,843</u> )
EEEE	Increase in cash and cash equivalents	( 414,601)	332,402
E00100	Cash and cash equivalents - beginning of year	<u>959,391</u>	<u>626,989</u>
E00200	Cash and cash equivalents - end of year	<u>\$ 544,790</u>	<u>\$ 959,391</u>

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

Chairperson: Chang Te-Jen      Manager: Chen Hung-Wei      Accounting Manager: Chen Hsi-Hui

## Independent Auditors' Report

To YUNG CHI PAINT & VARNISH MFG. CO., LTD:

### Audit opinion

We have audited the consolidated balance sheet of YUNG CHI PAINT & VARNISH MFG. CO., LTD (“YUNG CHI” hereinafter) and its subsidiaries as at December 31, 2024 and 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flow for the period from January 1 through December 31, 2024 and 2023, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC interpretations that were approved and promulgated by the Financial Supervisory Commission (FSC), and thus presented fairly, in all material aspects, the consolidated financial position of YUNG CHI and its subsidiaries as of December 31, 2024 and 2023, and the consolidated financial performance and cash flows for the period from January 1 through December 31, 2024 and 2023.

### Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. 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 were independent of YUNG CHI and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and fulfilled all other responsibilities thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those that, in our professional judgment, were of utmost significance in our audit of the consolidated financial statements of YUNG CHI and its subsidiaries for the year ended December 31, 2024. 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 issues.



Key audit matters for the consolidated financial statements of YUNG CHI and its subsidiaries for the year ended December 31, 2024 are stated as follows:

#### Revenue recognition

YUNG CHI and its subsidiaries mainly engage in manufacture and sale of paints and coating materials and the undertaking of painting engineering work, of which the manufacture and sale of paints and coating materials accounts for more than 90% of annual operating revenue. Since revenue recognition is something whose default setting carries significant risks, and which fluctuates along with market demand changes and is of concern to users of the financial statements, we have identified the revenue from specific customers and the sale of specific paints and coating materials as the key audit matter. For the accounting policy regarding sales revenue, see Note IV of this consolidated financial statements.

We also performed the following key audit procedures:

- I. Understood and tested the design of the internal control over the sales cycle, as well as the effectiveness of implementation thereof.
- II. Checked relevant documents to see whether the control over products has indeed transferred and performance obligations fulfilled; tested the collection cycle to see whether revenues have indeed occurred.
- III. Examined significant sales return after the reporting date to verify the authenticity of sales revenue recognized before the balance sheet date.

#### Other Matters

YUNG CHI has prepared the parent company only financial statements for the years ended December 31, 2024 and 2023, for which we have issued an audit report containing an unqualified opinion for reference.

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

The management was responsible for fairly presenting these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC interpretations that were approved and promulgated by the Financial Supervisory Commission, and for maintaining the necessary internal control related to the preparation of these consolidated financial statements to ensure that these consolidated financial statements were free of material misstatements, whether due to fraud or errors.

In preparing the consolidated financial statements, management is responsible for assessing

the ability of YUNG CHI and its subsidiaries 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 YUNG CHI and its subsidiaries 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 financial reporting process of YUNG CHI and its subsidiaries.

#### 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 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 auditing standards will always detect a material misstatement when it exists in these consolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

- I. 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.
- II. 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 internal control of YUNG CHI and its subsidiaries.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. 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 ability of YUNG CHI and its subsidiaries to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- V. 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.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within YUNG CHI and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit for the Group. 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 consolidated financial statements of YUNG CHI and its subsidiaries for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte & Touche Taiwan

CPA: Hsu Jui-Hsuan

CPA: Liu Yu-Shiang

Serial number of the official approval letter  
from the Financial Supervisory Commission

Jin-Guan-Zheng-Shen-Zi #1020025513

Serial number of the official approval letter  
from the Financial Supervisory Commission

Jin-Guan-Zheng-Shen-Zi #1050024633

March 11, 2025

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2024 and 2023

Unit: NT\$1,000

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,126,750	10	\$ 1,844,911	16
1110	Financial assets at fair value through profit or loss (Notes 4 and 7)	415,223	4	355,994	3
1120	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	385,527	3	439,681	4
1140	Contract assets (Note 22)	131,179	1	100,094	1
1150	Notes receivable, net (Note 9)	444,124	4	540,279	5
1160	Notes receivable - related parties (Notes 9 and 28)	53,996	-	52,767	-
1170	Accounts receivable, net (Note 9)	1,860,751	16	1,756,136	15
1180	Accounts receivable - related parties (Notes 9 and 28)	138,072	1	130,335	1
1200	Other receivables (Notes 9 and 28)	23,452	-	17,491	-
130X	Inventories (Notes 4 and 10)	2,481,570	21	2,240,554	20
1476	Other financial assets (Note 11)	660,716	6	19,617	-
1479	Other current assets	137,174	1	119,061	1
11XX	Total Current Assets	<u>7,858,534</u>	<u>67</u>	<u>7,616,920</u>	<u>66</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	29,580	-	29,706	-
1550	Investments accounted for using equity method (Notes 4 and 13)	34,085	-	33,527	-
1600	Property, plant, and equipment (Notes 4, 14 and 29)	3,268,879	28	3,257,462	28
1755	Right-of-use assets (Notes 4 and 15)	320,418	3	329,476	3
1760	Investment property (Notes 4 and 16)	202,015	2	203,699	2
1780	Intangible assets (Note 4)	3,286	-	2,992	-
1840	Deferred income tax assets (Note 24)	40,835	-	50,076	1
1915	Equipment prepayments	45,120	-	11,720	-
1920	Guarantee deposits paid	20,830	-	19,166	-
1975	Net defined benefit assets (Notes 4 and 20)	22,662	-	-	-
1980	Other financial assets (Notes 11 and 29)	400	-	3,560	-
15XX	Total Non-current Assets	<u>3,988,110</u>	<u>33</u>	<u>3,941,384</u>	<u>34</u>
1XXX	Total Assets	<u>\$ 11,846,644</u>	<u>100</u>	<u>\$ 11,558,304</u>	<u>100</u>
	Liabilities and Stockholders' Equity				
	Current liabilities				
2100	Short-term borrowings (Note 17, 28 and 29)	\$ 8,259	-	\$ 1,378	-
2130	Contract liabilities (Note 22)	53,971	-	58,385	1
2150	Notes payable	27,721	-	37,859	-
2170	Accounts payable	718,840	6	886,380	8
2200	Other payables (Notes 18 and 28)	423,353	4	396,000	3
2230	Current income tax liabilities (Notes 24)	143,364	1	140,904	1
2280	Lease liability (Notes 4, 15 and 28)	21,908	-	20,400	-
2365	Refund liabilities	67,373	1	60,234	1
2399	Other current liabilities	4,031	-	21,112	-
21XX	Total Current Liabilities	<u>1,468,820</u>	<u>12</u>	<u>1,622,652</u>	<u>14</u>
	Non-current liabilities				
2550	Provisions (Notes 4 and 19)	5,824	-	6,383	-
2570	Deferred income tax liabilities (Notes 5 and 24)	82,778	1	82,778	1
2580	Lease liability (Notes 4, 15 and 28)	15,376	-	34,781	-
2640	Net defined benefit liability (Notes 4 and 20)	-	-	14,229	-
2645	Guarantee deposit received	9,652	-	9,465	-
25XX	Total Non-current Liabilities	<u>113,630</u>	<u>1</u>	<u>147,636</u>	<u>1</u>
2XXX	Total liabilities	<u>1,582,450</u>	<u>13</u>	<u>1,770,288</u>	<u>15</u>
	Equity attributable to owners of the Company (Note 21)				
3110	Capital stock	<u>1,620,000</u>	<u>14</u>	<u>1,620,000</u>	<u>14</u>
3200	Capital surplus	<u>109,873</u>	<u>1</u>	<u>109,430</u>	<u>1</u>
	Retained earnings				
3310	Legal reserve	2,082,370	18	1,999,353	17
3320	Special reserve	490,499	4	490,499	4
3350	Unappropriated earnings	<u>6,042,330</u>	<u>51</u>	<u>5,811,676</u>	<u>51</u>
3300	Total retained earnings	<u>8,615,199</u>	<u>73</u>	<u>8,301,528</u>	<u>72</u>
3400	Other equity	( 80,878 )	( 1 )	( 242,942 )	( 2 )
3XXX	Total stockholders' equity	<u>10,264,194</u>	<u>87</u>	<u>9,788,016</u>	<u>85</u>
3X2X	Total Liabilities and Equity	<u>\$ 11,846,644</u>	<u>100</u>	<u>\$ 11,558,304</u>	<u>100</u>

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2024 and 2023

Unit: NT\$1,000, except earnings per share

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 22 and 28)				
4100	Goods sales revenue	\$ 9,053,008	95	\$ 8,989,772	96
4520	Construction revenue	<u>472,919</u>	<u>5</u>	<u>364,608</u>	<u>4</u>
4000	Total operating revenue	<u>9,525,927</u>	<u>100</u>	<u>9,354,380</u>	<u>100</u>
	Operating cost (Notes 10, 23 and 28)				
5110	Sales cost	6,630,463	70	6,702,068	72
5520	Construction cost	<u>421,402</u>	<u>4</u>	<u>312,673</u>	<u>3</u>
5000	Total operating cost	<u>7,051,865</u>	<u>74</u>	<u>7,014,741</u>	<u>75</u>
5900	Operating gross profit	<u>2,474,062</u>	<u>26</u>	<u>2,339,639</u>	<u>25</u>
	Operating expenses (Notes 9, 23 and 28)				
6100	Marketing expenses	763,350	8	669,110	7
6200	General and administrative expenses	470,106	5	448,987	5
6300	R&D expense	253,758	3	277,581	3
6450	Loss (reversal gain) on expected credit impairment	( <u>5,108</u> )	<u>-</u>	( <u>813</u> )	<u>-</u>
6000	Total operating expenses	<u>1,482,106</u>	<u>16</u>	<u>1,394,865</u>	<u>15</u>
6900	Operating Income	<u>991,956</u>	<u>10</u>	<u>944,774</u>	<u>10</u>
	Non-operating income and expenses (Notes 23 and 28)				
7100	Income from interests	26,283	-	25,994	-
7010	Other income	58,551	1	68,349	1
7020	Other gains and losses	32,049	-	6,009	-
7050	Financial cost	( <u>1,023</u> )	<u>-</u>	( <u>1,155</u> )	<u>-</u>
7060	Share of profit or loss of associates accounted for using equity method (Note 13)	( <u>624</u> )	<u>-</u>	( <u>1,271</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>115,236</u>	<u>1</u>	<u>97,926</u>	<u>1</u>
7900	Net profits before tax	1,107,192	11	1,042,700	11
7950	Income tax expenses (Notes 4 and 24)	<u>251,139</u>	<u>2</u>	<u>211,462</u>	<u>2</u>
8200	Net profit in the current year	<u>856,053</u>	<u>9</u>	<u>831,238</u>	<u>9</u>
	Other comprehensive income (Notes 20, 21 and 24)				
8310	Items that will not be reclassified to profit or loss				
8311	Re-measurement of defined benefit plans	30,490	-	( <u>11,360</u> )	<u>-</u>
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	( <u>51,943</u> )	<u>-</u>	23,710	-
8349	Income tax expenses related to items that will not be reclassified	( <u>6,098</u> )	<u>-</u>	2,272	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences arising in the translation of foreign operations	<u>214,233</u>	<u>2</u>	( <u>64,093</u> )	( <u>1</u> )
8300	Other comprehensive income (net after tax) for the year	<u>186,682</u>	<u>2</u>	( <u>49,471</u> )	( <u>1</u> )
8500	Total comprehensive income for the year	<u>\$ 1,042,735</u>	<u>11</u>	<u>\$ 781,767</u>	<u>8</u>
8600	Net income attributable to:				
8610	Owners of the Company	<u>\$ 856,053</u>		<u>\$ 831,238</u>	
8700	Total comprehensive income attributable to:				
8710	Owners of the Company	<u>\$ 1,042,735</u>		<u>\$ 781,767</u>	
	Earnings per share (Note 25)				
9710	Basic	<u>\$ 5.28</u>		<u>\$ 5.13</u>	
9810	Diluted	<u>\$ 5.27</u>		<u>\$ 5.12</u>	

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 through December 31, 2024 and 2023

Unit: NT\$1,000

		Equity attributable to owners of the Company						Other equity			
		Retained earnings						Exchange differences arising in the translation of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Total	Total stockholders' equity
Code		Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total				
A1	Balance as of January 1, 2023	\$ 1,620,000	\$ 109,380	\$ 1,917,371	\$ 490,499	\$ 5,630,491	\$ 8,038,361	(\$ 276,525)	\$ 81,983	(\$ 194,542)	\$ 9,573,199
	Earnings allocation and distribution for 2022 (Note 21)										
B1	Legal reserve	-	-	81,982	-	( 81,982)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 567,000)	( 567,000)	-	-	-	( 567,000)
C3	Amount from donation	-	50	-	-	-	-	-	-	-	50
D1	Net profit for 2023	-	-	-	-	831,238	831,238	-	-	-	831,238
D3	Other comprehensive income (loss) after tax for 2023	-	-	-	-	( 9,088)	( 9,088)	( 64,093)	23,710	( 40,383)	( 49,471)
D5	Total comprehensive income for 2023	-	-	-	-	822,150	822,150	( 64,093)	23,710	( 40,383)	781,767
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	8,017	8,017	-	( 8,017)	( 8,017)	-
Z1	Balance as of December 31, 2023	<u>1,620,000</u>	<u>\$ 109,430</u>	<u>\$ 1,999,353</u>	<u>\$ 490,499</u>	<u>\$ 5,811,676</u>	<u>\$ 8,301,528</u>	<u>(\$ 340,618)</u>	<u>\$ 97,676</u>	<u>(\$ 242,942)</u>	<u>\$ 9,788,016</u>
	Earnings allocation and distribution for 2023 (Note 21)										
B1	Legal reserve	-	-	83,017	-	( 83,017)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 567,000)	( 567,000)	-	-	-	( 567,000)
C3	Amount from donation	-	443	-	-	-	-	-	-	-	443
D1	Net profit for 2024	-	-	-	-	856,053	856,053	-	-	-	856,053
D3	Other comprehensive income (loss) after tax for 2024	-	-	-	-	24,392	24,392	214,233	( 51,943)	162,290	186,682
D5	Total comprehensive income for 2024	-	-	-	-	880,445	880,445	214,233	( 51,943)	162,290	1,042,735
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	226	226	-	( 226)	( 226)	-
Z1	Balance as of December 31, 2024	<u>\$ 1,620,000</u>	<u>\$ 109,873</u>	<u>\$ 2,082,370</u>	<u>\$ 490,499</u>	<u>\$ 6,042,330</u>	<u>\$ 8,615,199</u>	<u>(\$ 126,385)</u>	<u>\$ 45,507</u>	<u>(\$ 80,878)</u>	<u>\$ 10,264,194</u>

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Statement of Cash Flow

January 1 through December 31, 2024 and 2023

Unit: NT\$1,000

Code		2024	2023
	Cash flow from operating activities		
A10000	Pre-tax profit for the year	\$ 1,107,192	\$ 1,042,700
A20010	Income expenses		
A20100	Depreciation	228,942	211,748
A20200	Amortization	1,058	2,392
A20300	Loss on expected credit impairment	( 5,108 )	( 813 )
A20400	Gains on financial assets at fair value through profit or loss	( 8,302 )	( 6,994 )
A20900	Financial cost	1,023	1,155
A21200	Income from interests	( 26,283 )	( 25,994 )
A21300	Dividend income	( 15,486 )	( 12,435 )
A22300	Share of profit or loss of associates accounted for using equity method	624	1,271
A22500	Gain on disposal and retirement of property, plant, and equipment	( 332 )	86
A23700	Loss on inventory devaluation	941	-
A29900	Provisions reversed	( 559 )	( 8,639 )
A29900	Refund liabilities recognized	180,907	168,425
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 31,085 )	( 4,539 )
A31130	Notes receivable	96,829	74,306
A31140	Notes receivable - related parties	( 1,254 )	5,420
A31150	Accounts receivable	( 101,251 )	135,683
A31160	Accounts receivable - related parties	( 7,895 )	( 29,929 )
A31180	Other receivables	( 2,528 )	7,080
A31200	Inventories	( 245,366 )	330,309
A31240	Other current assets	( 18,132 )	( 31,831 )
A32125	Contract liabilities	( 4,414 )	3,099
A32130	Notes payable	( 10,138 )	14,259
A32150	Accounts payable	( 167,540 )	41,789
A32180	Other accounts payable	28,005	( 8,465 )
A32230	Other current liabilities	( 17,081 )	20,158
A32240	Net defined benefit assets and liabilities	( 6,401 )	( 6,393 )
A32990	Refund liabilities	( <u>174,925</u> )	( <u>153,149</u> )

(Continued)



(Continued)

Code		2024	2023
A33000	Cash flow from operating activities	\$ 801,441	\$1,770,699
A33100	Interest received	22,850	25,250
A33200	Dividends received	15,486	12,435
A33300	Interest paid	( 1,023 )	( 1,616 )
A33500	Income taxes paid	( 245,536 )	( 228,504 )
AAAA	Net cash generated by operating activities	<u>\$ 593,218</u>	<u>\$1,578,264</u>
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 496 )	( 53,079 )
B00020	Disposal of financial assets at fair value through other comprehensive income	2,861	50,971
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	16,199
B00100	Acquisition of financial assets at fair value through profit or loss	( 650,000 )	( 1,513,766 )
B00200	Disposal of financial assets at fair value through profit or loss	599,073	1,164,771
B02700	Acquisition of property, plant and equipment	( 149,733 )	( 168,267 )
B02800	Proceeds from disposal of property, plant and equipment	1,090	760
B03800	Decrease in guarantee deposit paid	( 1,664 )	963
B04500	Acquisition of intangible assets	( 1,313 )	( 300 )
B06500	Decrease (Increase) in other financial assets	( 637,939 )	( 18,036 )
BBBB	Net cash generated (used in) from investing activities	<u>( 838,121 )</u>	<u>( 519,784 )</u>
	Cash Flow from Financing Activities		
C00100	Increase (Decrease) in short-term borrowings	6,881	300
C03000	Increase in guarantee deposit received	187	125
C03800	Decrease in other payables	-	( 100,000 )
C04020	Repayment of principal of lease liabilities	( 21,151 )	( 18,439 )
C04500	Cash dividends paid	( 567,000 )	( 567,000 )
C09900	Refund of shareholder unclaimed dividends	443	50
CCCC	Net cash used in financing activities	<u>( 580,640 )</u>	<u>( 684,964 )</u>
DDDD	Effects of exchange rate changes on cash and cash equivalents	<u>107,382</u>	<u>( 33,038 )</u>
EEEE	Increase in cash and cash equivalents	( 718,161 )	340,478
E00100	Cash and cash equivalents - beginning of year	<u>1,844,911</u>	<u>1,504,433</u>
E00200	Cash and cash equivalents - end of year	<u>\$1,126,750</u>	<u>\$1,844,911</u>

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

# **YUNG CHI PAINT & VARNISH MFG. CO., LTD**

## **Audit Committee Review Report**

The parent company only financial statements and consolidated financial statements for 2024 prepared by the Board of Directors have been audited by CPA Hsu Jui-Hsuan and CPA Liu Yu-Shiang from Deloitte & Touche. The Audit Committee has reviewed the said Business Report, financial statements, and earnings distribution proposal, and did not find any non-compliance. Therefore, we have prepared this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

To

YUNG CHI PAINT & VARNISH MFG. CO., LTD General Shareholders Meeting

Audit Committee Convener: Chan Chin-Yi

March 11, 2025

# YUNG CHI PAINT & VARNISH MFG. CO., LTD

## 2024 Report on remuneration paid to directors

II. Please describe the remuneration policy, system, criteria, and structure for directors, and the relevance of remuneration to factors such as the duty and risk they assume and the time they invest:

(I) Remuneration policy, system, criteria, and structure

According to Article 28 of the Company's Articles of Incorporation, if the Company has profit in the fiscal year, no more than 0.5% of the profit shall be allocated as directors' remuneration.

(II) The relevance of remuneration to factors such as the duty and risk they assume and the time they invest:

Compensation paid to directors is discussed and reviewed by the Company's Remuneration Committee based on operating performance, submitted to the Board of Directors for resolution, reported to the Shareholders Meeting for adoption, and then distributed. The Company distributes remuneration by considering the year's financial conditions, operating achievements, and future capital utilization planning while taking into account the assessment of future risks so as to minimize the occurrence of risk.

III. Directors' remuneration:

Title	Name	Directors' remuneration								Total Remuneration (A+B+C+D) as a % of the Net Income		Remuneration for concurrent duty as an employee								Total Remuneration (A+B+C+D+E+F+G) as a % of the Net Income		Remuneration received from an investee other than a subsidiary, or the parent company
		Compensation (A)		Disability retirement benefits (B)		Directors' remuneration (C)		Fees for professional practice (D)				Salary, bonus, and special reimbursement (E)		Disability retirement benefits (F)		Employee compensation (G)						
		The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company		All companies within the financial statements		The Company	All companies within the financial statements			
Chairperson	Chang Te-Jen	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	3,920	3,920	107	107	35	0	35	0	4,571 0.53%	4,571 0.53%	0
Director	Chang Te-Hsiung	0	0	0	0	479	479	24	24	503 0.06%	503 0.06%	0	0	0	0	0	0	0	0	503 0.06%	503 0.06%	220
Director	Chang Te-Sheng	0	0	0	0	479	479	24	24	503 0.06%	503 0.06%	0	0	0	0	0	0	0	0	503 0.06%	503 0.06%	0
Director	Wu Hsiao-Yen	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0
Independent director	Chan Chin-Yi	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0

Independent director	Wu Chien-Hsun	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0
Independent director	Chang Chin-Cheng	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0
<p>1. Aside from the remuneration disclosed in the above table, is there any other remuneration received by directors in the most recent year from any company included in the financial statements for their services rendered (such as serving as an advisor other than an employee): NT\$1,379 thousand.</p> <p>2. Fees for professional practice: These are the transportation fees for directors to attend the Board of Directors meetings.</p> <p>3. Disability retirement benefits: These are the expenditures of disability retirement benefits contributed.</p>																						

# YUNG CHI PAINT & VARNISH MFG. CO., LTD

## List of Endorsement and Guarantee

January 1 through December 31, 2024

Unit: NT\$1,000

Endorsee	Endorsed amount	Remarks
Superkuma International Co., Ltd.	126,000	The limits calculated based on the Company's Regulations for Endorsements and Guarantees, Liabilities, Commitments, and Contingencies are as follows: I. The limit of endorsement and guarantee for other enterprises is NT\$648,000 thousand (Note 2). II. The limit of endorsement and guarantee for a single enterprise is NT\$324,000 thousand (Note 2).
Chief-Go Co., Ltd.	99,786	
Twinahead International Material Co., Ltd.	33,290	
Jusheng Co., Ltd.	31,835	
Quan Shao Industrial Co., Ltd.	24,302	
Quan Cheng Industrial Co., Ltd.	7,560	
Quan Young Engineering Co., Ltd.	6,326	
Total	329,099	

Note 1: Companies with which the Company transacts.

Note 2: This is in accordance with the Company's Regulations for Making of Endorsements and Guarantees, which cap the Company's provision of endorsement and guarantee at 40% of the Company's paid-in capital, and which also cap the Company's provision of endorsement and guarantee for a single enterprise at 20% of the Company's paid-in capital.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on Investments in Mainland China

January 1 through December 31, 2024

Unit: NT\$ thousand, unless otherwise stated

Investee in Mainland China	Main businesses	Total amount of Paid-in Capital (Note 1)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment Flow (Note 1)		Accumulated outflow of investment from Taiwan as of December 31, 2023	Profit or loss of investee in the year (Note 1)	% of ownership of direct or indirect investment	Investment gains or losses recognized in the year	Carrying amount as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023	Remarks
					Outflow	Inflow							
JUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	\$ 493,722	Investment in China through a company in a third region	\$ 483,140	\$ -	\$ -	\$ 483,140	\$ 141,926	100.00	\$ 141,926	\$ 1,690,893	\$ 1,366,447	Note 5
JUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	1,517,013	Investment in China through a company in a third region	158,460	-	-	158,460	( 118,525 )	100.00	( 118,525 )	1,249,762	-	Note 5

Name of investor	Accumulated investment from Taiwan to Mainland China as of December 31, 2023 (Note 2)	Investment amount approved by the Investment Commission, MOEA (Note 3)	Upper limit on the Company's investment in China (Note 4)
The Company	\$ 652,182	\$ 1,211,195	\$ 6,158,516

Note 1: The investment gain or loss is recognized based on the Taiwan parent's financial statements audited and attested by CPAs.

Note 2: The accumulated investment amount remitted from Taiwan to Bmass at the end of this year was US\$20,132 thousand, but the amount actually invested in YUNG CHI Kunshan and YUNG CHI Jiaxing by Bmass was US\$14,687 thousand and US\$ 5,132 thousand, respectively.

Note 3: This is the amount converted using the exchange rates at the end of December 2024.

Note 4: Calculated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" promulgated by the Investment Review Committee on August 29, 2008: Net worth \$10,264,194×60% = \$6,158,516.

Note 5: Written off during compiling the consolidated financial statements.

# YUNG CHI PAINT & VARNISH MFG. CO., LTD

## Regulations Governing Procedure for Board of Directors Meetings

### Before and After Amendment

Type of provisions	Provisions before amendment	Provisions after amendment	Note to amendment
VIII.3	The Chairperson of the Board of Directors shall declare the meeting to be officially convened upon the meeting time and the presence of more than half of the directors. If half of all directors are absent from a meeting at the appointed time, the Chairperson 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 number of attendees is still insufficient, the Chairperson shall re-convene the meeting in accordance with the procedures specified in Paragraph 2 of Article 3.	The Chairperson of the Board of Directors shall declare the meeting to be officially convened upon the meeting time and the presence of more than half of the directors. If half of all directors are absent from a meeting at the appointed time, the Chairperson may announce a postponement <u>on the same day</u> , 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 number of attendees is still insufficient, the Chairperson shall re-convene the meeting in accordance with the procedures specified in Paragraph 2 of Article 3.	Amended to align with laws.
XI.4	This new	If the Chairperson cannot preside over the meeting or if the meeting is adjourned in accordance with Paragraph 2, his/her proxy shall be elected in accordance with Paragraph 3 of Article 7.	Added to align with laws.
XII.8	Donation to related parties or material donation to non-related parties However, donations for charity due to emergency relief of major natural disasters should be recognized retro-actively at the next meeting of the Board of Directors.	Donation to related parties or material donation to non-related parties However, donations for charity due to emergency relief of major natural disasters <u>may</u> be recognized retro-actively at the next meeting of the Board of Directors.	Amended to align with laws.

# YUNG CHI PAINT & VARNISH MFG. CO., LTD

## Earnings Distribution Table

2024

	Unit: NT\$
Undistributed earnings - beginning of period	\$5,161,659,169
Add: Post-tax profit	856,053,095
Disposal of investments in equity instruments at fair value through other comprehensive income	226,687
Less: Actuarial gains and losses from defined benefit plans	24,391,738
Legal reserve provision	88,067,152
	— — — — —
Distributable earnings	\$5,954,263,537
Distribution items:	
Shareholder bonus -- Cash dividend (NT\$3.6 per share)	583,200,000
	— — — — —
Undistributed earnings - end of period	\$5,371,063,537
	=====

Note: After the cash dividend distribution is approved by the General Shareholders Meeting, the Chairperson is authorized to decide an ex-dividend record date and payable date, among other relevant matters.

Chairperson: Chang Te-Jen

President: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui



# YUNG CHI PAINT & VARNISH MFG. CO., LTD

## Articles of Incorporation Before and After Amendment

Type of provisions	Provisions before amendment	Provisions after amendment	Note to amendment
Article 28	<p>If the Company has profit in the fiscal year, 1%~5% of the profit shall be offered as employee remuneration, and no more than 0.5% of the profit shall be allocated as directors' remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. The amount and manner of distribution of employee remuneration and directors' remuneration shall be determined through a resolution adopted by a majority vote at a Board of Directors meeting attended by two thirds or more of directors, and shall be reported to the Shareholders Meeting.</p> <p>Directors' remuneration shall be proposed by the Remuneration Committee and submitted to Board of Directors for approval.</p> <p>The "profit in the fiscal year" referred to in Paragraph 1 means the pre-tax profit inclusive of employee remuneration and directors' remuneration.</p>	<p>If the Company has profit in the fiscal year, 1%~5% of the profit shall be offered as employee remuneration, and no more than 0.5% of the profit shall be allocated as directors' remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. <u>No less than 70% of the employee remuneration referred to in the preceding paragraph shall be allocated to junior employees.</u> The amount and manner of distribution of employee remuneration and directors' remuneration shall be determined through a resolution adopted by a majority vote at a Board of Directors meeting attended by two thirds or more of directors, and shall be reported to the Shareholders Meeting.</p> <p>Directors' remuneration shall be proposed by the Remuneration Committee and submitted to Board of Directors for approval.</p> <p>The "profit in the fiscal year" referred to in Paragraph 1 means the pre-tax profit inclusive of employee remuneration and directors' remuneration.</p>	Amended by law
Article 31	<p>The Articles of Incorporation were formulated on May 1, 1957</p> <p>The 1st amendment was made on February 26, 1963 (Omitted below)</p> <p>The 42nd amendment was made on June 19, 2023.</p>	<p>The Articles of Incorporation were formulated on May 1, 1957</p> <p>The 1st amendment was made on February 26, 1963 (Omitted below)</p> <p>The 42nd amendment was made on June 19, 2023.</p> <p><u>The 43rd amendment was made on May 29, 2025.</u></p>	Added an amendment date.

## YUNG CHI PAINT & VARNISH MFG. CO., LTD

### Articles of Incorporation

#### Chapter 1 General Provisions

Article 1 The Company is incorporated in accordance with the regulations for companies limited by shares specified in the Company Act, and shall have the name of “永記造漆工業股份有限公司” in Chinese and “YUNG CHI PAINT & VARNISH MFG. CO., LTD” in English.

Article 2 The Company mainly engages in the following business:

- I. C802200 Coating, Paint, Dye and Pigment Manufacturing;
- II. C802120 Industrial and Additive Manufacturing;
- III. C801100 Synthetic Resin and Plastic Manufacturing;
- IV. C901060 Manufacture of Refractory Products;
- V. C901050 Cement and Concrete Products Manufacturing;
- VI. C802990 Other Chemical Products Manufacturing;
- VII. C801990 Other Chemical Materials Manufacturing;
- VIII. C901990 Other Other Non-Metallic Mineral Products Manufacturing;
- IX. CA02060 Metal Containers Manufacturing;
- X. CA04010 Surface Treatments;
- XI. E901010 Painting Engineering;
- XII. E903010 Anti-Corrosion and Anti-Rust Engineering;
- XIII. E603120 Sand Blasting Engineering;
- XIV. EZ99990 Other Engineering;
- XV. H701010 Housing and Building Development and Rental
- XVI. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 The Company's reinvestment amount may exceed 40% of its paid-in capital, and the Company may make endorsement and guarantee for others if an approval from the Board of Directors is obtained.

Article 3 The Company shall have its head office in Kaohsiung City, Taiwan, Republic of China, and shall be free to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Board of Directors deems it necessary.

Article 4 The Company's announcement methods are in accordance with Article 28 of the Company Act.

#### Chapter 2 shares

Article 5 The total capital stock of the Company shall be in the amount of 1,800,000,000 New Taiwan Dollars, divided into 180,000,000 shares, at ten New Taiwan Dollars each; unissued shares may be issued in installments if the Board of Directors deems it a business requirement.

Article 6 Shares issued by the Company need not take the form of printed share certificates; however, the Company shall register the issued shares with a centralized securities depository enterprise.

Article 7 Shareholders shall register their name and residence with the Company, and shall fill in the signature card and deposit it with the Company. No dividend or bonus may be claimed, or communication in writing with the Company or replacement of the signature card may be made without the specimen chop specified on the signature card.

Article 8 The Company Act and the “Regulations Governing the Administration of Shareholder Services

of Public Companies” promulgated by the competent authority shall apply to the handling of any scenarios in which the Company’s shares are transferred, lost, or destroyed.

Article 9 Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of the General Shareholders Meeting, thirty (30) days immediately before the date of any extraordinary shareholders meeting, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 9-1 Matters concerning the Company’s shares shall be handled in accordance with the regulations of the competent authority.

### **Chapter 3 Shareholders’ meeting**

Article 10 Shareholders’ meetings of the Company are of two types, namely: (1) general shareholders meetings and (2) extraordinary shareholders meetings. General shareholders meetings shall be convened by the Board of Directors within six (6) months after the close of each fiscal year by giving a meeting notice to shareholders at least 30 days before the intended meeting date. Extraordinary shareholders meetings may be held whenever necessary. Shareholders shall be notified of the convening of a shareholders meeting at least 15 days before the intended meeting date; the notice or announcement must specify the meeting date, place, and subject matters.

The Company’s shareholders meetings may be held by videoconferencing or other means announced by the competent authority of the central government. If the criteria for holding a videoconference, operating procedures for holding a videoconference, or other compliance matters involving a videoconference are specified otherwise in any regulation of the competent authority, the competent authority’s regulation shall prevail.

Article 11 A shareholder failing to attend the shareholders meeting for any reason may pursuant to Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act designate proxy to attend the meeting on his/her behalf by signing, and affixing his/her specimen chop on, a proxy form specifying thereon the extent of authorization. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, such a shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

Article 12 The Chairperson shall chair the shareholders meeting. If the Chairperson cannot attend the meeting for any reason, the Vice Chairperson or other directors shall act as an acting chair in accordance with Article 19 herein.

Article 13 Unless the law specifies otherwise, the Company’s shareholders shall be entitled to one vote for each shares in their possession.

Article 14 Resolutions at a shareholders meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares, unless the Company Act provides otherwise.

Matters relating to the resolutions of a shareholders’ meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy thereof distributed to each shareholder within 20 days after the conclusion of the meeting.

The meeting minutes mentioned in the previous paragraph shall be distributed in accordance with Article 183 of the Company Act.

Article 15 Shareholders holding more than 3% of total issued shares for more than 1 year may, by submitting suggestions and the underlying reasons in writing, request that the Board of Directors hold an extraordinary shareholders meeting within 15 days after the request is made; if the Board of Directors fails to issue a meeting notice, shareholders may hold the meeting by themselves, subject to an approval from the competent authority.

Shareholders holding more than half of total issued shares for more than three months may hold

an extraordinary shareholders meeting as they wish.

## **Chapter 4 Directors and the Audit Committee**

Article 16 The Company shall have 7 directors, who shall serve an office term of 3 years and are eligible for re-election.

When electing directors at a shareholders meeting, one share shall be entitled to the number of votes equal to the number of directors; such votes may be cast in full in favor of a single candidate, or in part in favor of several candidates. The person winning the most votes shall be the director. Of the number of directors to be elected for each term as specified in Paragraph 1, the number of independent directors shall be at least three, and shall not be less than one fifth of total directors to be elected. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be in accordance with the Securities and Exchange Act. The Company's directors shall be elected based on the candidate nomination system, by which shareholders elect directors from among the candidates on the candidate list.

Independent directors and non-independent directors shall be nominated separately and elected at the same time, with the votes therefor being counted separately.

Article 16-1 The Company shall establish the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. Matters regarding the Audit Committee and the exercise of the powers and duties of the committee members shall be handled in accordance with the Securities and Exchange Act.

Article 17 When the office term of directors and independent directors are about to expire and there is no sufficient time for an election, their office term shall be extended to the date when newly elected directors and independent directors take office.

If a seat on the Board of Director is vacant due to the dismissal of an independent director for any reason, an election to fill such vacancy shall be held in the nearest shareholders' meeting. If the seats on the Board of Directors are vacant by one third or more, or if all independent directors are discharged, the Board of Directors shall convene an extraordinary shareholders' meeting within 60 days to hold an election to fill such vacancy; however, the directors/independent directors so elected shall have an office term that expires on the date when the office term of the original directors/independent directors expires.

Article 18 Directors shall assemble the Board of Directors, and shall elect a Chairperson and a Vice Chairperson from among them by a majority vote at a Board of Directors meeting attended by two thirds or more of all directors. The Chairperson shall represent the Company, and shall execute all matters relating to the Company in accordance with laws and regulations, internal regulations, and resolutions adopted at the Shareholders Meeting and the Board of Directors meeting.

Article 19 When the Chairperson is on leave or not able to exercise powers for any reason, the Vice Chairperson shall act as the acting chairperson. If the Vice Chairperson is also not able to exercise powers for any reason, the Chairperson shall designate a director to be the acting chairperson. If the Chairperson does not designate an acting chairperson, the directors shall elect such an acting chairperson from among themselves.

Article 20 Deleted.

Article 21 Deleted.

Article 22 The Company's business policy and other important matters shall be determined by the Board of Directors. A Board of Directors meeting shall be convened and chaired by the Chairperson,

except the first meeting of each Board of Directors, which shall be convened by the director winning the most votes in the election. If the Chairperson fails to exercise powers, such powers may be exercised by the Vice Chairperson or other directors in the manner specified in Article 19 herein.

Article 23 Except the Company Act provides otherwise, a resolution may be adopted only at a Board of Directors meeting attended by more than half of all directors. A director failing to attend a meeting for any reason may designate another director to attend the meeting on his/her behalf by giving such a director a proxy form specifying thereon the extent of authorization with respect to the reasons for convening the meeting. However, the number of persons one proxy is allowed to represent is limited to 1. Resolutions may be adopted by a majority vote of the directors present; resolutions so adopted shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair and directors present and a copy distributed to each director within 20 days after the conclusion of the meeting. The meeting minutes shall record the essentials of the proceedings and the results, and shall be retained in the Company along with the attendance book on which directors signed and the proxy forms.

Article 23-1 Where a Board of Directors meeting is convened by videoconference, directors attending the meeting by videoconference shall be deemed to have attended the meeting in person.

Article 24 Deleted.

## **Chapter 5 Manager**

Article 25 The Company may have managers; their appointment and dismissal shall be handled in accordance with Article 29 of the Company Act.

Article 26 Remuneration for managers shall be determined by a majority vote at the Board of Directors meeting.

## **Chapter 6 Accounting**

Article 27 December shall be the Company's account closing period. By the end of the fiscal year, the Board of Directors shall prepare the following books and statements, and shall submit them to the Audit Committee for review at least 30 days before the General Shareholders Meeting. The Audit Committee shall then issue a review report accordingly. Such books and statements and the Audit Committee Review Report shall be made available, both in the Company at least 10 days before the meeting for shareholders or their lawyers or accountants to consult, and at the meeting premises for the approval by the Shareholders Meeting.

I. Business Report

II. Financial Statements

III. Earnings Distribution Proposal or Loss Make-up Proposal

After the said books and statements are approved by the Shareholders Meeting, a copy thereof shall be distributed by the Board of Directors to each shareholder.

Article 28 If the Company has profit in the fiscal year, 1%~5% of the profit shall be offered as employee remuneration, and no more than 0.5% of the profit shall be allocated as directors' remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. The amount and manner of distribution of employee remuneration and directors' remuneration shall be determined through a resolution adopted by a majority vote at a Board of Directors meeting attended by two thirds or more of directors, and shall be reported to the Shareholders Meeting. Directors' remuneration shall be proposed by the Remuneration Committee and submitted to Board of Directors for approval.

The "profit in the fiscal year" referred to in Paragraph 1 means the pre-tax profit inclusive of employee remuneration and directors' remuneration.

Article 28-1 If the Company has earnings in the final account, such earnings shall be used first to pay income tax and second to make up for previous deficits; thirdly, 10 percent of the remainder, if any, shall be provided as legal reserve. Any remainder shall be used to provide special reserves according to business or legal requirements. The remainder earnings, if any, along with the undistributed earnings at the beginning of the period, shall be used by the Board of Directors to draft the Earnings Distribution Proposal, which shall then be submitted to the Shareholders Meeting for approval, thus distribution. The Company is a coating manufacturing company which is at the “maturity” stage of the business life cycle. Considering capital expenditure needs and a sound financial planning requisite for sustainable development, the Company shall distribute no less than 50% of the annual earnings as shareholder dividends in principle. The Company may distribute dividends in cash or in shares. Considering the Company’s growth rate and capital expenditure status, the Company shall distribute earnings more in cash than in shares; the cash dividends distributed shall not be less than 60% of total dividends distributed in the given year.

## **Chapter 7 Supplementary provisions**

Article 29 Matters not provided in this Articles of Incorporation shall be handled in accordance with the Company Act and other laws and regulations.

Article 30 The Company’s organizational charters and other detailed operating procedures shall be determined by the Board of Directors through a resolution.

Article 31 The Articles of Incorporation were formulated on May 1, 1957

The 1st amendment was made on February 26, 1963

The 3rd amendment was made on September 1, 1967

The 5th amendment was made on February 20, 1974

The 7th amendment was made on November 7, 1976

The 9th amendment was made on September 10, 1979

The 11th amendment was made on May 3, 1985

The 13th amendment was made on May 10, 1987

The 15th amendment was made on November 15, 1989

The 17th amendment was made on November 23, 1992

The 19th amendment was made on December 24, 1993

The 21st amendment was made on June 24, 1995

The 23rd amendment was made on June 12, 1997

The 25th amendment was made on June 11, 1999

The 27th amendment was made on June 9, 2001

The 29th amendment was made on June 20, 2003

The 31st amendment was made on June 16, 2006

The 33rd amendment was made on June 20, 2008

The 35th amendment was made on June 29, 2012

The 37th amendment was made on June 12, 2015

The 39th amendment was made on June 28, 2019

The 41st amendment was made on June 22, 2022

The 2nd amendment was made on May 11, 1967

The 4th amendment was made on April 20, 1970

The 6th amendment was made on November 22, 1975

The 8th amendment was made on June 12, 1978

The 10th amendment was made on June 10, 1981

The 12th amendment was made on February 24, 1986

The 14th amendment was made on November 6, 1988

The 16th amendment was made on April 12, 1992

The 18th amendment was made on June 19, 1993

The 20th amendment was made on August 19, 1994

The 22nd amendment was made on June 22, 1996

The 24th amendment was made on March 27, 1998

The 26th amendment was made on June 9, 2000

The 28th amendment was made on June 7, 2002

The 30th amendment was made on June 10, 2005

The 32nd amendment was made on June 22, 2007

The 34th amendment was made on June 18, 2010

The 36th amendment was made on June 16, 2014

The 38th amendment was made on June 30, 2016

The 40th amendment was made on June 20, 2020

The 42nd amendment was made on June 19, 2023

## **YUNG CHI PAINT & VARNISH MFG. CO., LTD**

### **Rules of Procedures for Shareholders Meeting**

- I. To establish a strong governance system and sound supervisory capabilities for the Company's Shareholders' Meetings, and to strengthen management capabilities, these Rules of Procedure for Shareholders Meetings are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
- II. Unless otherwise specified by laws or the Articles of Incorporation, shareholders meetings of the Company shall proceed according to the terms of these Rules.
- III. Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

Any changes to the convening of a shareholder meeting shall be resolved in a board meeting, which should be completed at the latest before the notice of the shareholder meeting is sent.

The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS 21 days before the date of the general shareholders' meeting or 15 days before the date of the extraordinary shareholders' meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. In addition, 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby. The Company shall make the meeting handbook and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

- (I) For physical shareholders' meetings, to be distributed on-site at the meeting.
- (II) For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- (III) For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in

electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of submission of shareholder proposals, the manner in which a submission in writing or electronic form will be accepted, and the location and time period for their submission; the period for acceptance of submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals from the agenda.

- IV. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of authorization granted to the proxy.

A shareholder may issue only one proxy form and appoint only one proxy for any given



shareholders' meeting, and shall deliver the proxy form to the Company or its stock affairs agency five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, if a declaration is made to cancel the previous proxy appointment, such a declaration shall prevail.

After a proxy form has been delivered to the Company or its stock affairs agency, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Should the shareholder decide to attend a shareholder meeting by teleconferencing after a proxy form has been received by the Company, a written notice must be sent to the Company no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw the proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

- V. Shareholders' meetings should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9am or later than 3pm.

Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

If the shareholder meeting is held by videoconferencing, it is not subject to the restriction on the revenue as specified in the preceding paragraph.

- VI. The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending Shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election for directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend a

shareholders' meeting as proxy, it may designate only one person to represent it in the meeting. Shareholders who would like to attend the teleconferencing shareholder meeting should register with the Company at least two days before the shareholder meeting.

For shareholder meetings that are held by videoconference, the Company shall upload the meeting manual, annual report and other relevant information to the videoconference platform of the shareholder meeting at least 30 minutes before the meeting starts, and keep them disclosed until the end of the meeting.

VI-1: To convene a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders' meeting notice:

- (I) The manner in which shareholders attend the virtual meeting and exercise their rights.
- (II) Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events, at least covering the following particulars:
  - 1. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - 2. Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
  - 3. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
  - 4. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
- (III) To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

VII. If a shareholders' 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 for any reason unable to exercise the powers as chairman, the Vice Chairman shall act in place of the Chairman; if there is no vice chairman or the Vice Chairman is also on leave or for any reason unable to exercise the powers as vice chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director

that serves as chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholders' meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons designated by it to attend a shareholders' meeting in a non-voting capacity.

VIII. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

For the shareholder meetings held by teleconferencing, the Company shall retain records of the shareholders' registration, login, check-in, questioning, voting and vote counting results, etc., and make continuous and uninterrupted audio and video recording of the entire meeting.

The above-mentioned materials and audio and video recordings shall be properly retained by the Company during the period of existence, and they shall be provided to those who are entrusted with handling teleconferencing tasks.

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

IX. Attendance at shareholders' meetings shall be calculated based on number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. 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. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

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 Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend

the meeting online shall re-register with the Company in accordance with Article 6. 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 shareholders meeting pursuant to Article 174 of the Company Act.

- X. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' 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 mentioned in the previous two paragraphs (including extraordinary motions), except by a resolution of the shareholders' 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. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to be put to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

- XI. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card 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.

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's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in

paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

**XII. Votes casted at a shareholders' meeting shall be calculated based the number of shares.**

The shares of the shareholders without voting rights are not counted in the total issued shares for the resolution of the meeting.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

**XIII. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.**

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person; however, such a shareholder shall be deemed to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail; however, if a declaration is made to cancel the said intent, such a declaration shall prevail.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of 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 MOPS.

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.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends; the shareholder failing to do so will be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they may not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

- XIV. The election of directors and independent directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and independent directors and the numbers of votes with which they were elected, and the names of directors and independent directors not elected and number of votes they received. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, if a

shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

- XV. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents, or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

- XVI. On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

- XVII. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

XVIII. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

XIX. For shareholder meetings that are held by teleconferencing, the Company immediately discloses the voting results of motions and election results to the teleconferencing platform of the shareholder meeting in accordance with the regulations, and keeps them disclosed for at least another 15 minutes after the chair announces the ending of the meeting.

XX. Both the chairperson and the meeting minute keeper shall be at the same domestic location when holding teleconferencing shareholder meetings, and the chair should announce the address of the place at the beginning of the meeting.

XXI. In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the preceding two paragraphs, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postponed or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights, and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under paragraph 2, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.



When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in paragraph 2, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under paragraph 2 is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to paragraph 2, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under paragraph 2.

XXII. When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

XXIII. These Rules are to be announced and implemented after being approved by the shareholders meeting, and likewise for the revision.

## YUNG CHI PAINT & VARNISH MFG. CO., LTD

### Shareholding of All Directors

I. The number of shares that the law requires the Company's directors as a whole to hold and the number of shares currently held by the Company's directors as a whole are stated below:

The Company issues a total of 162,000,000 common shares.

All directors as whole are required by law to hold 9,720,000 shares (no less than 7.5% of total issued shares).

II. Shareholding by all directors as a whole as of March 31, 2025, which was the book closure date of 2025 before the Shareholders Meeting, is stated in the following table:

Identity	Name	Number of shares held (shares)	Percentage (%)
Chairperson	Chang Te-Jen	11,529,971	7.12
Director	Chang Te-Hsiung	12,248,846	7.56
Director	Chang Te-Sheng	10,365,996	6.40
Director	Wu Hsiao-Yen	0	0.00
Independent director	Chan Chin-Yi	0	0.00
Independent director	Wu Chien-Hsun	0	0.00
Independent director	Chang Chin-Cheng	0	0.00
Total number of shares held by all directors as a whole		34,144,813	21.08