Stock Code: 1909

Longchen Paper & Packaging Co., Ltd.

2025 Annual Shareholders' Meeting
Meeting Agenda
(Translation)

May 28, 2025

at No.1-1 , Guangxing Lane,
Guangxing Village, Erlin Township,
Changhua Country, Taiwan,(ROC)
at Conference Room of the
Company

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Longchen Paper & Packaging Co., Ltd.
2025 Annual Shareholders' Meeting Agenda
(Translation)

1. Time: Wednesday, May 28th, 2025, 9:30 AM.
2. Place: No.1-1, Guangxing Lane, Guangxing Village, Erlin Township, Changhua Country.
3. Convention method: Conference Room
4. Meeting Agenda

I. Announcing Meeting in Session.

II. Welcome Speech by the Chairman.

III. Report Items

- i. 2024 Annual Business Overview.
- ii. Audit Committee's Review Report.
- iii. 2024 Annual Employee's Bonus Distribution Report.
- iv 2024 Cash Dividends Distribution Report.
- v. Execution report of domestic unsecured convertible corporate bond.
- vi. 2024 Related Party Transaction Report.

IV. Ratification Items

- i. 2024 Business Report and Financial Statements.
- ii. 2024 Disposition of Net Earnings.

V. Discussions Items

- i. Amendment of Articles of Incorporation

VI. Extemporaneous Motions

VII. Adjournment

Report Items

Report One: 2024 Annual Business Overview

Longchen Paper & Packaging Co., Ltd.
Business Report of 2024

The Company's revenue in 2024 was NT$ 47,799,734 thousand, it increased by 2.3%, compared with 2023, and operating profit increased NT$ 166,125 thousand. Net loss before tax of year 2024 was NT$ 339,477 thousand, net loss after tax was NT$ 377,845 thousand, and net loss after tax attributable to parent company owner NT$ 373,553 thousand, and nest loss per share after tax was NT$ 0.28. The Company's business performance report in 2024 is stated below:

I. 2024 Business Report

1. Incomes, expenses, profits and losses

1.1 Incomes:

(1) In 2024, the net operating revenue was NT$ 47,799,734 thousand, with a increase by 2.3% compared with NT$ 46,712,029 thousand in 2023.

(2) In 2024, the non-operating revenue was NT$ 1,154,679 thousand, including NT$ 808,566 thousand as government subsidy income, other income, other - NT$ 262,918 thousand, NT$ 24,558 thousand was interest income, NT$ 23,058 thousand as share of profit or loss of associates and joint ventures accounted for using equity method, redemption gain was NT$ 9,573 thousand, gains on financial assets at fair value through profit or loss was NT$ 19,688 thousand, dividend revenue was NT$ 6,257 thousand, lease modification profit was NT$ 61 thousand.

1.2 Expenses:

(1) In 2024, the operating cost was NT$ 43,134,873 thousand, with increase by 2.3% compared with NT$ 42,164,144 thousand in 2023. The operating expenses in 2024 was NT$ 4,467,798 thousand, with a decrease by 1.1 % compared with NT$ 4,516,947 thousand in 2023.

(2) In 2024, the non-operating expense was NT$ 1,691,219 thousand, including NT$ 1,622,593 thousand as financial expenses, NT$ 10,751 thousand as loss on the disposal of property, plant and equipment, NT$ 10,015 thousand as loss of foreign currency exchange, NT$ 47,860 thousand as others.

1.3 Profits and losses (P/L):

(1) The net loss after tax in 2024 was NT$ 377,845 thousand, with decrease by NT$ 653,520 thousand compared with net loss after tax NT$ 1,031,365 thousand in ,2023.

(2) In 2024, the loss for the period attributable to the parent company was NT$ 373,553 thousand, with decrease by NT$ 648,059 thousand compared with net loss attributable to parent company owner NT$ 1,021,612 thousand in 2023.

2. Operations

Comparison of Business Performance between 2024 and 2023

Unit: NT$1,000

Item	2024	2023	Difference in amount	Variation (%)
Operating Revenue	47,799,734	46,712,029	1,087,705	2.3
Operating costs	43,134,873	42,164,144	970,729	2.3
Operating margin	4,664,861	4,547,885	116,976	2.6
Operating expenses	4,467,798	4,516,947	(49,149)	(1.1)
Operating profit	197,063	30,938	166,125	537.0
Non-operating income/expenses	(536,540)	(868,706)	332,166	38.2
Profit before income tax	(339,477)	(837,768)	498,291	59.5
Profit after income tax	(377,845)	(1,031,365)	653,520	63.4
Net income attributable to owners of the parent	(373,553)	(1,021,612)	648,059	63.4

3. Research and development status

The R&D expenses in 2024 were NT$ 1.326 billion. The Company has valued the coexistence and co-prosperity of enterprises and the environment, and to strive for sustainable operation, constructs core competitiveness of enterprises in solution projects of circulation and high-efficient utilization of resources, the Company has dedicated to further improving the five advanced environment friendly techniques below: regenerated fiber, low-carbon process, nearly zero carbon, water-saving production, treatment of air and water pollution and disposal of wastes, and minimization space. We are committed to research, development and continue to innovate, each production step is constantly improving to assure environmental benefits, quality and efficiency, and striving for low carbon papermaking and eco packaging.

II. Business policies and major production and marketing strategies

1. Business policies

Low Carbon Papermaking:

(1) Strengthen the Company's competitiveness in low carbon papermaking, and constantly improve the structure of raw materials, advance the transformation and upgrade of products, and improve energy conservation and emission reduction solutions.

(2) Implement the projects of energy-saving and carbon emission reduction to reduce carbon emissions year by year through five major directions: equipment capacity improvement, production process optimization, fuel substitution, promotion of green electricity, and introduction of smart devices, and achieve the net zero carbon emission target by 2050.

Eco-Packaging:

(1) Develop high-end eco packaging products and satisfy customers' needs with high added value and customized complete product packaging.

(2) Decommission and renew obsolete equipment of carton plants and carry out automatic and intelligent upgrading to improve the company's competitiveness.

(3) Continue to extend eco-packing factories and strengthen group's business allocation with low carbon emission and high-quality cartons.

2. Estimated sales volume and basis

(1) Estimated sales volume

Enhance the operating capacity and continue to increase the market share of generic brand eco-packing. We expect the sales in 2025 will increase compared with it in 2024. In response to that plastic is prohibited in mainland China and stricter eco-friendly standard in every country, we expect the increasing demand for paper packing and growing income in 2025 compared with it in 2024.

(2) Basis

Develop feasible plans based on the Company's business strategies and specific demands of corrugated box packaging markets in sales areas.

3. Major production and marketing strategies

(1) Taiwan

Consolidate the existing market scale and continue to boost business momentum through increasing eco-packing productivity and enhancement of product development.

(2) Mainland China

Further reinforce our business in East China and energetically explore the local market in Central China. Based on target customers' needs, continuously introduce the portfolio of niche products. We constantly deepen to research and develop innovation, promote product optimization and upgrading to provide customized excellent services, and expand market share of industrial paper and obtain optimal returns.

Longchen is committed to the balance of short-term revenue and long-term value, and focused on business operation since 2003. Our core business model is to reuse more than 99% waste paper, and we develop 11 circular economy models so far to recycle waste into renewable energy through innovative self-developed technology. We have implemented "circular economy" for a long time as a role model in the industry to do the right thing in the beginning. The company's mission is to pursue zero waste and balanced system and to establish the production system of recycling and recovery of resource.

We will continue to boost business momentum through increasing eco-packing productivity and enhancement of product development to ensure our international competitive advantages, and constantly promote circular economy, energy saving and emission reduction to reach the Company's sustainable development and create more shareholder's equity for all shareholders.

Chairman: Cheng, Ying-Pin   Manager: Matsumura Hiroshi   Chief Accounting Officer: Chang, Yu-Cheng

Report Two: Audit Committee’s Review Report

Longchen Paper & Packaging Co., Ltd.
Audit Committee’s Review Report

The board of directors prepared the business report, financial statements and the net earnings disposition proposal of 2024; BDO Taiwan is authorized to review the financial statements, and issued the review report. The audit committee has reviewed all the foregoing business report, financial statements and the net earnings disposition proposal and identified nothing inappropriate. This report is hereby issued for examination pursuant to Article 14.4 of the "Securities and Exchanges Act" and Article 219 of the "Company Act".

Longchen Paper & Packaging Co., Ltd.

Chairman of the Audit Committee: Chiu, Shean-Bii

March 6, 2025

Report Three: 2024 Annual Employee’s Bonus Distribution Report

I. The Company's loss before income tax in 2024 was NT$ 373,552,917. According to Article 22-1 of the Articles of Incorporation, at least two percent of its profit before income tax shall be allocated as employees' bonuses. As there was net loss before income tax this year, employee’s bonus won’t be distributed.

II. This report is hereby presented for mutual supervision.

Report Four: 2024 Cash Dividends Distribution Report

I. Net loss of the Company in 2024 was NT$ 373,552,917, basic earnings per share was NT$ -0.28, the company will distribute neither cash dividend nor bonus after approved by the board of director’s resolution.

II. This report is hereby presented for mutual supervision.

Report Five: Execution report of domestic unsecured convertible corporate bond.

I. Issue and transferring of domestic unsecured convertible corporate bond statement is stated as below.

Corporate bond type	Domestic unsecured convertible corporate bond (hereinafter referred to as Longchen four, bond code: 19094)
Meeting date of board of directors	Resolution of board of directors on August 13, 2021
Issuance date	December 20, 2021
Issuance purpose	Debt repayment of the bank
Total issuance amount	NT$ 700 million
Converting price	NT$ 23.90 per share
Converting status	There was no application of converting implementation.

II. This report is hereby presented for mutual supervision.

Report Six: 2024 Related party transactions Report

I. About related party transaction in 2024, the purchase amount was approximately NT$2.959 billion from BIC, which did not exceed the maximum transaction amount reported by the Board of Directors, and was in complied with the terms of the transaction and the principle of calculation of the transaction price.

II. This report is hereby presented for mutual supervision.

Counterparty	BIC
Purchase amount	NT$ 2,959,356 thousand
Payment terms	Net 60
Whether to follow the approved principles of transaction price calculation	Yes
Whether not to exceed the transaction amount limit	Yes
Other	None

Ratification Items

Ratification Items

Case 1 **(proposed by the Board of Directors)**

Summary: Business Report and Financial Statements of 2024 are hereby presented for ratification.

Note: The Company's business report, separate and consolidated financial statements in 2024 have been prepared. (please refer to pages 4-6, and 14-31).

Resolution:

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Longchen Paper & Packaging Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Longchen Paper & Packaging Co., Ltd and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the "Other matter - Reference to the audits of other auditors) the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial statements 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 matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

Major transactions with related parties

The Group strive for creating a vertically integrated management system throughout the whole industry chain. Subsidiaries of different nature within the Group are responsible for all the operational processes, from overseas procurement of waste paper or local waste paper recycling, to production and marketing of industrial paper and cartons. As the amounts of transactions with related are considerable, the corporate incomes of such subsidiaries in different countries have to be recognized in different times. Moreover, transactions with upstream-downstream related parties and the evaluation on unrealized gross margin exclusion have effect on the recognition of sales revenue, cost of goods sold and gross profit on sales. Therefore, major transactions with related parties should be considered as key review issues. The information on such transactions with related parties is provided in Footnotes accompanying the consolidated financial statements.

Generally, we have reviewed and audited the aforesaid matters by following the procedures below:

1. Understand and verify the design and execution effectiveness of the internal control system for the administration of transactions with related parties;

2. Understand and evaluate the rationality of assumptions and methods adopted by the management to eliminate estimated unrealized gross profit of companies of different nature;

3. Perform random inspection and verification on the quantity and amount of such transactions with related parties not put into production;

4. Repeat the combination and consolidated elimination of transactions with related parties, and assess whether any calculation formula used are correct.

Revenue recognition

For the accounting polices relating to revenue recognition, please refer to Note 4 (18). For the details of revenue, please refer to Note 6 (26).

The Group is primarily engaged in the manufacturing, processing, and trading of paper raw materials, cartons, and paper products. Revenue is one of the key indicators used by investors and management to evaluate the Group's performance. Given the inherent high risk associated with revenue recognition, which might lead to significant misstatement of profit and loss. Therefore, revenue recognition is one of the most important issues in performing our audit procedures and has been identified as one of the key audit matters.

Generally, we have reviewed and audited the aforesaid matters by following the procedure below:

1. Understand and test design and execution effectiveness of the internal control system for revenue recognition;
2. Performing substantive tests on selected transactions by examining relevant documents such as sales orders, shipping documents, and invoices to verify the completeness and accuracy of the transaction details and ensure that the revenue recognized truly exists and is recorded in the appropriate accounting period.

Other matter - Reference to the audits of other auditors

Among the subsidiaries listed in the consolidated financial statements above, the financial statements of Long Chen Paper (China) Holdings Co., Ltd. and its subsidiaries were audited by other auditors rather than us. Thus, the amounts listed in the financial statements of such subsidiaries included in our audit opinions towards the consolidated financial statements above were based on the audit reports issued by other auditors. For Long Chen Paper (China) Holdings Co., Ltd. and its subsidiaries the total assets as at December 31, 2023 were NT$46,486,180 thousand, constituting 66.29% of the consolidated total assets; and the net revenue for 2023 was NT$36,396,893 thousand, constituting 77.92% of the consolidated net revenue.

Other matter –Parent company only financial reports

We have also audited the parent company only financial statements of Longchen Paper & Packaging Co., Ltd. as of and for the years ended December 31, 2024 and 2023 which we have issued an unqualified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chang, Yi-Chun and Cheng, Chien-Hsien.

BDO Taiwan
Republic of China
March 10, 2025

<u>*Notice to Readers*</u>

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

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

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	$989,457	1.44	$1,041,091	1.49
1110	Financial assets at fair value through profit or loss-current	1,714	-	1,426	-
1150	Notes Receivable , net	1,028,842	1.50	2,162,934	3.08
1170	Accounts receivable, net	5,705,296	8.33	5,455,422	7.78
1180	Accounts receivable from related parties, net	166,742	0.24	58,044	0.08
1200	Other receivables	331,983	0.48	308,472	0.44
1220	Current income tax assets	5,503	0.01	8,985	0.01
130x	Inventories, net	2,986,663	4.36	3,061,585	4.37
1410	Prepayments	525,805	0.77	1,322,361	1.89
1470	Other current assets	452,495	0.66	98,934	0.14
11xx	Total current assets	12,194,500	17.79	13,519,254	19.28
	Non-current assets				
1510	Financial assets at fair value through profit or loss -non-current	477,829	0.70	414,245	0.59
1550	Investments accounted for using equity method	3,381,756	4.93	4,090,768	5.83
1600	Property, plant and equipment	49,413,551	72.11	48,323,850	68.91
1755	Right-of-use assets	1,627,650	2.38	1,629,139	2.32
1760	Investment property, net	6,958	0.01	7,068	0.01
1780	Intangible assets	32,721	0.05	34,759	0.05
1840	Deferred Income tax assets	590,224	0.86	630,252	0.90
1900	Other non-current assets	804,490	1.17	1,476,673	2.11
15xx	Total non-current assets	56,335,179	82.21	56,606,754	80.72
	Total assets	$68,529,679	100.00	$70,126,008	100.00

		December 31, 2024		December 31, 2023	
Code	Liabilities and Equity	Amount	%	Amount	%
	Current liabilities				
2100	Short-term loans	$5,491,954	8.01	$6,199,515	8.84
2120	Financial liabilities at fair value through profit or loss	-	-	20,549	0.03
2130	Contract liabilities - current	156,691	0.23	88,542	0.13
2150	Notes payable	223,901	0.32	129,811	0.19
2160	Notes payable from related parties	44,780	0.07	-	-
2170	Accounts payable	3,061,581	4.47	2,666,373	3.80
2180	Accounts payable from related parties	67,788	0.10	63,212	0.09
2200	Other payables	2,329,918	3.40	2,758,299	3.93
2230	Current income tax liabilities	115,867	0.17	241,280	0.35
2280	Lease liabilities - current	61,543	0.09	64,322	0.09
2300	Other current liabilities	30,608	0.04	37,367	0.05
2321	Current portion of long- bonds payable	-	-	668,506	0.95
2322	Current portion of long-term loans	8,705,998	12.71	5,834,630	8.32
2365	Refund liability - current	8,342	0.01	9,435	0.01
21xx	Total current liabilities	20,298,971	29.62	18,781,841	26.78
	Non-current liabilities				
2530	Corporate bonds payable	15,516	0.02	-	-
2540	Long-term loans	26,280,235	38.35	28,662,897	40.88
2560	Income tax liabilities	34,786	0.05	118,273	0.17
2570	Deferred income tax liabilities	2,313	-	-	-
2580	Lease liabilities - non-current	84,352	0.12	92,971	0.13
2600	Other non-current liabilities	306,048	0.45	297,839	0.43
2640	Net defined benefit liabilities - non-current	1,804	-	4,232	-
2645	Guarantee deposits	65,597	0.10	44,185	0.06
25xx	Total non-current liabilities	26,790,651	39.09	29,220,397	41.67
2xxx	Total liabilities	47,089,622	68.71	48,002,238	68.45
	Equity attr ibutable to owners of the parent				
3100	Capital stock				
3110	Common stock	13,276,857	19.37	13,276,857	18.93
3200	Capitalsurplus	4,343,854	6.34	4,343,469	6.19
3300	Retained earnings				
3310	Legal reserve	2,038,284	2.97	2,038,284	2.91
3320	Special reserve	1,155,286	1.69	626,639	0.89
3350	Unappropriated earnings	2,085,488	3.04	2,983,649	4.26
3400	Other equity interest				
3410	Exchange differences on translation of foreign operations	(1,020,727)	(1.49)	(1,424,789)	(2.03)
3420	Unrealized gain (loss) on FVTOCI	(445,427)	(0.65)	269,503	0.38
3500	Treasury shares	(31,894)	(0.04)	(31,894)	(0.04)
31xx	Total equity attributable to owners of the parent company	21,401,721	31.23	22,081,718	31.49
36xx	Non-controlling interests	38,336	0.06	42,052	0.06
3xxx	Total equity	21,440,057	31.29	22,123,770	31.55
	Total liabilities and equity	$68,529,679	100.00	$70,126,008	100.00

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars, Except for earnings per share)

Code	Item	2024 Amount	2024 %	2023 Amount	2023 %
4000	**Operating revenue**	$47,799,734	100.00	$46,712,029	100.00
5000	**Operating costs**	(43,134,873)	(90.24)	(42,164,144)	(90.26)
5900	**Operating margin**	4,664,861	9.76	4,547,885	9.74
	Operating expenses				
6100	Selling expenses	(2,030,227)	(4.25)	(1,855,754)	(3.97)
6200	General and administrative expenses	(1,070,622)	(2.24)	(1,178,830)	(2.52)
6300	Research and development expenses	(1,325,908)	(2.77)	(1,459,657)	(3.13)
6450	Expected credit recovery impairment loss	(41,041)	(0.09)	(22,706)	(0.05)
6000	Total operating expenses	(4,467,798)	(9.35)	(4,516,947)	(9.67)
6900	**Operating profit**	197,063	0.41	30,938	0.07
	Non-operating income and expenses				
7100	Interest income	24,558	0.05	19,506	0.04
7010	Other income	1,087,314	2.27	804,980	1.72
7020	Other gains and losses	(48,877)	(0.10)	(97,314)	(0.21)
7050	Finance costs	(1,622,593)	(3.39)	(1,638,568)	(3.51)
7060	Share of profit of associates accounted for equity method	23,058	0.05	42,690	0.09
7000	**Total non-operating income and expenses**	(536,540)	(1.12)	(868,706)	(1.87)
7900	**Loss before income tax**	(339,477)	(0.71)	(837,768)	(1.80)
7950	**Income tax expenses**	(38,368)	(0.08)	(193,597)	(0.41)
8200	**Net loss**	(377,845)	(0.79)	(1,031,365)	(2.21)
	Other comprehensive income (loss)				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit obligation	571	-	12,513	0.03
8320	Share of other comprehensive income (loss) of associates accounted for using equity method	(710,476)	(1.49)	(337,877)	(0.72)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(114)	-	(2,503)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences arising on translation of foreign operations financial statements	483,141	1.01	(347,163)	(0.75)
8370	Share of other comprehensive income (loss) of associates accounted for using equity method	23,224	0.05	(4,931)	(0.01)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(101,016)	(0.21)	70,273	0.15
8300	**Other comprehensive income (losses), net of tax**	(304,670)	(0.64)	(609,688)	(1.30)
8500	**Total comprehensive income tax for the period**	$(682,515)	(1.43)	$(1,641,053)	(3.51)
8600	**Net income (loss) for the periods attributable to:**				
8610	Owners of the parent	$(373,553)	(0.78)	$(1,021,612)	(2.19)
8620	Non-controlling interests	(4,292)	(0.01)	(9,753)	(0.02)
		$(377,845)	(0.79)	$(1,031,365)	(2.21)
8700	**Comprehensive income (losses) for the periods attributable to:**				
8710	Owners of the parent	$(678,799)	(1.42)	$(1,630,231)	(3.49)
8720	Non-controlling interests	(3,716)	(0.01)	(10,822)	(0.02)
		$(682,515)	(1.43)	$(1,641,053)	(3.51)
	Earnings per share (in dollars):				
9750	Basic earnings per share	$(0.28)		$(0.77)	
9850	Diluted earnings per share	$(0.28)		$(0.77)	

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent										
			Retained earnings			Other equity items					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (losses) from financial assets measured at fair value through other comprechtnsive income	Treasury Shares	Total Equity attributable to owners of the parent	Non-controlling interests	Total Equity
Balance at January 1, 2023	$13,276,857	$4,343,470	$2,038,284	$626,639	$4,316,130	$(1,143,700)	$622,463	$(31,894)	$24,048,249	$52,875	$24,101,124
Appropriation and distribution of retained earnings:											
Cash dividends	-	-	-	-	(331,412)	-	-	-	(331,412)	-	(331,412)
Other capital surplus											
Changes in equity of associates accounted for using the equity method	-	(1)	-	-	(4,887)	-	-	-	(4,888)	(1)	(4,889)
Net loss in 2023	-	-	-	-	(1,021,612)	-	-	-	(1,021,612)	(9,753)	(1,031,365)
Other comprehensive income in 2023	-	-	-	-	10,010	(281,089)	(337,540)	-	(608,619)	(1,069)	(609,688)
Total comprehensive income in 2023	-	-	-	-	(1,011,602)	(281,089)	(337,540)	-	(1,630,231)	(10,822)	(1,641,053)
Disposal of investments in equity instruments designated as fair value through other comprechensive income	-	-	-	-	15,420	-	(15,420)	-	-	-	-
Balance at December 31, 2023	$13,276,857	$4,343,469	$2,038,284	$626,639	$2,983,649	$(1,424,789)	$269,503	$(31,894)	$22,081,718	$42,052	$22,123,770
Balance at January 1, 2024	$13,276,857	$4,343,469	$2,038,284	$626,639	$2,983,649	$(1,424,789)	$269,503	$(31,894)	$22,081,718	$42,052	$22,123,770
Appropriation and distribution of retained earnings:											
Special reserve	-	-	-	528,647	(528,647)	-	-	-	-	-	-
Other capital surplus											
Changes in equity of associates accounted for using the equity method	-	385	-	-	(1,583)	-	-	-	(1,198)	-	(1,198)
Net loss in 2024	-	-	-	-	(373,553)	-	-	-	(373,553)	(4,292)	(377,845)
Other comprehensive income in 2024	-	-	-	-	457	404,062	(709,765)	-	(305,246)	576	(304,670)
Total comprehensive income in 2024	-	-	-	-	(373,096)	404,062	(709,765)	-	(678,799)	(3,716)	(682,515)
Disposal of investments in equity instruments designated as fair value through other comprechensive income	-	-	-	-	5,165	-	(5,165)	-	-	-	-
Balance at December 31, 2024	$13,276,857	$4,343,854	$2,038,284	$1,155,286	$2,085,488	$(1,020,727)	$(445,427)	$(31,894)	$21,401,721	$38,336	$21,440,057

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

Item	2024	2023
Cash flow from operating activities:		
Loss before income tax	$(339,477)	$(837,768)
Adjustments for:		
The profit or loss items:		
Depreciation expense	2,104,758	1,984,724
Amortization expense	20,345	20,355
Excepted credit recovery impairment loss	41,041	22,706
Gain on bond redemption	(9,573)	-
Net (gains) losses on financial assets and liabilities at fair value through profit and loss	(19,688)	48,387
Interest expense	1,485,676	1,505,445
Interest income	(24,558)	(19,506)
Dividend income	(6,257)	(10,879)
Share of profit or losses of subsidiaries and associates accounted for under the equity method	(23,058)	(42,690)
Losses on disposal of property, plant and equipment	10,751	14,053
Property, plant and equipment reclassified to expenses	34,005	66,485
Lease modification gain	(61)	(1,120)
Other item - donation expense	44,698	54,117
Subtotal	3,658,079	3,642,077
Change in operating assets and liabilities:		
Change in operating assets		
Decrease (increase) in notes receivable	1,139,367	183,258
Decrease (increase) in accounts receivable	(296,190)	510,950
Decrease (increase) in accounts receivable from related parties	(108,698)	19,125
Decrease (increase) in other receivables	(23,553)	(58,605)
Decrease (increase) in inventories	70,301	1,560,485
Decrease (increase) in prepayments	113,318	627,623
Decrease (increase) in other current assets	(353,561)	(54,958)
Total net change in operating assets	540,984	2,787,878
Change in operating liabilities		
Increase (decrease) in contract liabilities - current	68,149	(54,570)
Increase (decrease) in notes payable	94,090	(2,430)
Increase (decrease) in notes payable from related partie	44,780	-
Increase (decrease) in accounts payable	395,208	191,191
Increase (decrease) in accounts payable from related parties	4,576	14,793
Increase (decrease) in other payables	(128,601)	226,690
Increase (decrease) in other current liabilities	(6,176)	15,208
Increase (decrease) in refund liability - current	(1,093)	(1,924)
Increase (decrease) in net defined benefit liability - non-current	(2,428)	(1,054)
Total net change in operating liabilities	468,505	387,904
Total net change in operating assets and liabilities	1,009,489	3,175,782
Total adjustments	4,667,568	6,817,859
Cash generated from operating activities	4,328,091	5,980,091
Interests received	24,600	19,282
Dividends received	14,373	37,934
Interests paid	(1,504,471)	(1,493,801)
Income tax paid	(302,004)	(133,524)
Net cash provided by operating activities	2,560,589	4,409,982
Cash flow from investing activities:		
Acquisition of financial assets/liabilities at fair value through profit or loss	(80,260)	(124,203)
Disposal of financial assets/liabilities at fair value through profit or loss	50,916	8,911
Disposal of financial assets at amortised cost-current	-	44,080
Acquisition of investments accounted for using equity method	(8,000)	-
Acquisition of property, plant and equipment	(1,561,995)	(3,943,100)
Disposal of property, plant and equipment	18,993	46,018
Acquisition of intangible assets	(9,935)	(459)
Decrease (increase) in other non-current assets - prepayments for equipment	654,208	(534,228)
Decrease (increase) in other non-current assets - refundable deposits	12,463	10,682
Decrease (increase) in other non-current assets - others	(1,664)	(4,651)
Net cash used in investing activities	(925,274)	(4,496,950)
Cash flow from financing activities:		
Increase (decrease) in short-term loans	(707,561)	(4,011,321)
Repayments of corporate bond	(689,143)	(2,500,000)
Increase in long-term borrowings	11,474,788	13,025,109
Repayments of long-term loans	(10,986,082)	(7,149,944)
Repayment of the principal portion of lease liabilities	(79,792)	(85,792)
Increase (decrease) in other non-current liabilities	(11,193)	(25,226)
Increase (decrease) in guarantee deposits received	21,412	6,966
Cash dividends paid	-	(331,412)
Change in non-controlling interests	576	(1,070)
Net cash provided by (used in) financing activities	(976,995)	(1,072,690)
Effect of changes in exchange rate on cash and cash equivalents	(709,954)	298,896
Net increase (decrease) in cash and cash equivalents	(51,634)	(860,762)
Cash and cash equivalents at the beginning of the year	1,041,091	1,901,853
Cash and cash equivalents at the end of the year	$989,457	$1,041,091

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Longchen Paper & Packaging Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Longchen Paper & Packaging Co., Ltd (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the "Other matter - Reference to the audits of other auditors), the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2024 are stated as follows:

Major transactions with related parties

The Company strives for creating a vertically integrated management system throughout the whole industry chain. Subsidiaries of different nature within the group are responsible for all the operational processes, from overseas procurement of waste paper or local waste paper recycling, to production and marketing of industrial paper and cartons. As the amounts of transactions with related parties are considerable, the corporate incomes of such subsidiaries in different countries have to be recognized in different times. Moreover, transactions with upstream-downstream related parties and the evaluation on unrealized gross margin exclusion have effect on the recognition of sales revenue, cost of goods sold and gross profit on sales. Therefore, major transactions with related parties should be considered as key review issues. The information on such transactions with related parties is provided in Notes VII accompanying the parent company only financial statements.

Generally, we have reviewed and audited the aforesaid matters by following the procedure below:

1. Understand and verify the design and execution effectiveness of the internal control system for the administration of transactions with related parties;

2. Understand and evaluate the rationality of assumptions and methods adopted by the management to eliminate estimated unrealized gross profit of companies of different nature;

3. Perform inspection and verification on the quantity and amount of such transactions with related parties not put into production yet;

4. Reassess whether it is appropriate to eliminate unrealized gain or loss regarding investments accounted for using the equity method.

Revenue recognition

For the accounting polices relating to revenue recognition, please refer to Note 4 (17). For the details of revenue, please refer to Note 6 (21).

The Company is primarily engaged in the manufacturing, processing, and trading of paper raw materials, cartons, and paper products. Revenue is one of the key indicators used by investors and management to evaluate the Company's performance. Given the inherent high risk associated with revenue recognition, which might lead to significant misstatement of profit and loss. Therefore, revenue recognition is one of the most important issues in performing our audit procedures and has been identified as one of the key audit matters.

Generally, we have reviewed and audited the aforesaid matters by following the procedure below:

1. Understand and test design and execution effectiveness of the internal control system for revenue recognition;

2. Performing substantive tests on selected transactions by examining relevant documents such as sales orders, shipping documents, and invoices to verify the completeness and accuracy of the transaction details and ensure that the revenue recognized truly exists and is recorded in the appropriate accounting period.

Other matter - Reference to the audits of other auditors

Refer to notes 6(5), among the invested companies listed in the separate financial statements above, the financial statements of invested companies were audited by other auditors rather than us. Thus, the amounts listed in the financial statements of such invested companies included in our audit opinions towards the separate financial statements above were based on the audit report issued by other auditors. The investment in such invested companies accounted for using the equity method as of December 31, 2023 was NT$ 13,933,923 thousand, constituting 37.24% of the separate total assets. For 2023 the profit or losses of related subsidiaries, and recognized under the equity method were NT$(1,579,439) thousand, constituting 178.57% of the separate pre-tax net profit margin; and other comprehensive profit or losses of subsidiaries recognized under the equity method were NT$(335,178) thousand, constituting 55.07% of other separate net comprehensive profit or losses.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chang, Yi-Chun and Cheng, Chien-Hsien.

BDO Taiwan
Republic of China
March 10, 2025

Notice to Readers

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

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

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

Longchen Paper & Packaging Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	$162,346	0.45	$120,451	0.32
1110	Financial assets at fair value through profit or loss-current	693	-	419	-
1150	Notes receivable, net	243,845	0.67	277,752	0.74
1170	Accounts receivable, net	809,379	2.23	805,256	2.15
1180	Accounts receivable related parties, net	166,742	0.46	183,907	0.49
1200	Other receivables	118,708	0.33	119,207	0.32
130x	Inventories, net	671,547	1.85	694,468	1.86
1410	Prepayments	150,599	0.42	175,898	0.47
1470	Other current assets	39,597	0.11	46,711	0.13
11xx	Total current assets	2,363,456	6.52	2,424,069	6.48
	Non-current assets				
1510	Financial assets at fair value through profit or loss- non-current	230,199	0.64	146,853	0.39
1550	Investments accounted for using equity method	17,766,142	49.02	18,696,756	49.97
1600	Property, plant and equipment	14,883,812	41.06	14,541,182	38.86
1755	Right-of-use assets	99,402	0.27	113,155	0.30
1760	Investment property, net	6,958	0.02	7,068	0.02
1840	Deferred income tax assets	485,252	1.34	494,721	1.32
1900	Other non-current assets	409,548	1.13	994,123	2.66
15xx	Total non-current assets	33,881,313	93.48	34,993,858	93.52
	Total assets	$36,244,769	100.00	$37,417,927	100.00

		December 31, 2024		December 31, 2023	
Code	Liabilities and Equity	Amount	%	Amount	%
	Current liabilities				
2120	Financial liabilities at fair value through profit or loss-current	$-	-	$20,549	0.05
2170	Accounts payable	743,564	2.05	778,640	2.08
2180	Accounts payable from related parties	179,908	0.50	123,960	0.33
2200	Other payables	463,069	1.28	590,589	1.58
2230	Current income tax liabilities	97,725	0.27	227,526	0.61
2280	Lease liabilities - current	40,822	0.11	43,190	0.12
2300	Other current liabilities	7,731	0.02	10,585	0.03
2321	Current portion of long- bonds payable	-	-	668,506	1.79
2322	Current portion of long-term loans	691,261	1.91	1,033,927	2.76
2365	Refund liability - current	8,342	0.02	9,435	0.02
21xx	Total current liabilities	2,232,422	6.16	3,506,907	9.37
	Non-current liabilities				
2530	Corporate bonds payable	15,516	0.04	-	-
2540	Long-term loans	12,449,475	34.35	11,585,568	30.96
2560	Income tax liability	34,786	0.10	118,273	0.32
2580	Lease liabilities - non-current	59,777	0.16	70,961	0.19
2600	Other non-current liabilities	49,268	0.14	50,268	0.14
2640	Net defined benefit liabilities - non-current	1,804	-	4,232	0.01
25xx	Total non-current liabilities	12,610,626	34.79	11,829,302	31.62
2xxx	Total liabilities	14,843,048	40.95	15,336,209	40.99
	Equity				
3100	Capital stock	13,276,857	36.63		
3110	Common stock	4,343,854	11.99	13,276,857	35.48
3200	Capital surplus			4,343,469	11.61
3300	Retained earnings	2,038,284	5.62		
3310	Legal reserve	1,155,286	3.19	2,038,284	5.45
3320	Special reserve	2,085,488	5.75	626,639	1.67
3350	Unappropriated earnings			2,983,649	7.98
3400	Other equity interest	(1,020,727)	(2.81)		
3410	Exchange differences on translation of			(1,424,789)	(3.81)
	foreign operations	(445,427)	(1.23)		
3420	Unrealized gain (loss) on FVTOCI			269,503	0.72
3500	Treasury shares	(31,894)	(0.09)	(31,894)	(0.09)
3xxx	Total equity	21,401,721	59.05	22,081,718	59.01
	Total liabilities and equity	$36,244,769	100.00	$37,417,927	100.00

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

Longchen Paper & Packaging Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars, Except for earnings per share)

		2024		2023	
Code	Item	Amount	%	Amount	%
4000	**Operating revenue**	$9,591,473	100.00	$11,554,959	100.00
5000	**Operating costs**	(7,968,260)	(83.08)	(9,448,869)	(81.77)
5900	**Operating margin**	1,623,213	16.92	2,106,090	18.23
5910	Unrealized gross profit on sales	-	-	(1,928)	(0.02)
5920	Realized gross profit on sales	1,928	0.02	-	-
5950	**Net operating margin**	1,625,141	16.94	2,104,162	18.21
	Operating expenses				
6100	Selling expenses	(483,584)	(5.04)	(630,600)	(5.45)
6200	General and administrative expenses	(532,344)	(5.55)	(569,001)	(4.92)
6300	Research and development expenses	(50,138)	(0.52)	(47,719)	(0.41)
6450	Expected credit recovery gain(impairment loss)	154	-	737	-
6000	Total operating expenses	(1,065,912)	(11.11)	(1,246,583)	(10.78)
6900	**Operating profit**	559,229	5.83	857,579	7.43
	Non-operating income and expenses				
7100	Interest income	9,629	0.10	6,724	0.06
7010	Other income	46,417	0.48	40,318	0.35
7020	Other gains and losses	(23,355)	(0.24)	(30,005)	(0.26)
7050	Finance costs	(311,772)	(3.25)	(256,261)	(2.22)
7070	Share of profit or loss of subsidiaries and associates accounted for equity method	(684,081)	(7.13)	(1,502,856)	(13.01)
7000	**Total non-operating income and expenses**	(963,162)	(10.04)	(1,742,080)	(15.08)
7900	**Loss before income tax**	(403,933)	(4.21)	(884,501)	(7.65)
7950	**Income tax expenses**	30,380	0.32	(137,111)	(1.19)
8200	**Net loss**	(373,553)	(3.89)	(1,021,612)	(8.84)
	Other comprehensive income (loss)				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit obligation	571	0.01	12,513	0.11
8330	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(709,765)	(7.40)	(337,540)	(2.93)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(114)	-	(2,503)	(0.02)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences arising on the translation of foreign operations financial statements	484,532	5.05	(348,288)	(3.01)
8380	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	20,546	0.21	(3,074)	(0.03)
8399	Income tax relating to items that may be reclassified to subsequently to profit or loss	(101,016)	(1.05)	70,273	0.61
8300	**Other comprehensive income (loss), net of tax**	(305,246)	(3.18)	(608,619)	(5.27)
8500	**Total comprehensive income for the period**	$(678,799)	(7.07)	$(1,630,231)	(14.11)
	Earnings per share (in dollars):				
9750	Basic earnings per share	$(0.28)		$(0.77)	
9850	Diluted earnings per share	$(0.28)		$(0.77)	

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

Longchen Paper & Packaging Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other equity items			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (losses) from financial assets measured at fair value through other comprechtnsive income	Treasury Shares	Total Equity
Balance at January 1, 2023	$13,276,857	$4,343,470	$2,038,284	$626,639	$4,316,130	$(1,143,700)	$622,463	$(31,894)	$24,048,249
Appropriation and distribution of retained earnings:									
Cash dividends	-	-	-	-	(331,412)	-	-	-	(331,412)
Other capital surplus									
Changes in equity of associates accounted for using the equity method	-	(1)	-	-	(4,887)	-	-	-	(4,888)
Net loss in 2023	-	-	-	-	(1,021,612)	-	-	-	(1,021,612)
Other comprehensive income in 2023	-	-	-	-	10,010	(281,089)	(337,540)	-	(608,619)
Total comprehensive income in 2023	-	-	-	-	(1,011,602)	(281,089)	(337,540)	-	(1,630,231)
Disposal of investments in equity instruments designated as fair value through other comprechensive income	-	-	-	-	15,420	-	(15,420)	-	-
Balance at December 31, 2023	$13,276,857	$4,343,469	$2,038,284	$626,639	$2,983,649	$(1,424,789)	$269,503	$(31,894)	$22,081,718
Balance at January 1, 2024	$13,276,857	$4,343,469	$2,038,284	$626,639	$2,983,649	$(1,424,789)	$269,503	$(31,894)	$22,081,718
Appropriation and distribution of retained earnings:									
Special reserve	-	-	-	528,647	(528,647)	-	-	-	-
Other capital surplus									
Changes in equity of associates accounted for using the equity method	-	385	-	-	(1,583)	-	-	-	(1,198)
Net loss in 2024	-	-	-	-	(373,553)	-	-	-	(373,553)
Other comprehensive income in 2024	-	-	-	-	457	404,062	(709,765)	-	(305,246)
Total comprehensive income in 2024	-	-	-	-	(373,096)	404,062	(709,765)	-	(678,799)
Disposal of investments in equity instruments designated as fair value through other comprechensive income	-	-	-	-	5,165	-	(5,165)	-	-
Balance at December 31, 2024	$13,276,857	$4,343,854	$2,038,284	$1,155,286	$2,085,488	$(1,020,727)	$(445,427)	$(31,894)	$21,401,721

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

Longchen Paper & Packaging Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Item	2024	2023
Cash flow from operating activities:		
Loss before income tax	$(403,933)	$(884,501)
Adjustments for:		
The profit or loss items:		
Depreciation expense	653,357	589,457
Amortization expense	7,176	7,254
Excepted credit recovery gains	(154)	(737)
Gain on bond redemption	(9,573)	-
Net losses on financial assets and liabilities at fair value through profit and loss	11,480	18,107
Interest expense	299,967	241,214
Interest income	(9,629)	(6,724)
Dividend income	(3,972)	(3,680)
Share of profit or losses of subsidiaries and associates accounted for using the equity method	684,081	1,502,856
Loss on disposal of property, plant and equipment	12,735	9,275
Property, plant and equipment reclassified to expenses	42,180	65,566
Unrealized gain on sale	-	1,928
Realized gain on sale	(1,928)	-
Lease modification gain	(61)	(863)
Other item - donation expense	44,698	54,117
Subtotal	1,730,357	2,477,770
Change in operating assets and liabilities:		
Change in operating assets		
Decrease (increase) in notes receivable	39,182	54,623
Decrease (increase) in accounts receivable	(9,244)	266,759
Decrease (increase) in accounts receivable from related parties	17,165	63,873
Decrease (increase) in other receivables	499	531
Decrease (increase) in inventories	22,921	214,614
Decrease (increase) in prepayments	59,022	20,761
Decrease (increase) in other current assets	7,114	(2,743)
Total net change in operating assets	136,659	618,418
Change in operating liabilities		
Increase (decrease) in accounts payable	(35,076)	(234,355)
Increase (decrease) in accounts payable from related parties	55,948	(51,325)
Increase (decrease) in other payables	(126,167)	25,655
Increase (decrease) in refund liability - current	(1,093)	(1,924)
Increase (decrease) in net defined benefit liability - non-current	(1,857)	(1,054)
Total net change in operating liabilities	(108,245)	(260,380)
Total net change in operating assets and liabilities	28,414	358,038
Total adjustments	1,758,771	2,835,808
Cash generated from operating activities	1,354,838	1,951,307
Interests received	9,629	7,633
Dividends received	9,850	23,270
Interests paid	(289,105)	(234,188)
Income tax paid	(274,569)	(113,128)
Net cash provided by operating activities	810,643	1,634,894
Cash flow from investing activities:		
Decrease (increase) in other receivables from related parties	-	661,200
Acquisition of financial assets at fair value through profit or loss	(80,260)	(46,877)
Acquisition of investments accounted for using equity method	(8,000)	-
Acquisition of property, plant and equipment	(404,239)	(872,758)
Disposal of property, plant and equipment	9,975	3,526
Decrease (increase) in other non-current assets - prepayments for equipment	(63,641)	(553,712)
Decrease (increase) in other non-current assets - refundable deposits	1,513	(1,161)
Decrease (increase) in other non-current assets - others	(1,460)	(4,188)
Net cash used in investing activities	(546,112)	(813,970)
Cash flow from financing activities:		
Increase (decrease) in short-term loans	-	(1,375,000)
Repayments of corporate bond	(689,143)	(2,500,000)
Increase in long-term borrowings	4,953,351	8,232,183
Repayments of long-term loans	(4,432,110)	(5,536,789)
Repayment of the principal portion of lease liabilities	(50,882)	(54,791)
Increase (decrease) in other non-current liabilities	(3,852)	2,623
Cash dividends paid	-	(331,412)
Net cash provided by (used in) financing activities	(222,636)	(1,565,809)
Effect of changes in exchange rate on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	41,895	(744,885)
Cash and cash equivalents at the beginning of the year	120,451	865,336
Cash and cash equivalents at the end of the year	$162,346	$120,451

Case 2 **(proposed by the Board of Directors)**

Summary: 2024 Appropriation of Profit and Make up for Loss is hereby presented for ratification.

Note: 1. The Company's 2024 statement of appropriation of profit and make up for loss has been prepared, the details are presented as follows.

2. This case was approved by Audit Committee and the board of directors, is hereby presented for ratification.

Resolution:

Longchen Paper & Packaging Co., Ltd.

Earnings Distribution Proposal 2024

Unit: NT$

I. Distributable Items	Amount
Accumulated undistributed earnings in the beginning of 2024	2,455,000,329
Net loss of 2024	(373,552,917)
Change of profit or loss of associates & joint ventures accrued by the equity method	(1,583,092)
Other comprehensive income	457,443
Dispose equity instruments at fair value through other comprehensive income	5,165,363
Less: 2024 Interim earning distribution	0
2024 Earnings available for distribution of fourth quarter	2,085,487,126
II. List legal reserve	
1. 2024 Interim legal reserve provision	0
2. 2024 Legal reserve provision	0
III. List special reserve	
2024 Interim special surplus reserve withdrawals	0
2024 Differences in special surplus reserves	310,868,220
IV. Distribution	
1. 2024 Interim cash dividends to common shareholders (NT$ 0 cash dividend per share)	0
2. 2024 Cash dividends to common shareholders (NT$ 0 cash dividend per share)	0
Total	310,868,220
Ending accumulated undistributed earnings	1,774,618,906

Chairman: Cheng, Ying-Pin Manager: Matsumura Hiroshi Chief Accounting Officer: Chang, Yu-Cheng

Discussion Items

Discussion Items

Case 1 (proposed by the Board of Directors)

Summary: Amendment of Articles of Incorporation is hereby presented for discussion.

Note: In order to conform to relevant regulations and the needs of commercial practice, the company hereby proposes to amend the partial articles. Please see the table below for details.

The amended articles	The current articles	Notes
Article 6: The Company issues its shares to registered owner, and the share certificates shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws. The Company is not required to print non-physical stock certificates for its shares. The Company shall communicate with a centralized securities depository enterprise for registration.	Article 6: The Company issues its shares to registered owners only. Share certificates are issued with the signatures or authorized seals of at least three directors, subject to certification by the operation of the laws. The Company is not required to print non-physical stock certificates for its shares. The Company shall communicate with a centralized securities depository enterprise for registration.	In compliance with amended Article 162 of Company Act.
Article 22.1: The Company is required to allocate at least 1% and at least 2% of its annual profit before income tax (if any) in the form of cash or stock for junior staff's and employees' bonuses as ratified by over half of attending directors and as reported at the shareholders' meeting, where more than two thirds of all directors shall be present. (omitted below)	Article 22.1: The Company is required to allocate at least 2% of its annual profit before income tax (if any) in the form of cash or stock for employees' bonuses as ratified by over half of attending directors and as reported at the shareholders' meeting, where more than two thirds of all directors shall be present. (omitted below)	In compliance with amended Article 14-6 od Securities and Exchange Act
Article 25: The Articles of Incorporation was established on January 25, 1978. (The 1st to 39th amendments are omitted) The 40th amendment was made on May 28, 2025.	Article 25: The Articles of Incorporation was established on January 25, 1978. (The 1st to 39th amendments are omitted)	Add the date of the 40th amendment

Resolution:

Extemporaneous Motions

Adjournment

Appendixes

Articles of Incorporation of
Longchen Paper & Packaging Co., Ltd.

Chapter One: General Provisions

Article 1: The Company is incorporated in accordance with the "Company Act", under the name of Longchen Paper & Packaging Co., Ltd., same as English name of the company.

Article 2: The Company's business activities comprise the following:

2.1 C601020 Paper Manufacturing;
2.2 C601030 Paper Containers Manufacturing;
2.3 C701010 Printing;
2.4 C801110 Fertilizer Manufacturing;
2.5 CB01030 Pollution Controlling Equipment Manufacturing;
2.6 D101050 Steam and Electricity Paragenesis;
2.7 E604010 Machinery Installation Construction;
2.8 J101030 Waste disposal;
2.9 G801010 Warehousing and Storage;
2.10 I103060 Management Consulting Services;
2.11 JE01010 Rental and Leasing Business; and
2.12 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2.1: Mutual guarantees shall be externally made between the Company and its affiliates for business needs.

Article 2.2: The Company's total reinvestment amount shall exceed 40% of its paid-up capital.

Article 3: Headquartered in Zhanghua County, Taiwan (ROC), the Company can set up branches, factories and business offices at home and abroad with the resolution of the board of directors, if necessary.

Article 4: The Company's announcements shall be subject to Article 28 of the "Company Act".

Chapter Two: Shares

Article 5: The Company has the authorized share capital of Fifteen Billion New Taiwan Dollars (NT$15 000,000,000), which is divided into 1,500,000 units to issue common or preferred shares, with NT$10 per share; wherein the board of directors is authorized to issue unissued shares in installments as needed.

Article 6: The Company issues its shares to registered owners only. Share certificates are issued with the signatures or authorized seals of at least three directors, subject to certification by the operation of the laws.

The Company is not required to print non-physical stock certificates for its shares. The Company shall communicate with a centralized securities depository enterprise for registration.

Article 7: The Company's shareholders shall provide their real names and residence addresses for recording in the register of shareholders.

Article 7.1: Shares purchased by the Company pursuant to the "Company Act" can be transferred only to the employees of the Company and any domestic and overseas companies controlled or affiliated to the Company; specific subscription conditions and qualified transferee shall be decided by the board of directors according to the "Company Act".

In issuing new shares, subscribing new shares shall be made by the employees of the Company and any domestic and overseas companies controlled or affiliated to the Company; specific subscription conditions and qualified transferee shall be decided by the board of directors according to the "Company Act".

Issuance of new restricted shares for subscription by the employees of the Company and any domestic and overseas companies controlled or affiliated to the Company; specific subscription conditions and qualified transferee shall be decided by the board of directors according to the "Company Act".

Article 8: All share-related affairs of the Company shall proceed according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

Article 9: The shareholders' signatures shall be retained in the Company, so that they can subsequently exercise shareholders' rights accordingly.

Chapter Three: Shareholder Meetings

Article 10: The Company convenes two types of shareholder meeting: the annual general meeting and extraordinary shareholder meetings. Annual general meetings (AGMs) are convened by the board of directors by law once a year within six months after the end of each fiscal year. Extraordinary shareholder meetings may be held by law whenever deemed necessary. The shareholder meeting advice and announcement shall state clearly the agenda to be discussed during the meeting, and can be issued in electronic form if consented by the recipient. Distribution of the shareholder meeting agenda can be made in the form of announcement.

Article 10-1: A shareholders' meeting of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 11: If a shareholder is unable to attend the shareholder meeting in person, a proxy can be appointed to attend on behalf of such shareholder by completing the Company's proxy form and by specifying the scope of delegated authority.

Unless otherwise regulated in Article 177 of the "Company Act", shareholders shall delegate their proxy attendants in compliance with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 12: The Company's shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of the "Company Act".

Article 13: Except otherwise regulated by law, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Chapter Four: Directors

Article 14: The board shall consist of 9 directors elected from persons of adequate capacity during the shareholder meeting, including at least three independent directors, who shall not be less than one-fifth of total director seats. Directors are elected to serve a term of 3 years, which can be renewed if re-elected. Directors' total shareholding shall comply with the rules of the securities authority.

The candidate nomination system shall be adopted during election of directors. Shareholders shall elect directors from the list of candidates thereof in accordance with the "Company Act", the "Securities and Exchange Act", and other related laws and regulations.

Independent and non-independent directors shall be elected at the same shareholder meeting. The number of elected independent and non-independent directors shall be calculated separately.

Article 15: The directors shall organize the board of directors to elect a chairman and a deputy chairman among directors during a board meeting with more than two-thirds of directors present, and with the support of more than half of attending directors. The Chairman serves as the Company's representative to the outside world and shall take centralized control over all its businesses.

Article 16: If the Chairman is unable to perform duties due to leave of absence or any reason, delegation shall be performed in accordance with Article 208 of the "Company Act".

Article 16.1: If a director wishes to seek proxy attendance by another director, a separate proxy letter shall be issued for every board meeting, with the extent of delegated authority specified separately for each agenda item. Each proxy attendant may only represent the presence of one absent director.

Article 17: The Company's business policies and other important matters shall be decided by the board of directors, including acquisition and disposal of its important properties and real property.

Article 18: The Company shall assemble an audit committee, which shall consist of all independent directors, in accordance with Article 14.4 of the "Securities and Exchange Act".

The number of committee members, terms of service, responsibilities, rules of procedure, and other matters shall be separately specified in the "Audit Committee Charter" in accordance with the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies".

Article19: The Company's board meetings shall be convened and communicated to directors seven (7) days in advance with detailed agenda; however, board meetings may be convened in case of emergency.

A notice of such board meeting may be communicated to the Company's directors in writing or via facsimile or email.

Article 20: The remunerations of all directors shall be based on individual participation and contribution to the Company's operations, and referred to the standard in the same industry for determination, and the remuneration committed shall audit and report to the board of directors' meeting for approval.

All directors' transportation allowance shall be paid in accordance with actual attending conditions, and the transportation allowance of each person is NT$ 5 thousand every time.

The Company shall cover the "Directors and Officers Liability Insurance" for directors regarding their legitimate liabilities of compensation within their term of office and scope of duties.

Chapter Five: Managers

Article 21: The Company shall have one general manager, whose appointment, removal and remuneration shall be subject to Article 29 of the "Company Act".

The Company shall cover the "Directors and Officers Liability Insurance" for the general manager regarding his/her legitimate liabilities of compensation within his/her term of office and scope of duties.

Chapter Six: Accounting

Article 22: The board of directors is responsible for preparing and submitting the following statements and reports according to the legal procedures at the annual meeting of shareholders for ratification at the end of each fiscal year.

1) Business report;

2) Financial statements; and

3) Earnings appropriation or loss reimbursement proposals

The board of directors is authorized to distribute all or part of dividends and bonuses in cash based on the resolution of over half of attending directors and report at the annual meeting of shareholders, where more than two thirds of all directors shall be present, at the end of each fiscal year.

Article 22.1: The Company is required to allocate at least 2% of its annual profit before income tax (if any) in the form of cash or stock for employees' bonuses as ratified by over half of attending directors and as reported at the shareholders' meeting, where more than two thirds of all directors shall be present.

However, in case of previous losses, the reimbursement amount shall be retained, discussed and approved by the board of directors, and then reported at the shareholders' meeting. Only the employees of the Company and any domestic and overseas companies controlled or affiliated to the Company are entitled to the bonuses in the form of stock or cash; specific conditions and qualified employees shall be decided by the board of directors according to the "Company Act".

Article 23: After the final settlement at the end of each year, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses by law, followed by a 10% provision or reversal of special reserve as required by law. Subsequently, if there are some surpluses, they shall be combined with cumulative undistributed earnings and subject to the proposal for the distribution of earnings issued by the board of directors; a request for distribution shall be put forward at the shareholder meeting for distribution.

According to the Company's dividend policy and in consideration of its current and future development plans, investment environment, capital requirements, domestic and overseas competition, and shareholders' interest, at least 20% of its annual distributable earnings shall be distributed as shareholders' dividends and bonuses in the form of cash or stock, among which cash dividends shall amount to at least 50%, and the rest shall be stock dividends. Such proposal shall be implemented upon approval during the shareholder meeting.

Chapter Seven: Supplementary Provisions

Article 24: Any matters not addressed herein shall be governed by the "Company Act" and other related laws and regulations.

Article 25: The Articles of Incorporation was established on January 25, 1978.

The 1st amendment was made on April 24, 1978;

The 2nd amendment was made on July 6, 1978;

The 3rd amendment was made on April 7, 1980;

The 4th amendment was made on April 7, 1982;

The 5th amendment was made on March 7, 1982;

The 6th amendment was made on April 18, 1982;

The 7th amendment was made on March 20, 1983;

The 8th amendment was made on April 14, 1984;

The 9th amendment was made on March 17, 1985;

The 10th amendment was made on March 27, 1986;

The 11th amendment was made on March 29, 1987;

The 12th amendment was made on March 12, 1988;

The 13th amendment was made on March 2, 1989;

The 14th amendment was made on March 18, 1990;

The 15th amendment was made on March 27, 1991;

The 16th amendment was made on April 15, 1992;

The 17th amendment was made on April 2, 1993;

The 18th amendment was made on April 22, 1994;

The 19th amendment was made on May 18, 1995;

The 20th amendment was made on April 22, 1996;

The 21st amendment was made on April 26, 1997;

The 22nd amendment was made on April 23, 1998;

The 23rd amendment was made on May 19, 1999;

The 24th amendment was made on May 30, 2000;

The 25th amendment was made on April 27, 2001;

The 26th amendment was made on May 23, 2002;

The 27th amendment was made on May 23, 2003;
The 28th amendment was made on May 11, 2004;
The 29th amendment was made on May 20, 2005;
The 30th amendment was made on June 8, 2007;
The 31st amendment was made on August 14, 2009;
The 32nd amendment was made on June 9, 2010;
The 33rd amendment was made on June 13, 2012;
The 34th amendment was made on June 11, 2014;
The 35th amendment was made on August 25, 2014;
The 36th amendment was made on June 7, 2016;
The 37th amendment was made on June 12, 2019;
The 38th amendment was made on June 12, 2020;
The 39th amendment was made on June 8, 2022.

Rules of Procedure for Shareholder Meeting of Longchen Paper & Packaging Co., Ltd.

Article 1: The Rules of Procedure are formulated in accordance with the "Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies" to set up a good shareholder meeting and corporate governance system, assist the board in supervising and managing the Company's operations.

Article 2: The Company's "Rules of Procedure for Shareholder Meeting" shall proceed according to the following rules unless otherwise specified by law or the Articles of Incorporation.

Article 3: Unless otherwise specified by law, shareholder meetings are to be convened by the board of directors.

Before a shareholder meeting is convened, a meeting agenda shall be prepared and communicated to each shareholder thirty (30) days in advance; for each shareholder holding less than 1 thousand inscribed shares, the meeting agenda shall be uploaded onto MOPS thirty (30) days in advance. Before an extraordinary shareholder meeting is convened, shareholders shall be informed fifteen (15) days earlier; for each shareholder holding less than 1 thousand inscribed shares, the meeting agenda shall be uploaded onto MOPS fifteen (15) days in advance.

The meeting advice and announcement shall state clearly the agenda to be discussed during the meeting, and can be issued in electronic form if consented by the recipient.

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 1hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Extraordinary motion. The reason of holding shareholders' meeting shall specify shareholder’s election, and the date of assumption. After the election of shareholders' meeting, the same meeting shall not amend the date of assumption by extemporaneous motions or other methods.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders’ meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, 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. However, shareholder proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.

Prior to the book closure date before a regular shareholders' meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals in written or means of electronic transmission may not be less than 10 days.

Each proposal shall be limited to three hundred words. Any proposal more than three hundred words shall not be included in the meeting agenda. Such shareholder with a proposal shall, in person, or appoint a proxy to, attend the shareholder meeting and participate in discussions thereof. The shareholder with a proposal shall be informed of the result prior to the date of shareholder meeting advice, which shall include the proposals complying with this article. The board of directors shall give reasons for exclusion of shareholder proposals from the agenda during the shareholder meeting.

Article 4: Shareholders may appoint proxies to attend shareholder meetings on their behalf by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms shall be received by the Company at least 5 days before the shareholder meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

Should the shareholder decide to attend shareholder meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice shall be sent to the Company by no later than two days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

Article 5: The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 6: The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention. Where a virtual shareholders meeting is convened, shareholder's participation and exercising rights ways, in the event of disruption to the virtual meeting platform or participation in the meeting online due to other force majeure events, and the date of postponing or resuming the meeting and other precautions shall be included in the minutes; when convening a virtual-only shareholder meeting, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

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.

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 as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other 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.

Article 7: If the shareholder meeting is convened by the board of directors, the Chairman shall act as chairperson. If the Chairman is unable to perform duties due to leave of absence or any reason, the Deputy Chairman shall perform duties on behalf of the absent Chairman. Where there is no position of deputy chairman, or such Deputy Chairman is also unable to perform duties due to leave of absence or any reason, the Chairman shall designate an executive director as proxy; if there is no position of executive director, a director shall be designated as proxy. If the Chairman fails to designate a proxy, either the executive director or a director shall be elected on behalf of the Chairman.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If there are two or more eligible conveners at the same time, one shall be appointed among themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholder meetings.

Article 8: 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. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 9: Attendance at shareholders meetings shall be calculated based on numbers 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 relevant information, such as concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting, etc. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to 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 to this Corporation 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.

Article 10: If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, related cases shall be decided by a vote. The meeting shall proceed in the order set by the agenda, which may not be changed without are solution of the shareholders' meeting.

The above rule also applies if the shareholders' meeting is convened by any authorized party other than the board of directors.

In the arrangements described above, the chairperson cannot dismiss the meeting while two agenda items (including extemporaneous motions) are thru in progress. If the chairperson is found to have dismissed the meeting in violation of the conference rules, other board members shall immediately assist the attending shareholders according to the legal procedure in electing a separate chairperson who has the support of more than half of voting rights represented at the meeting; as a result, the meeting may continue.

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 put it to a vote, the chair may announce the discussion closed and call for a vote, and arrange a proper time of a vote.

Article 11: Shareholders who wish to speak during the meeting shall first produce an opinion slip detailing the topic and shareholder account number (or conference pass serial number). The order of shareholders' comments shall be determined by the chairperson.

Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments expressed shall be taken into record.

Shareholder cannot speak for more than two times, for 5 minutes each, on the same topic without the consent of the chairperson. The chairperson may restrain shareholders in violation of the above rule or interrupt any comments that are irrelevant to the topics discussed.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson.

Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak for each discussed topic.

After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.

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.

Article 12: Voting rights in a shareholder meeting are calculated based on the number of shares represented.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Shareholders may not vote on decisions that pose a conflicting interest between them and the Company, and neither shall they exercise voting rights on behalf of other shareholders.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the calculation of total voting rights.

With the exception of trust enterprises and certain share administration agencies approved by the competent securities authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation.

Article 13: Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of the "Company Act".

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by electronic means and 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 right by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

When a shareholders' meeting is held, voting rights can be exercised using the electronic method or in writing. Instructions for exercising voting rights in writing or using the electronic form shall be clearly stated on the shareholder meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholder meeting in person. However, they are considered to have waived their rights to participate in any extemporaneous motions or amendments to the original discussions that may arise during the shareholders' meeting.

Instructions to exercise written and electronic votes shall be delivered to the Company at least 2 days before the shareholder meeting. In the event of duplicate submissions, the earliest submission shall be taken into record. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous instruction. After exercising their voting rights in writing or using electronic methods are required, a shareholder wishes to attend the shareholders' meeting in person or online, to withdraw their votes using the same method by which the vote was cast in the first place, and by no later than two days before the day of shareholder meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If the shareholder has exercised written or electronic votes and at the same time delegated proxy to attend the shareholder meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise specified in the "Company Act" or the Articles of Incorporation, a decision is passed with the consent of shareholders representing more than half of total voting interests in the meeting. When voting, the chairperson or delegate thereof shall announce the total number of voting rights represented by attending shareholders for every agenda item discussed. A motion is considered passed if the chairperson receives no objection from any attending directors; in case of any objection, voting by ballot shall be adopted as stated above.

In cases where several amendment or alternative solutions have been proposed at the same time, the chairperson shall determine the order in which the proposals are noted. However, if any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The chairperson will appoint a ballot examiner and a ballot counter; the ballot examiner shall be a shareholder.

Votes are to be counted openly at the shareholder meeting. Results of the vote, including the final tally, shall be announced on-site and recorded in minutes.

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 will 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.

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of 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. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15: Shareholder meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting, and the meeting minutes may be produced and distributed in electronic form.

Distribution of the aforesaid detailed minutes can be made in the form of announcement.

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 results, and shall be retained for the duration of the existence of the Company.

The minutes herein shall contain accurate day/month/year that the meeting is held, place, the name of Chairman, resolution method, meeting agenda and voting result (included the number of voting rights); the number of voting rights for every candidate in the election of directors, if any, shall be disclosed and maintained permanently during the period the Company survives.

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, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online, and other force majeure events, and how issues are dealt with shall also be included in the minutes.

Article 16: 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 (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Organizers of the shareholder meeting shall wear proper identification or arm badges.

The chairperson may appoint picketers or security staff to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staff shall wear arm badges that identify their role as "Picketer" or proper identification.

The chairperson may stop anyone who attempts to speak using instruments that are not provided by the Company.

The chairperson may instruct picketers or security staff to remove shareholders who continue to violate the meeting policy despite being warned by the chairperson.

Article 18: The chairperson may put the meeting in recess at appropriate times. In the occurrence of force majeure event, the chairperson may suspend the meeting temporarily and resume at another time.

If the shareholder meeting is unable to conclude all agenda items (including extemporaneous motions) before the venue is due for return, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days, according to Article 182 of the "Company Act".

Article 19: In the event of a virtual shareholders meeting, votes shall be counted at once after the Company announces the voting session ends, the results of the voting and the election of all proposal shall be immediately disclosed on the virtual meeting platform of shareholders’ meeting in accordance with regulations, and after the chair declared the meeting adjourned, the disclosure shall continue at least 15 minutes.

Article 20: When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21: 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-time 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, 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 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.

During a postponed or resumed session of a shareholders' meeting held under the preceding paragraph, 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 postponing or resuming a meeting according to the second paragraph, 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 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, and shareholders specified in the roster of book closure at the original shareholders' meeting have the right to attend the shareholders' meeting.

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 the second paragraph.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, 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 not postponement or resumption thereof under the second paragraph is required.

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

Article 22: The above rules shall take effect immediately once approved during shareholder meeting; the same applies to all subsequent revisions.

Article 23: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Rules were amended on June 2nd, 2020.

These Rules were amended on July 12th, 2021.

These Rules were amended on June 8th, 2022.

Directors' Shareholding of Longchen Paper & Packaging Co., Ltd.

1. The board shall consist of 9 directors. Directors are elected to serve a term of 3 years, which can be renewed if re-elected.
2. Minimum shares held by all the directors: 32,000,000 units
3. Number of shares held by individual and all the directors:
   Book closure date for the Company's all outstanding shares of 1,327,685,727 Book closure. Date: March 30, 2025

Occupational title	Name	Date of elected to office	Tenure	Shareholding when elected		Number of shares held as at the book closure date	
				Number of shares	Proportion of shareholding (%)	Number of shares	Proportion of shareholding (%)
Chairman	Qian Jiang Investment Co., Ltd. Representative: Cheng, Ying-Pin	May 31, 2023	3 years	101,902,804	7.68	101,902,804	7.68
Director	Qian Jiang Investment Co., Ltd. Representative: Wang, Cho-Chiun	May 31, 2023	3 years	101,902,804	7.68	101,902,804	7.68
Director	Baolong International Co., Ltd. Representative: Wu, Chi-Wei	May 31, 2023	3 years	254,968,740	19.20	254,968,740	19.20
Director	Long Sheng Investment Co., Ltd. Representative: Lee, Ji-Ren	May 31, 2023	3 years	115,099,216	8.67	115,099,216	8.67
Director	Long Sheng Investment Co., Ltd. Representative: Chiang, Yo-Sung	May 31, 2023	3 years	115,099,216	8.67	115,099,216	8.67
Director	Yuema International Co., Ltd. Representative: Chiang, chun-Te	May 31, 2023	3 years	17,383,865	1.31	17,383,865	1.31
Independent Director	Chiu, Shean-Bii	May 31, 2023	3 years	0	0.00	0	0.00
Independent Director	Wen, Shun-Te	May 31, 2023	3 years	0	0.00	0	0.00
Independent Director	Chang, Lan-Hsin	May 31, 2023	3 years	0	0.00	0	0.00
Total				489,354,625	37.02	489,354,625	36.86

Note: The Company has set up the Audit Committee. The rule for the legal number of shares held by supervisors is not applicable.