

Nan Pao Resins Chemical Co., Ltd.

**Standalone Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nan Pao Resins Chemical Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Nan Pao Resins Chemical Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion and based on our and other independent auditors' reports (see Other Matter paragraph), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our and other independent auditors' reports, 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 standalone financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's standalone financial statements for the year ended December 31, 2021 is detailed as follows:

Authenticity of Revenue Recognition

As stated in Notes 4(n) and 25 the Company's main source of revenue is revenue from the sale of adhesives, coatings, and construction material. Revenue from sale of goods of adhesives department represented approximately 80% of the total operating revenue. We considered the materiality of this to the standalone financial statements as well as the regulations in the auditing standards regarding the presumed significant risk in revenue recognition, and thus deemed the authenticity of revenue recognition of the aforementioned products as a key audit matter.

The key audit procedures performed with respect to the aforementioned key audit matter are as follows:

1. We understood the design of the internal controls related to revenue recognition and tested on a sample basis its operating effectiveness.
2. We selected appropriate samples from the sales receipts of the customers mentioned above, and inspected the sales orders signed by the customers based on the revenue recognition terms, commercial invoices, bill of lading and collections of this customers to check whether the sales actually occurred, and also confirmed whether the transaction counterparty to the sale was the same as the counterparty receiving payment.

Other Matters

Among the standalone financial statements of the Company, the standalone financial statements of some of the invested companies in using equity method were not audited by us, but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information, is based solely on the report of other auditors. The total amount of investment accounted for using the equity method amounted to NT\$1,295,650 thousand and NT\$1,038,776 thousand as of December 31, 2021 and 2020, respectively, and both accounting for 6% and 7% of total assets, respectively. The comprehensive income in using equity method was NT\$59,100 thousand and NT\$18,408 thousand as of December 31, 2021 and 2020, respectively, accounting for 1.0% and 1.5% of total comprehensive income, respectively.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 standalone financial statements.

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone 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 matter that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2021 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 Hung-Ju Liao and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 24, 2022

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone 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 standalone financial statements shall prevail.

NAN PAO RESINS CHEMICAL CO., LTD.

**STANDALONE BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 473,941	3	\$ 287,063	2
Financial assets at amortized cost - current (Notes 4, 9 and 10)	509,655	3	534,893	4
Notes receivable (Notes 4 and 11)	237,855	1	190,781	2
Accounts receivable (Notes 4, 11 and 25)	398,621	2	410,632	3
Accounts receivable - related parties (Notes 4, 11, 25 and 33)	878,398	4	910,756	6
Other receivables (Notes 4, 11 and 33)	17,848	-	13,156	-
Inventories (Notes 4 and 12)	677,416	3	466,846	3
Non-current assets held for sale (Notes 4 and 13)	378,477	2	-	-
Other current assets (Note 19)	23,849	-	39,830	-
Total current assets	<u>3,596,060</u>	<u>18</u>	<u>2,853,957</u>	<u>20</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	36,135	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	6,254,904	31	1,080,530	7
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	13,699	-	13,919	-
Investments accounted for using the equity method (Notes 4 and 14)	8,096,299	39	8,403,544	58
Property, plant and equipment (Notes 4 and 15)	2,170,973	11	1,940,046	13
Right-of-use assets (Notes 4 and 16)	26,151	-	32,180	-
Investment properties (Notes 4 and 17)	17,760	-	17,760	-
Other intangible assets (Notes 4 and 18)	24,541	-	29,289	-
Deferred tax assets (Notes 4 and 27)	231,717	1	205,389	2
Other non-current assets (Note 19)	58,613	-	33,226	-
Total non-current assets	<u>16,930,792</u>	<u>82</u>	<u>11,755,883</u>	<u>80</u>
TOTAL	<u>\$ 20,526,852</u>	<u>100</u>	<u>\$ 14,609,840</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 1,326,699	6	\$ 935,174	6
Contract liabilities - current (Note 25)	14,650	-	5,779	-
Notes payable (Note 21)	284	-	5,466	-
Accounts payable (Notes 21 and 33)	841,927	4	646,847	5
Lease liabilities - current (Notes 4 and 16)	6,362	-	6,232	-
Other payables (Notes 22 and 32)	416,461	2	386,036	3
Current tax liabilities (Note 27)	135,500	1	186,570	1
Current portion of long-term borrowing (Note 20)	104,800	1	-	-
Other current liabilities (Notes 22, 25 and 33)	25,693	-	29,889	-
Total current liabilities	<u>2,872,376</u>	<u>14</u>	<u>2,201,993</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 16)	20,152	-	26,226	-
Long - term borrowings (Note 20)	1,564,020	8	1,265,382	9
Deferred tax liabilities (Notes 4, 5 and 27)	752,046	4	768,224	5
Other non-current liabilities	2,210	-	3,916	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	38,201	-	77,498	1
Total non-current liabilities	<u>2,376,629</u>	<u>12</u>	<u>2,141,246</u>	<u>15</u>
Total liabilities	<u>5,249,005</u>	<u>26</u>	<u>4,343,239</u>	<u>30</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital - ordinary shares	1,205,707	6	1,205,707	8
Capital surplus	2,101,673	10	2,101,673	14
Retained earnings				
Legal reserve	1,300,961	6	1,178,822	8
Special reserve	313,321	2	313,321	2
Unappropriated earnings	5,021,383	24	5,115,900	35
Total retained earnings	<u>6,635,665</u>	<u>32</u>	<u>6,608,043</u>	<u>45</u>
Other equity	5,334,802	26	351,178	3
Total equity	<u>15,277,847</u>	<u>74</u>	<u>10,266,601</u>	<u>70</u>
TOTAL	<u>\$ 20,526,852</u>	<u>100</u>	<u>\$ 14,609,840</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 24, 2022)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)	\$ 5,359,550	100	\$ 4,635,634	100
OPERATING COSTS (Notes 12, 23 and 33)	<u>4,137,788</u>	<u>77</u>	<u>3,144,066</u>	<u>68</u>
GROSS PROFIT	<u>1,221,762</u>	<u>23</u>	<u>1,491,568</u>	<u>32</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(119,117)	(2)	(183,462)	(4)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>183,462</u>	<u>3</u>	<u>110,569</u>	<u>2</u>
REALIZED GROSS PROFIT	<u>1,286,107</u>	<u>24</u>	<u>1,418,675</u>	<u>30</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	457,914	9	393,784	9
General and administrative expenses	288,199	5	295,390	6
Research and development expenses	186,859	4	198,774	4
Estimated credit loss (gain)	<u>270</u>	<u>-</u>	<u>(2,493)</u>	<u>-</u>
Total operating expenses	<u>933,242</u>	<u>18</u>	<u>885,455</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>352,865</u>	<u>6</u>	<u>533,220</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 26)				
Interest income	179	-	1,210	-
Other income	77,483	1	107,617	2
Other gains and losses	(1,651)	-	(47,697)	(1)
Finance costs	(21,816)	-	(22,166)	-
Share of profit of subsidiaries and associates	<u>588,582</u>	<u>11</u>	<u>792,780</u>	<u>17</u>
Total non-operating income and expenses	<u>642,777</u>	<u>12</u>	<u>831,744</u>	<u>18</u>
PROFIT BEFORE INCOME TAX	995,642	18	1,364,964	29
INCOME TAX EXPENSE (Notes 4 and 27)	<u>119,862</u>	<u>2</u>	<u>145,211</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>875,780</u>	<u>16</u>	<u>1,219,753</u>	<u>26</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remensurement of defined benefit plans	11,181	-	2,968	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	5,124,424	96	107,602	2
Share of other comprehensive income of subsidiaries accounted for using equity method	2,750	-	19,540	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,236)	-	(593)	-
	<u>5,136,119</u>	<u>96</u>	<u>129,517</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(191,403)	(4)	(122,291)	(3)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(4,419)	-	30	-
Income tax relating to items may be reclassified subsequently to profit or loss	39,164	1	24,452	1
	<u>(156,658)</u>	<u>(3)</u>	<u>(97,809)</u>	<u>(2)</u>
Other comprehensive loss for the year, net of income tax	<u>4,979,461</u>	<u>93</u>	<u>31,708</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,855,241</u>	<u>109</u>	<u>\$ 1,251,461</u>	<u>27</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 7.26</u>		<u>\$ 10.12</u>	
Diluted	<u>\$ 7.24</u>		<u>\$ 10.09</u>	

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

(With Deloitte & Touche auditors' report dated March 24, 2022)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STANDALONE STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Retained Earnings					Other Equity		Total Other Equity	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2020	\$ 1,205,707	\$ 2,103,848	\$ 1,056,002	\$ 313,321	\$ 4,740,757	\$ (390,008)	\$ 711,113	\$ 321,105	\$ 9,740,740
Appropriation of the 2019 earnings (Note 24)									
Legal reserve	-	-	122,820	-	(122,820)	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)
Net profit for the year ended December 31, 2020	-	-	-	-	1,219,753	-	-	-	1,219,753
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	1,635	(97,809)	127,882	30,073	31,708
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,221,388	(97,809)	127,882	30,073	1,251,461
Changes in percentage of ownership interests in subsidiaries (Note 29)	-	(2,175)	-	-	-	-	-	-	(2,175)
BALANCE AT DECEMBER 31, 2020	1,205,707	2,101,673	1,178,822	313,321	5,115,900	(487,817)	838,995	351,178	10,266,601
Appropriation of the 2020 earnings (Note 24)									
Legal reserve	-	-	122,139	-	(122,139)	-	-	-	-
Cash dividends distributed by the Company - \$7 per share	-	-	-	-	(843,995)	-	-	-	(843,995)
Disposal of financial assets at fair value through other comprehensive income (Notes 8 and 24)	-	-	-	-	(14,640)	-	14,640	14,640	-
Net profit for the year ended December 31, 2021	-	-	-	-	875,780	-	-	-	875,780
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	10,477	(156,658)	5,125,642	4,968,984	4,979,461
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	886,257	(156,658)	5,125,642	4,968,984	5,855,241
BALANCE AT DECEMBER 31, 2021	<u>\$ 1,205,707</u>	<u>\$ 2,101,673</u>	<u>\$ 1,300,961</u>	<u>\$ 313,321</u>	<u>\$ 5,021,383</u>	<u>\$ (644,475)</u>	<u>\$ 5,979,277</u>	<u>\$ 5,334,802</u>	<u>\$ 15,277,847</u>

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

(With Deloitte & Touche audit report dated March 24, 2022)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 995,642	\$ 1,364,964
Adjustments for:		
Depreciation expenses	148,124	147,743
Amortization expenses	9,828	9,845
Estimated credit loss (gain) recognized on trade receivables	270	(2,493)
Gain in fair value changes of financial assets at fair value through profit or loss	(11,135)	-
Interest income	(179)	(1,210)
Finance costs	21,816	22,166
Dividend income	(65,735)	(45,925)
Write-downs of inventories	59,895	2,848
Share of profit of subsidiaries and associates	(588,582)	(792,780)
Gain on disposal of property, plant and equipment	(410)	(973)
Unrealized gain on the transactions with subsidiaries	119,117	183,462
Realized gain on the transaction with subsidiaries	(183,462)	(110,569)
Gain on lease modification	-	(36)
Changes in operating assets and liabilities		
Notes receivable	(47,074)	(10,053)
Accounts receivable	11,741	(92,246)
Accounts receivable - related parties	32,358	(295,814)
Other receivables	(4,692)	92,511
Inventories	(270,465)	13,563
Other current assets	(5,319)	3,423
Contract liabilities	8,871	(3,651)
Notes payable	(5,615)	(5,382)
Accounts payable	195,080	114,401
Other payables	21,409	36,345
Other current liabilities	(4,196)	4,371
Net defined benefit liabilities	(28,116)	(19,201)
Cash generated from operations	409,171	615,309
Interest received	179	2,176
Interest paid	(21,577)	(22,550)
Income tax paid	(176,510)	(115,934)
Net cash generated from operating activities	<u>211,263</u>	<u>479,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	25,458	-
Proceeds from capital reduction of investments accounted for under financial assets at fair value through other comprehensive income	(25,000)	-
Net increase of financial assets at amortized cost	(29,878)	(26,629)
Net decrease of financial assets at amortized cost	868	315

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets at fair value through profit or loss	-	(152,040)
Acquisitions of investments accounted for using the equity method	(51,696)	(28,743)
Proceeds from capital reduction of investments accounted for using the equity method	-	149,450
Payments for property, plant and equipment	(391,167)	(285,389)
Proceeds from disposal of property, plant and equipment	461	973
Payments for intangible assets	(2,634)	(1,479)
Dividends received	<u>658,319</u>	<u>553,615</u>
Net cash generated from investing activities	<u>184,731</u>	<u>210,073</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,340,312	5,297,244
Repayments of short-term borrowings	(5,948,787)	(5,072,070)
Proceeds from long-term borrowings	2,720,000	2,794,089
Repayments of long-term borrowings	(2,318,268)	(2,988,000)
Repayment of the principal portion of lease liabilities	(6,473)	(7,917)
Cash dividends paid	(843,995)	(723,425)
Acquisition of additional interest in subsidiaries	<u>(151,905)</u>	<u>(298,549)</u>
Net cash used in financing activities	<u>(209,116)</u>	<u>(998,628)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	186,878	(309,554)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>287,063</u>	<u>596,617</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 473,941</u>	<u>\$ 287,063</u>

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

(With Deloitte & Touche auditors' report dated March 24, 2022)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Nan Pao Resins Chemical Co., Ltd. (the “Company”) was founded in October 1963, and is mainly engaged in the manufacturing, wholesale, and retail sale of synthetic resins, synthetic plastics, adhesives, resin coatings, dyes, and pigments.

The Company obtained approval for the public issuance of its shares in May 2017, and obtained approval for the trading of its shares on the emerging stock board (ESB) of the Taipei Exchange (TPEX) in July of the same year. Since November 2018, the Company's shares started trading on the Taiwan Stock Exchange.

The standalone financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved and authorized for issue by the Company’s board of directors on March 24, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the assets or liabilities.

When preparing these standalone financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these standalone financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the standalone financial statements of Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange

prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting standalone financial statements, the functional currencies of its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, goods, work in progress, finished goods and semi-finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of [equity of subsidiaries/equity of subsidiaries attributable to the Company].

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the

estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the standalone financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the standalone financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is also a part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is

regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's standalone financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable (including related parties), other receivables, and investments in debt instruments are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of adhesives and coatings. Sales of adhesives and coatings are recognized as revenue when reaching trade terms or after accepting because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Advance receipts are recognized as a contract liability until trade terms have been reached.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which include fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method,

with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow

from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 1,053	\$ 1,053
Checking accounts and demand deposits	<u>472,888</u>	<u>286,010</u>
	<u>\$ 473,941</u>	<u>\$ 287,063</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – DECEMBER 31, 2021

	Amount
<u>Financial assets at FVTPL – non-current</u>	
Financial assets mandatorily classified as a FVTPL	
Non-derivative financial assets	
Limited partnership	<u>\$ 36,135</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>December 31</u>	
	2021	2020
Domestic investments		
Unlisted stocks	<u>\$ 6,254,904</u>	<u>\$ 1,080,530</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly,

the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The equity instruments measured at FVTOCI held by the Company are not pledged as security.

In November 2021, the Company acquired the retained shares of FlexUP Technologies Corp., resulting in an increase in shareholding ratio from 7.11% to 96.87%, and obtained the controlling interests. The Company derecognized the original shareholding of 7.11%, which was recognized as financial assets at fair value through other comprehensive income, and transferred the unrealized losses in other equity of \$14,640 thousand into retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Restricted demand deposits (a)	\$ <u>509,655</u>	\$ <u>534,893</u>
<u>Non-current</u>		
Refunded deposits	\$ <u>13,699</u>	\$ <u>13,919</u>

- a. Restricted demand deposits as of December 31, 2021 and 2020 are funds that the Company put into the dedicated bank account in accordance with "the Management, Utilization, and Taxation of Repatriated Offshore Funds Act".
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

	<u>December 31</u>	
	2021	2020
Financial assets at amortized cost - current	\$ 509,655	\$ 534,893
Financial assets at amortized cost - non-current	<u>13,699</u>	<u>13,919</u>
	<u>\$ 523,354</u>	<u>\$ 548,812</u>

The Company invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Company considers the historical default loss rates, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Company did not make any provision for expected credit losses with respect to financial assets at amortized cost as of December 31, 2021 and 2020.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES (INCLUDING RELATED PARTIES), AND OTHER RECEIVABLES

	<u>December 31</u>	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ <u>237,855</u>	\$ <u>190,781</u>
<u>Accounts receivable (including related parties)</u>		
Amortized cost		
Gross carrying amount	\$ 1,277,776	\$ 1,321,915
Less: Allowance for impairment loss	<u>757</u>	<u>527</u>
	<u>\$ 1,277,019</u>	<u>\$ 1,321,388</u>
<u>Other receivables</u>		
Gross carrying amount	<u>\$ 17,848</u>	<u>\$ 13,156</u>

Accounts receivable at amortized cost

The average credit period of sales of goods was 15 days to 150 days, and no interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Notes receivable

As of December 31, 2021 and 2020, the notes receivable analyzed by the Company based on the past due days were not overdue, and the Company did not measure any loss allowance for notes receivable.

Accounts receivable (including related parties)

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2021

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01%	0.2%~1.2%	3%~7%	8%~32%	37%~83%	100%	
Gross carrying amount	\$ 1,235,028	\$ 36,424	\$ 5,939	\$ -	\$ -	\$ 385	\$ 1,277,776
Loss allowance (Lifetime ECLs)	<u>(36)</u>	<u>(104)</u>	<u>(232)</u>	<u>-</u>	<u>-</u>	<u>(385)</u>	<u>(757)</u>
Amortized cost	<u>\$ 1,234,992</u>	<u>\$ 36,320</u>	<u>\$ 5,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,277,019</u>

December 31, 2020

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01%	0.2%~1.2%	3%~7%	8%~32%	37%~83%	100%	
Gross carrying amount	\$ 1,048,610	\$ 272,310	\$ 595	\$ -	\$ -	\$ 400	\$ 1,321,915
Loss allowance (Lifetime ECLs)	<u>(39)</u>	<u>(47)</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>(400)</u>	<u>(527)</u>
Amortized cost	<u>\$ 1,048,571</u>	<u>\$ 272,263</u>	<u>\$ 554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,321,388</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 527	\$ 3,500
Add: Net remeasurement of loss allowance	270	(2,493)
Less: Amounts written off	<u>(40)</u>	<u>(480)</u>
Balance at December 31	<u>\$ 757</u>	<u>\$ 527</u>

12. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Goods	\$ 8,597	\$ 7,581
Finished goods and semi-finished goods	294,544	190,585
Work in process	49,297	25,248
Raw materials and supplies	<u>324,978</u>	<u>243,432</u>
	<u>\$ 677,416</u>	<u>\$ 466,846</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$4,138,198 thousand and \$3,145,039 thousand, respectively. The cost of goods sold included inventory write-downs of \$59,895 thousand and \$2,848 thousand for the years ended December 31, 2021 and 2020, respectively.

13. NON-CURRENT ASSETS HELD FOR SALE – DECEMBER 31, 2021

	<u>Amount</u>
Investments accounted for using the equity method held for sale	<u>\$ 378,477</u>

In November 2021, the board of directors resolved to dispose of the 30% of the shareholdings of the associate, Total Acrylic Polymer Industry (TAPI) Corporation, to the non-related party, SEIKO PMC CORPORATION. The Company expected to complete the procedure within 12 months. Accordingly, the

carrying amount \$378,477 thousand of investments accounted for using the equity method was reclassified as non-current assets held for sale, and was presented separately in the standalone balance sheets.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 8,096,299	\$ 8,035,791
Investments in associates	<u>-</u>	<u>367,753</u>
	<u>\$ 8,096,299</u>	<u>\$ 8,403,544</u>

a. Investments in subsidiaries

	December 31	
	2021	2020
Name of Subsidiaries		
Nan Pao Overseas Holdings Ltd.	\$ 3,883,199	\$ 3,868,876
Fuqing Nan Pao Investment Ltd.	215,925	222,102
Thai Nan Pao Investment Ltd.	166,634	178,538
Nan Pao Resins India Pvt. Ltd.	26,945	26,334
Nan Pao Materials Vietnam Co., Ltd.	926,258	969,581
Nan Pao Advanced Materials Vietnam Co., Ltd.	401,110	394,399
Nan Pao Electronic Material Co., Ltd.	52,608	48,126
Nan Pao Chemical Co., Ltd.	178,317	176,828
ITLS International Development Co., Ltd.	284,781	278,547
Phymed Bio-Tec Co., Ltd.	20,803	2,712
Nan Pao Application Material Co., Ltd.	8,635	9,243
Biorich Biotechnology Co., Ltd.	8,661	7,936
Prince Pharmaceutical Co., Ltd.	337,334	341,326
Nan Pao Advanced Materials Co., Ltd.	7,392	8,148
Progroups Technology Co., Ltd.	69,628	70,321
Nan Pao Fine Materials Co., Ltd.	13,852	13,683
PT. Indo Nan Pao Resins Chemical Co., Ltd.	230,510	210,910
All Saints Enterprises Ltd.	219,589	217,310
Ongoing Profits Ltd.	180,455	230,545
Profit Land Ltd.	800,321	746,295
Nan Pao Philippines Export Inc.	12,579	14,031
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	4,063	-
FlexUP Technologies Corp.	4,009	-
Earnest Wealth Co., Ltd.	<u>42,691</u>	<u>-</u>
	<u>\$ 8,096,299</u>	<u>\$ 8,035,791</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Nan Pao Overseas Holdings Ltd.	100%	100%
Fuqing Nan Pao Investment Ltd.	100%	100%
Thai Nan Pao Investment Ltd.	100%	100%
Nan Pao Resins India Pvt. Ltd.	100%	100%
Nan Pao Materials Vietnam Co., Ltd.	100%	100%
Nan Pao Advanced Materials Vietnam Co., Ltd.	100%	100%
Nan Pao Electronic Material Co., Ltd.	100%	100%
Nan Pao Chemical Co., Ltd.	100%	100%
ITLS International Development Co., Ltd.	100%	100%
Phymed Bio-Tec Co., Ltd.	100%	100%
Nan Pao Application Material Co, Ltd.	100%	100%
Biorich Biotechnology Co., Ltd.	57%	57%
Prince Pharmaceutical Co., Ltd.	51%	51%
Nan Pao Advanced Materials Co., Ltd.	70%	70%
Progroups Technology Co., Ltd	92%	92%
Nan Pao Fine Materials Co., Ltd.	55%	55%
PT. Indo Nan Pao Resins Chemical Co., Ltd.	49%	49%
All Saints Enterprises Ltd.	55%	55%
Ongoing Profits Ltd.	32%	32%
Profit Land Ltd.	74%	74%
Nan Pao Philippines Export Inc.	100%	100%
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	100%	-
FlexUP Technologies Corp.	97%	-
Earnest Wealth Co., Ltd.	51%	-

Refer to Note 36 for details of the indirect investments in subsidiaries.

b. Investment in associates

	December 31	
	2021	2020
Investments in associates		
Associates that are not individually material	\$ <u> -</u>	\$ <u> 367,753</u>

Aggregate information of associates that are not individually material was as follows:

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Net income and total comprehensive income for the year	\$ <u> 33,224</u>	\$ <u> 48,096</u>

The Company reclassified investments accounted for using the equity method to non-current assets held for sale in December 2021. Refer to Note 13.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	4 - 15 years
Buildings	2 - 55 years
Machinery	2 - 30 years
Transportation equipment	2 - 20 years
Miscellaneous equipment	2 - 20 years

Refer to Table 9 for the detailed information of changes in property, plant and equipment.

No impairment assessment was performed for the year ended December 31, 2021 and 2020 as there were no indications of impairment.

As of December 31, 2021 and 2020, all of the Company's property, plant and equipment were not pledged as collateral.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	Buildings	Machinery	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 42,956	\$ 341	\$ 43,297
Additions	<u>529</u>	<u>-</u>	<u>529</u>
Balance at December 31, 2021	<u>\$ 43,485</u>	<u>\$ 341</u>	<u>\$ 43,826</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 10,926	\$ 191	\$ 11,117
Depreciation expenses	<u>6,463</u>	<u>95</u>	<u>6,558</u>
Balance at December 31, 2021	<u>\$ 17,389</u>	<u>\$ 286</u>	<u>\$ 17,675</u>
Carrying amount at December 31, 2021, net	<u>\$ 26,096</u>	<u>\$ 55</u>	<u>\$ 26,151</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 47,348	\$ 151	\$ 47,499
Additions	2,052	190	2,242
Disposals	<u>(6,444)</u>	<u>-</u>	<u>(6,444)</u>
Balance at December 31, 2020	<u>\$ 42,956</u>	<u>\$ 341</u>	<u>\$ 43,297</u>

(Continued)

	Buildings	Machinery	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 6,010	\$ 95	\$ 6,105
Depreciation expenses	7,967	96	8,063
Disposals	<u>(3,051)</u>	<u>-</u>	<u>(3,051)</u>
Balance at December 31, 2020	<u>\$ 10,926</u>	<u>\$ 191</u>	<u>\$ 11,117</u>
Carrying amount at December 31, 2020, net	<u>\$ 32,030</u>	<u>\$ 150</u>	<u>\$ 32,180</u>

(Concluded)

b. Lease liabilities

	December 31, 2021	December 31, 2020
<u>Carrying amounts</u>		
Current	<u>\$ 6,362</u>	<u>\$ 6,232</u>
Non-current	<u>\$ 20,152</u>	<u>\$ 26,226</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2021	December 31, 2020
Buildings	0.77% ~ 1.05%	0.81% ~ 1.05%
Machinery	1.05%	1.05%

c. Other lease information

	For the Year Ended December 31 2021	2020
Expenses relating to short-term leases	<u>\$ 1,209</u>	<u>\$ 1,643</u>
Expenses relating to low-value asset leases	<u>\$ 613</u>	<u>\$ 820</u>
Total cash outflow for leases	<u>\$ 8,605</u>	<u>\$ 10,559</u>

The Company leases buildings, machinery and other equipment under leases which qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Land
Balance at December 31, 2021, and 2020	<u>\$ 17,760</u>

Investment properties measured at fair value were both \$78,764 thousand. For investment properties not valued by any independent valuer, the Company's management determined their fair values with reference

to the closing prices of similar properties in the vicinity of the Company's investment properties.

These investment properties were not pledged as collateral.

18. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2021	\$ 66,306
Additions	<u>5,080</u>
Balance at December 31, 2021	<u>\$ 71,386</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2021	\$ 37,017
Amortization expenses	<u>9,828</u>
Balance at December 31, 2021	<u>\$ 46,845</u>
Carrying amount at December 31, 2020, net	<u>\$ 24,541</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 63,167
Additions	<u>3,139</u>
Balance at December 31, 2020	<u>\$ 66,306</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2020	\$ 27,172
Amortization expenses	<u>9,845</u>
Balance at December 31, 2020	<u>\$ 37,017</u>
Carrying amount at December 31, 2020, net	<u>\$ 29,289</u>

The intangible assets above are amortized on a straight-line basis over 2 - 5 years estimated useful lives.

19. OTHER ASSETS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Prepaid expenses	\$ 17,002	\$ 16,122
Prepayments	4,916	-
Prepayments for investment	-	21,299
Others	<u>1,931</u>	<u>2,409</u>
	<u>\$ 23,849</u>	<u>\$ 39,830</u>
<u>Non-Current</u>		
Prepayments for equipment	<u>\$ 58,613</u>	<u>\$ 33,226</u>

20. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Unsecured bank loans	<u>\$ 1,326,699</u>	<u>\$ 935,174</u>

Annual interest rates of short-term borrowings were as follows:

	<u>December 31</u>	
	2021	2020
Unsecured bank loans	0.72% ~ 1.27%	0.75% ~ 0.85%

b. Long-term borrowings

	<u>December 31</u>	
	2021	2020
Unsecured bank loans (Note)	\$ 1,668,820	\$ 1,265,382
Decrease: Current portion of long-term borrowings	<u>104,800</u>	<u>-</u>
	<u>\$ 1,564,020</u>	<u>\$ 1,265,382</u>

Note : As of December 31, 2021 and 2020, the range of weighted average effective interest rates of unsecured bank loans was 0.38%-0.8% and 0.38%-0.95% per annum, respectively. Long-term borrowings mentioned above will expire in March 2025, and payments of interest and principal are made on schedule.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	2021	2020
<u>Notes Payable</u>		
Operating	\$ <u>284</u>	\$ <u>5,466</u>
<u>Accounts Payable</u>		
Operating	\$ <u>841,927</u>	\$ <u>646,847</u>

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER LIABILITIES

	<u>December 31</u>	
	2021	2020
Other payables		
Payables for salaries and bonuses	\$ 165,694	\$ 171,358
Payables for compensation of employees	36,960	42,000
Payables for remuneration of directors	17,600	20,000
Payables for commission	24,204	21,527
Payables for annual leave	22,947	21,918
Payables for purchases of equipment	17,910	9,133
Payables for repair expenses	16,786	13,468
Payables for export and import expenses	15,420	8,905
Payables for hydro and gas	9,845	10,421
Payables for professional service fees	7,762	7,354
Payables for shipping expenses	6,550	7,725
Payables for labor and health insurance	4,561	9,222
Others	<u>70,222</u>	<u>43,005</u>
	<u>\$ 416,461</u>	<u>\$ 386,036</u>
<u>Current</u>		
Other liabilities		
Refund liabilities	\$ 23,310	\$ 27,880
Others	<u>2,383</u>	<u>2,009</u>
	<u>\$ 25,693</u>	<u>\$ 29,889</u>

23 RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 359,179	\$ 404,102
Fair value of plan assets	<u>(320,978)</u>	<u>(326,604)</u>
Net defined benefit liabilities	<u>\$ 38,201</u>	<u>\$ 77,498</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	\$ 403,774	\$ (304,107)	\$ 99,667
Service cost			
Current service cost	3,950	-	3,950
Net interest expense (income)	<u>2,779</u>	<u>(2,154)</u>	<u>625</u>
Recognized in profit or loss	<u>6,729</u>	<u>(2,154)</u>	<u>4,575</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,946)	(9,946)
Actuarial loss – changes in financial assumptions	13,471	-	13,471
Actuarial gain – experience adjustments	<u>(6,493)</u>	<u>-</u>	<u>(6,493)</u>
Recognized in other comprehensive income	<u>6,978</u>	<u>(9,946)</u>	<u>(2,968)</u>
Contributions from the employer	<u>-</u>	<u>(23,187)</u>	<u>(23,187)</u>
Benefits paid	<u>(13,379)</u>	<u>12,790</u>	<u>(589)</u>
Balance at December 31, 2020	<u>404,102</u>	<u>(326,604)</u>	<u>77,498</u>
Service cost			
Past service cost	(128)	-	(128)
Current service cost	3,155	-	3,155
Net interest expense (income)	<u>1,181</u>	<u>(979)</u>	<u>202</u>
Recognized in profit or loss	<u>4,208</u>	<u>(979)</u>	<u>3,229</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (4,765)	\$ (4,765)
Actuarial gain – changes in financial assumptions	(11,959)	-	(11,959)
Actuarial loss – changes in demographic assumptions	624	-	624
Actuarial loss – experience adjustments	4,919	-	4,919
Recognized in other comprehensive income	<u>(6,416)</u>	<u>(4,765)</u>	<u>(11,181)</u>
Contributions from the employer	<u>-</u>	<u>(22,872)</u>	<u>(22,872)</u>
Benefits paid	<u>(42,715)</u>	<u>34,242</u>	<u>(8,473)</u>
Balance at December 31, 2021	<u>\$ 359,179</u>	<u>\$ (320,978)</u>	<u>\$ 38,201</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 1,930	\$ 2,683
Selling and marketing expenses	266	543
General and administrative expenses	645	877
Research and development expenses	<u>388</u>	<u>472</u>
	<u>\$ 3,229</u>	<u>\$ 4,575</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2021	2020
Discount rates	0.7%	0.3%
Expected rates of salary increase	2.5%	2.5%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2021	2020
Discount rates		
0.25% increase	\$ <u>(7,272)</u>	\$ <u>(8,499)</u>
0.25% decrease	\$ <u>7,495</u>	\$ <u>8,772</u>
Expected rates of salary increase		
0.25% increase	\$ <u>7,343</u>	\$ <u>8,559</u>
0.25% decrease	\$ <u>(7,163)</u>	\$ <u>(8,339)</u>

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plans for the next year	\$ <u>19,065</u>	\$ <u>20,302</u>
Average duration of the defined benefit obligation	8 years	8 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,571</u>	<u>120,571</u>
Shares issued	\$ <u>1,205,707</u>	\$ <u>1,205,707</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	2	2
Employee share options	44,083	44,083
Expired employee share options	135	135
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>17,249</u>	<u>17,249</u>
	<u>\$ 2,101,673</u>	<u>\$ 2,101,673</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 26-g.

The Company is in a period of stable growth. In order to cope with the future operational expansion plan, the total amount of dividends distributed should not be less than 10% of the year's remaining profit. Shareholder dividends can be distributed in a combination of cash and stock dividends, in which cash dividends should account for 20% to 100% of total dividends distributed, while stock dividends should account for 0% to 80%.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 which were approved in the shareholders' meetings in July, 2021 and June, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends per share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ 122,139	\$ 122,820		
Cash dividends	843,995	723,425	\$ 7	\$ 6

The appropriation of earnings for 2021 which had been proposed by the Company's board of directors on March, 2022 was as follows:

	Appropriation of Earnings	Dividends per share (NT\$)
Legal reserve	\$ 87,162	
Cash dividends	723,425	\$ 6

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held in June, 2022.

d. Special reserve

Upon initial application of IFRSs, the recognized unrealized revaluation adjustments, cumulative translation adjustments, and capital surplus transferred to retained earnings amounted to \$313,321 thousand, while an equivalent amount has been appropriated as special reserve.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (487,817)	\$ (390,008)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(152,239)	(97,839)
Share from subsidiaries accounted for using the equity method	(4,419)	30
Balance at December 31	<u>\$ (644,475)</u>	<u>\$ (487,817)</u>

2) Unrealized valuation gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 838,995	\$ 711,113
Recognized for the year		
Unrealized gain – equity instruments	5,124,424	107,602
Share from subsidiaries accounted for using the equity method	1,218	20,280
Other comprehensive income for the year	5,125,642	127,882
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	14,640	-
Balance at December 31	<u>\$ 5,979,277</u>	<u>\$ 838,995</u>

25. REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2021	2020
Adhesives	\$ 4,258,025	\$ 3,757,792
Paint	675,866	545,249
Others	425,659	332,593
	<u>\$ 5,359,550</u>	<u>\$ 4,635,634</u>

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (including related parties)	<u>\$ 1,277,776</u>	<u>\$ 1,321,915</u>	<u>\$ 934,335</u>
Contract liabilities – current			
Sale of goods	<u>\$ 14,650</u>	<u>\$ 5,779</u>	<u>\$ 9,430</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

26. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	<u>\$ 179</u>	<u>\$ 1,210</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	\$ 65,735	\$ 45,925
Grant income (Note)	1,156	43,367
Rental income	1,409	1,598
Other income	<u>9,183</u>	<u>16,727</u>
	<u>\$ 77,483</u>	<u>\$ 107,617</u>

Note: The Company received total \$41,841 thousand for wage and working capital subsidy in June and September, 2020 in accordance with “Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens”.

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange loss	\$ (12,778)	\$ (47,511)
Fair value changes of financial assets mandatorily classified as at FVTPL	11,135	-
Others	<u>(8)</u>	<u>(186)</u>
	<u>\$ (1,651)</u>	<u>\$ (47,697)</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 21,506	\$ 21,764
Interest on lease liabilities	<u>310</u>	<u>402</u>
	<u>\$ 21,816</u>	<u>\$ 22,166</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 115,898	\$ 110,364
Operating expenses	<u>32,226</u>	<u>37,379</u>
	<u>\$ 148,124</u>	<u>\$ 147,743</u>
An analysis of amortization by function		
Operating costs	\$ 373	\$ 340
Operating expenses	<u>9,455</u>	<u>9,505</u>
	<u>\$ 9,828</u>	<u>\$ 9,845</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salaries	\$ 706,822	\$ 697,869
Labor and health insurance	58,852	54,586
Others	<u>47,335</u>	<u>49,234</u>
	<u>813,009</u>	<u>801,689</u>
Post-employment benefits		
Defined contribution plans	21,542	21,347
Defined benefit plans (Note 23)	<u>3,229</u>	<u>4,575</u>
	<u>24,771</u>	<u>25,922</u>
	<u>\$ 837,780</u>	<u>\$ 827,611</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 277,351	\$ 260,991
Operating expenses	<u>560,429</u>	<u>566,620</u>
	<u>\$ 837,780</u>	<u>\$ 827,611</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of 2% to 6% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March, 2021 and 2020, respectively, are as follows:

1) Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	3.5%	2.9%
Remuneration of directors	1.5%	1.4%

2) Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	\$ 36,960	\$ 42,000
Remuneration of directors	16,000	20,000

If there is a change in the amounts after the annual standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the

Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 46,866	\$ 36,110
Foreign exchange losses	<u>(59,644)</u>	<u>(83,621)</u>
	<u>\$ (12,778)</u>	<u>\$ (47,511)</u>

27. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 109,347	\$ 158,925
Adjustments for prior years	(25,883)	(14,402)
Repatriation of overseas funds	<u>41,976</u>	<u>30,482</u>
	<u>125,440</u>	<u>175,005</u>
Deferred tax		
In respect of the current year	5,722	38,997
Adjustments for prior years	<u>(11,300)</u>	<u>(68,791)</u>
	<u>(5,578)</u>	<u>(29,794)</u>
	<u>\$ 119,862</u>	<u>\$ 145,211</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	<u>\$ 995,642</u>	<u>\$ 1,364,964</u>
Income tax expense calculated at the statutory rate	\$ 199,128	\$ 272,993
Non-deductible expenses in determining taxable income	22,180	16,204
Unrecognizable income in determining taxable income	(9,140)	(5,884)
Tax-exempt income	(13,147)	(9,185)
Adjustments for prior year	(37,183)	(83,193)
Repatriation of overseas funds	41,976	30,482
Temporary differences	<u>(83,952)</u>	<u>(76,206)</u>
	<u>\$ 119,862</u>	<u>\$ 145,211</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 39,164	\$ 24,452
Remeasurement of defined benefit plans	<u>(2,236)</u>	<u>(593)</u>
	<u>\$ 36,928</u>	<u>\$ 23,859</u>

c. Current tax liabilities

	<u>December 31</u>	
	2021	2020
Income tax payable	<u>\$ 135,500</u>	<u>\$ 186,570</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Loss on decline in market price of inventories	\$ 17,750	\$ 11,979	\$ -	\$ 29,729
Refund liabilities	5,575	(913)	-	4,662
Payables for annual leave	4,384	205	-	4,589
Defined benefit obligations	15,500	(5,623)	(2,236)	7,641
Unrealized gross profit	36,692	(12,869)	-	23,823
Exchange differences on translating the financial statements of foreign operations	121,954	-	39,164	161,118
Others	<u>3,534</u>	<u>(3,379)</u>	<u>-</u>	<u>155</u>
	<u>\$ 205,389</u>	<u>\$ (10,600)</u>	<u>\$ 36,928</u>	<u>\$ 231,717</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Foreign investment income	\$ 536,455	\$ (16,178)	\$ -	\$ 520,277
Provision for land appreciation tax	<u>231,769</u>	<u>-</u>	<u>-</u>	<u>231,769</u>
	<u>\$ 768,224</u>	<u>\$ (16,178)</u>	<u>\$ -</u>	<u>\$ 752,046</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Loss on decline in market price of inventories	\$ 17,181	\$ 569	\$ -	\$ 17,750
Refund liabilities	4,735	840	-	5,575
Payables for annual leave	3,977	407	-	4,384
Defined benefit obligations	19,934	(3,841)	(593)	15,500
Unrealized gross profit	22,114	14,578	-	36,692
Exchange differences on translating the financial statements of foreign operations	97,502	-	24,452	121,954
Others	<u>2,884</u>	<u>650</u>	<u>-</u>	<u>3,534</u>
	<u>\$ 168,327</u>	<u>\$ 13,203</u>	<u>\$ 23,859</u>	<u>\$ 205,389</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Foreign investment income	\$ 553,046	\$ (16,591)	\$ -	\$ 536,455
Provision for land appreciation tax	231,769	-	-	231,769
	<u>\$ 784,815</u>	<u>\$ (16,591)</u>	<u>\$ -</u>	<u>\$ 768,224</u>

- e. Amount of temporary differences related to investment and unrecognized deferred income tax liabilities

As of December 31, 2021 and 2020, the taxable temporary differences related to the investment of subsidiaries and unrecognized deferred income tax liabilities are \$202,248 thousand and \$190,948 thousand, respectively.

- f. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Profit for the year of the Company	<u>\$ 875,780</u>	<u>\$ 1,219,753</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	<u>319</u>	<u>361</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,890</u>	<u>120,932</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. ACQUISITION OF SUBSIDIARIES

The Company acquired a subsidiary that constitutes a business of Axis Manufacture Pty Ltd. and Gripset Industries Pty Ltd. with obtained control in March, 2021. Then, the Company acquired the control of Earnest Wealth Co., Ltd. with its subsidiaries and FlexUP Technologies Corp. in November and December, 2021. Refer to Note 31 "Business Combinations" of consolidated financial reports in 2021.

30. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARY INVESTMENTS – NOT AFFECT CONTROL

In November 2020, the Company did not subscribe to the issuance of ordinary share in the amount of CNY 15,000 thousand for cash of Foshan Nan Pao Advanced Materials Co., Ltd. In accordance with the shareholding ratio, decreasing its shareholding ratio from 67.68% to 60.47%.

In May 2020, Prince Pharmaceutical Co., Ltd. Exercised employee share options, resulting in a decrease in the shareholding ration from 52.3% to 50.51%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. Refer to Note 32 of the consolidated financial report in 2021 of the Company for related information.

31. CAPITAL RISK MANAGEMENT

The Company requires significant amounts of capital to build and expand its production facilities and equipment.

Therefore, the Company manages its capital to ensure that the Company will have sufficient financial resources and operating plans to fund its working capital needs, capital asset purchases, stock dividends and other business requirements associated with its existing operations.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company believes that the carrying amounts of financial instruments not measured at fair value recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 36,135</u>	\$ <u> 36,135</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 6,254,904</u>	\$ <u> 6,254,904</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 1,080,530</u>	\$ <u> 1,080,530</u>

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTPL

	<u>For the Year Ended December 31 2021</u>
Balance at January 1	\$ -
Recognized in profit or loss (included in unrealized valuation gain or loss on financial assets at FVTPL)	11,135
Purchases	<u>25,000</u>
Balance at December 31	<u>\$ 36,135</u>

Financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 1,080,530	\$ 968,288
Recognized in other comprehensive income (included in unrealized valuation gain or loss on financial assets at FVTOCI)	5,124,424	107,602
Purchases	51,178	5,330
Reclassification	(360)	-
Proceeds from capital reduction	(868)	(315)
Dividends paid from capital surplus	-	(375)
Balance at December 31	<u>\$ 6,254,904</u>	<u>\$ 1,080,530</u>

3) Valuation techniques and inputs used in Level 3 fair value measurement

- a) The market approach is used to estimate the fair values of some of the domestic unlisted shares, and the determination of fair value takes into consideration the industry type, valuation of comparable companies and the operating situation, or based on the company's net value.
- b) The asset approach is used to estimate the fair values of some of the domestic unlisted equity investments, and the fair values are determined by assessing the total value of individual assets and liabilities covered by the valuation target, in order to reflect the overall value of the business or equity.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial asset at amortized cost (1)	\$ 2,530,017	\$ 2,361,200
Financial asset at FVTPL – mandatorily classified as at FVTPL	36,135	-
Financial asset at FVTOCI – investment in equity instruments	6,254,904	1,080,530
<u>Financial liabilities</u>		
Amortized cost (2)	4,254,191	3,238,905

- 1) The balances include financial assets at amortized cost, which comprise cash, debt investments, accounts receivable (including related parties) and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk

(including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Major financing activities of the Company are reviewed by the board of directors based on relevant regulations and the internal control system. The Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company entered into foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 35.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollar (NTD, the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive number below indicates an increase in pre-tax profit and other equity associated with the NTD weakening 1% against the relevant currency. For a 1% strengthening of the NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit (loss)	\$ 6,867	\$ 6,077

This was mainly attributable to the exposure on outstanding cash and cash equivalents, accounts receivable and payables and borrowings in USD that were not hedged at the end of the year. The reason of changes is the amount of cash in USD decreased.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	\$ 26,514	\$ 32,458
Cash flow interest rate risk		
Financial assets	449,050	262,293
Financial liabilities	2,995,519	2,200,555

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been 0.25% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease/increase by \$7,489 thousand and \$5,501 thousand, respectively, which was mainly a result of variable-rate borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in domestic unlisted shares. As there is no open market quotation for such equity pricing, the price risk is immaterial.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

Since the counterparties of the Company are all creditworthy business organizations, there is no anticipated material credit risk. The Company also continues to evaluate the financial status of clients for accounts receivable.

Because the customer base of the Company is large and unrelated with each other, the concentration of credit risk is not high.

As of December 31, 2021 and 2020, the maximum amount of credit risk that the Company provides endorsements / guarantees is \$252,025 thousand and \$ 193,604 thousand, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company's working capital and the credit line which the Company has obtained are sufficient to support future operational needs, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables' details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2021

	Less than 1 Year	1 – 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 1,258,672	\$ -	\$ -
Lease liabilities	6,653	17,226	3,333
Variable interest rate liabilities	1,436,976	1,585,235	-
Financial guarantee contracts	<u>252,026</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,954,327</u>	<u>\$ 1,602,461</u>	<u>\$ 3,333</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 – 5 Years	5-10 Years
Lease liabilities	<u>\$ 6,653</u>	<u>\$ 17,226</u>	<u>\$ 3,333</u>

December 31, 2020

	Less than 1 Year	1 – 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 1,038,349	\$ -	\$ -
Lease liabilities	6,641	20,670	6,190
Variable interest rate liabilities	938,819	1,288,258	-
Financial guarantee contracts	<u>193,604</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,177,413</u>	<u>\$ 1,308,928</u>	<u>\$ 6,190</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 – 5 Years	5-10 Years
Lease liabilities	<u>\$ 6,641</u>	<u>\$ 20,670</u>	<u>\$ 6,190</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually and payable at call:		
Amount used	\$ 3,115,040	\$ 2,294,503
Amount unused	<u>3,869,741</u>	<u>4,670,897</u>
	<u>\$ 6,984,781</u>	<u>\$ 6,965,400</u>

33. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Name of Related Party	Related Party Category
Nan Pao Chemical Co. Ltd.	Subsidiary
Nan Pao Fine Materials Co., Ltd.	Subsidiary
Nan Pao Electronic Material Co., Ltd.	Subsidiary
ITLS International Development Co., Ltd.	Subsidiary
Nan Pao Philippines Export Inc.	Subsidiary
Phymed Bio-Tec Co., Ltd.	Subsidiary
Biorich Biotechnology Co., Ltd.	Subsidiary
Nan Pao Advanced Materials Co., Ltd.	Subsidiary
Fuqing Nan Pao Resins Co., Ltd.	Subsidiary
Nan Pao New Materials (Huaian) Co., Ltd.	Subsidiary
Thai Nanpao Resins Chemical Co., Ltd.	Subsidiary
Nan Pao Materials Vietnam Co., Ltd.	Subsidiary
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary
Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary
Foshan Nan Pao Advanced Materials Co., Ltd.	Subsidiary
Nan Pao Resins (HK) Limited	Subsidiary
Dongguan Jia Chin Electronics Co., Ltd.	Subsidiary
Nan Pao Resins (China) Co., Ltd.	Subsidiary
Progroups Technology Co., Ltd.	Subsidiary
Nan Pao Advanced Material Vietnam Co., Ltd.	Subsidiary
RLA Polymers Pty. Ltd.	Subsidiary
Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary
Nan Pao Resins Chemical Philippines, Inc.	Subsidiary
Nan Pao Resins International Ltd.	Subsidiary
RLA Polymers (M) SDN BHD	Subsidiary

(Continued)

Name of Related Party	Related Party Category
Prince Pharmaceutical Co., Ltd.	Subsidiary
Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Subsidiary
Total Acrylic Polymer Industry (Tapi) Corporation	Associate
Pou Chen Corporation and Subsidiaries	Investors with significant influence
Opulence Optronics Co., Ltd.	The Company is an executive of the other company

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiary		
Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 1,038,355	\$ 1,102,027
Others	1,395,417	976,356
Investors with significant influence	<u>37,390</u>	<u>46,138</u>
	<u>\$ 2,471,162</u>	<u>\$ 2,124,521</u>

The sales prices were not significantly different from those with third parties. The credit term is 45 days to 90 days, which is not significantly different from that for non-related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Subsidiary	\$ 100,478	\$ 98,285
Associate	<u>2,994</u>	<u>682</u>
	<u>\$ 103,472</u>	<u>\$ 98,967</u>

There were no comparable purchase prices of similar products with third parties. The purchase prices were not significantly different from those with third parties. The payment term is 30 days to 90 days, which is not significantly different from that for non-affiliates.

d. Receivables from related parties (Excluding loans to related parties)

Line Item	Related Party Category / Name	December 31	
		2021	2020
Accounts receivable	Subsidiary		
	Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 347,247	\$ 562,394
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	124,559	107,492
	Others	399,682	230,806
	Investors with significant influence	6,910	10,064
		<u>\$ 878,398</u>	<u>\$ 910,756</u>
Other receivables	Subsidiary	<u>\$ 270</u>	<u>\$ 244</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2021	2020
Accounts payable	Subsidiary	<u>\$ 22,030</u>	<u>\$ 17,737</u>
Other payables	Subsidiary	<u>\$ 519</u>	<u>\$ 1,059</u>

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

Line Item	Related Party Category / Name	December 31	
		2021	2020
Other current liabilities	Investors with significant influence		
	Pou Chen Corporation and Subsidiaries	<u>\$ 1,823</u>	<u>\$ 4,227</u>

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2021	2020
Subsidiary		
Amount endorsed	<u>\$ 1,197,280</u>	<u>\$ 802,110</u>
Amount utilized	<u>\$ 252,025</u>	<u>\$ 193,604</u>

h. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 55,541	\$ 63,688
Post-employment benefits	<u>2,118</u>	<u>2,319</u>
	<u>\$ 57,659</u>	<u>\$ 66,007</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on industry standards, the performance of individuals and the Company and the related reasonable determination of future risks.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2021 and 2020 were as follows:

- a. As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$117,310 thousand and \$85,261 thousand, respectively.
- b. Unrecognized commitments are as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 352,666</u>	<u>\$ 568,369</u>

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In thousands of New Taiwan Dollars and foreign currency)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 49,801	27.68	\$ 1,378,522 (Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Non-monetary items</u>			
Investment accounted for using equity method			
USD (Note)	\$ 235,141	27.68	\$ 6,508,702
IDR	121,106	0.00198	239,790
VND	338,115	0.00121	410,664

Financial liabilities

Monetary items

USD	24,992	27.68	691,792 (Concluded)
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December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 40,408	28.48	\$ 1,150,824
<u>Non-monetary items</u>			
Investment accounted for using equity method			
USD (Note)	225,878	28.48	6,433,007
IDR	103,896,347	0.00203	210,910
VND	319,803,097	0.00123	394,458
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	19,064	28.49	543,162

Note: The difference between the amounts of investments accounted for using equity method is the unrealized gross profit.

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

Functional Currency	For the Year Ended December 31			
	2021		2020	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	28.009(USD:NTD)	\$ (13,109)	29.549(USD:NTD)	\$ (47,779)
Others		<u>331</u>		<u>268</u>
		<u>\$ (12,778)</u>		<u>\$ (47,511)</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (None)

b. Information on invests (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables

at the end of the year

- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

TABLE 1

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2 & 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2 & 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship(N ote 1)										
0	Nan Pao Resins Chemical Co., Ltd.	Phymed Bio-Tec Co., Ltd.	2	\$ 3,055,569	\$ 10,000	\$ -	\$ -	\$ -	-	\$ 7,638,924	Y	N	N
		Nan Pao Philippines Export, Inc	2	3,055,569	14,268	13,840	-	-	0.09	7,638,924	Y	N	N
		ITLS International Development Co., Ltd.	2	3,055,569	20,000	-	-	-	-	7,638,924	Y	N	N
		Nan Pao Resins Chemical Philippines Inc.	2	3,055,569	28,535	27,680	-	-	0.18	7,638,924	Y	N	N
		Nan Pao Resins International Ltd.	2	3,055,569	71,338	-	-	-	-	7,638,924	Y	N	N
		Nan Pao Group Holdings Ltd.	2	3,055,569	57,070	55,360	-	-	0.36	7,638,924	Y	N	N
		RLA Polymers (M) SDN BHD	2	3,055,569	85,605	83,040	71,196	-	0.54	7,638,924	Y	N	N
		Nan Pao Resins (HK) Limited	2	3,055,569	128,408	-	-	-	-	7,638,924	Y	N	N
		RLA Polymers Pty Ltd.	2	3,055,569	228,280	221,440	118,472	-	1.45	7,638,924	Y	N	N
		RLA Polymers (M) SDN BHD	2	3,055,569	114,140	110,720	6,637	-	0.72	7,638,924	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	3,055,569	131,520	130,320	18,161	-	0.85	7,638,924	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	3,055,569	20,000	20,000	20,000	-	0.13	7,638,924	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	3,055,569	218,000	217,200	-	-	1.42	7,638,924	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	3,055,569	130,800	86,880	7,559	-	0.57	7,638,924	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	3,055,569	20,000	-	-	-	-	7,638,924	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	3,055,569	30,000	30,000	10,000	-	0.2	7,638,924	Y	N	N
		1	NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	2	3,055,569	200,800	200,800	-	-	1.31	7,638,924	Y
RLA Polymers Pty Ltd.	2			-	108,388	-	-	-	-	-	N	N	N

Note 1: Relationships between the endorser/guarantor and endorsee/guarantee are as follows:

1. Companies with business relationship
2. A company that directly and indirectly holds more than 50 percent of the voting rights in the Company
3. A company that directly and indirectly holds more than 50 percent of the voting rights in the Company
4. A company that directly and indirectly holds more than 90 percent of the voting rights in the Company
5. Companies with the same industry or mutual project undertakers that have mutual guarantee based on contract agreements due to contractual project needs
6. Due to joint venture, the company's shareholders' endorsement is based on their shareholding ratio
7. The performance guarantee of the pre-sale house sales contract in the same industry in accordance with the Consumer Protection Law is jointly guaranteed

Note 2: The limit on endorsement/guarantee given on behalf of each party is 20% of the Company's net value at the end of the period, while the aggregate endorsement/guarantee limit is 50% of the Company's net value.

Note 3: A company that directly and indirectly with an investment company may not certify a single enterprise.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership(%)	Fair Value	
Nan Pao Resins Chemical Co., Ltd.	CDIB - Innolux Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	\$ 36,135	9	\$ 36,135	
	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	6,515,606	\$ 6,226,769	2	\$ 6,226,769	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,978	1	1,978	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	1,754,417	2,352	13	2,352	
	Revivegen Environmental Technology Co., Ltd. - privately-issued equity	"	"	422,126	16,556	2	16,556	
	Contact Organics Pty Ltd- privately-issued equity	"	"	2,312	7,249	15	7,249	
					<u>\$ 6,254,904</u>		<u>\$ 6,254,904</u>	
Nan Pao Chemical Co., Ltd.	Ace Chemical Corp. -privately-issued equity	None	Financial assets at fair value through other comprehensive income - non-current	995,165	\$ 29,955	10	\$ 29,955	

Note 1: The marketable securities listed in the table above refer to the shares, bonds, beneficiary certificates and marketable securities derived from the above accounts which fall within the scope of IFRS 9: Financial Instruments.

Note 2: Please see Tables 5 and 6 for information on investments in subsidiaries and associates.

TABLE 3

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	Sale	\$ 1,038,355	19	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 347,247	27	
	PT Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sale	388,591	7	Payment within 90 days	Similar to general transactions	Similar to general transactions	124,559	10	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sale	211,705	4	Payment within 90 days	Similar to general transactions	Similar to general transactions	99,402	8	
	Nan Pao Resins (HK) Limited	Subsidiary	Sale	220,245	4	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	61,983	5	
	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sale	246,653	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	78,300	6	
Nan Pao Resins (Vietnam) Enterprise Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sale	154,467	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	36,955	7	
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing Revenue	341,514	100	Payment within 90 days	No comparable produce sales for comparison	No third-party transaction for comparison	-	-	
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sale	122,522	10	Payment within 90 days	Similar to general transactions	Similar to general transactions	29,500	10	
Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sale	111,038	22	Payment within 90 days	Similar to general transactions	Similar to general transactions	24,152	22	
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sale	129,909	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	35,894	7	
Nan Pao Resins International Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sale	282,237	99	Payment within 60 days	Similar to general transactions	Similar to general transactions	78,477	99	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sale	397,297	35	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	153,946	40	
Nan Pao Resins (Foshan) Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sale	100,958	5	Payment within 45 ~ 90 days	Similar to general transactions	Similar to general transactions	27,839	5	

Note: Except for investors with significant influence, they would be written off during the preparation of the consolidated financial statements.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	\$ 347,247	2.28	\$ -	-	\$ 115,560	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	124,559	3.35	-	-	90,253	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	153,946	2.93	-	-	71,631	443

Note: Except for investors with significant influence, they would be written off during the preparation of the consolidated financial statements.

TABLE 5

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	No.12, Nanhai, Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 178,317	\$ (2,151)	\$ 271	
	Nan Pao Application Material Co., Ltd.	No.12, Nanhai, Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	60,000	60,000	200,000	100	8,635	(608)	(608)	
	Nan Pao Electronic Material Company	No.510, Zhongshan Rd., Xigang Dist, Tainan City	Production and trading of electronic materials	63,540	63,540	4,000,000	100	52,608	4,482	4,482	
	ITLS International Development Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei City	Trading of construction materials and chemical substances	755,000	755,000	30,500,000	100	284,781	15,055	11,498	
	Prince Pharmaceutical Co., Ltd.	No. 168, Keyun S. Rd., Kendi Vil., Huwei Township, Yunlin County	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	324,683	324,683	16,767,305	50.51	337,334	(8,301)	(4,193)	
	Phymed Bio-Tec Co., Ltd.	No.12, Nanhai, Nanhai Vil., Xigang Dist., Tainan City	R&D and trading of health food	34,000	16,000	2,400,000	100	20,803	91	91	
	Biorich Biotechnology Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei City	R&D, production, and trading of new high protein business and health food	64,121	64,121	391,462	57.1	8,661	1,270	725	
	Nan Pao Advanced Materials Co., Ltd.	No. 521, Zhongshan Rd., Xigang Dist, Tainan City	Trading of adhesives and chemicals	3,500	3,500	350,000	70	7,392	4,200	2,940	
	Progroups Technology Co., Ltd.	No.12, Nanhai, Nanhai Vli., Xigang Dist., Tainan City	Trading of water-based PU resin	70,814	70,814	459,950	91.99	69,628	(2,964)	(693)	
	Nan Pao Fine Materials Co., Ltd.	No.217, Xinxing St., 4 Neighborhood, Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	13,852	6,034	169	
	Total Acrylic Polymer Industry (TAPI) Corporation	12F., No. 117, Sec. 2, Chongqing N. Rd., Datong Dist., Taipei City	Production and trading of chemical materials including adhesives and resins	120,000	120,000	1,500,000	30	378,477	110,747	33,224	
	FlexUP Technologies Corp.	5F., No. 5, Ln. 569, Bo'ai St., Zhubei City, Hsinchu County	Production and trading of polyimide materials	21,094	21,094	16,352,173	96.87	4,008	(926)	(897)	
	Fuqing Nan Pao Investment Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	166,699	166,699	4,990,000	100	215,925	26,099	26,099	
	Thai Nan Pao Investment Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	169,909	169,909	5,282,000	100	166,634	6,363	6,363	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri (W) , Mumbai 400053, India	Trading of adhesives	16,499	16,499	3,000,000	100	26,945	1,552	1,552	
	Nan Pao Materials Vietnam Co., Ltd.	LotA4, A5, A10, A11 Daden Industrial Park, Thu Dau Mot City, Binh Duong Province, Vietnam	Production and trading of adhesives and chemicals	685,094	685,094	-	100	926,258	90,430	89,809	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Phuc Son Industrial Area, Ninh Phuc Commune, Ninh Binh City, Ninh Binh province	Production and trading of adhesives and chemicals	465,970	465,970	-	100	401,110	22,362	22,362	
	Nan Pao Overseas Holdings Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	2,363,585	2,525,110	78,056,502	100	3,883,200	182,528	188,927	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	800,321	163,489	122,969	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	All Saints Enterprises Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	143,375	143,375	5,452,549	54.53	219,589	5,883	3,209	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	46,426	46,426	1,560,000	32.18	180,455	117,665	38,429	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No.44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	39,276	39,276	2,756,250	49	230,510	86,147	42,212	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares	
Nan Pao Philippines Export Inc.	Lot IL-2 Subic Bay Gateway Park Phase II, Subic Bay Freeport Zone	Trading of adhesives	14,993	14,993	25,750,000	100	12,579	(247)	(247)		
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No. 42 5 th floors, Lake drive Road, Sector 7, Uttara, Dhaka	Trading of adhesives	4,193	-	300,000	100	4,063	-	-		
Earnest Wealth Co., Ltd.	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	General investment	42,958	-	920,000	51.1	42,690	(217)	(111)		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd. Aftak Materials Vietnam Co., Ltd.	Blk 1049, Eunost Avenue 6, #01-132, Singapore 409628 No. 16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	General investment Production and trading of construction materials	\$ 545,462 49,172	\$ 545,462 49,172	24,064,549 -	100 70	\$ 131,919 27,023	\$ (1,705) (5,775)		
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	126,221 (USD 4,560,000)	126,221 (USD 4,560,000)	10,000	100	216,403	26,184		
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	412 Kor Soi, 1cBangpoo Industrial Tumbon Preaksa Ampur Muang Samutprakarn 10280, Thailand	Production and trading of adhesives	154,442 (USD 5,578,821)	154,442 (USD 5,578,821)	21,197,000	100	123,068	6,432		
Earnest Wealth Co., Ltd.	Apex Polytech Co., Ltd.	Lot T29-15A Street 7, Protrade International Industrial Park, An Tay Commune, Ben Cat Town, Binh Duong, Vietnam.	Production and trading of adhesives	59,512 (USD 2,150,000)	29,064 (USD 1,050,000)	-	100	59,482	(217)		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	4th Floor, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Islands	General investment	2,160,604 (USD 78,056,502)	2,028,958 (USD 73,300,502)	78,056,502	100	3,947,165	182,628		
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Jl. Pajajaran Raya No. 44, Kel. Gandasari, Kec. Jatiuwung, Tangerang-15137 Indonesia	Production and trading of construction materials	70,075 (USD 2,531,620)	70,075 (USD 2,531,620)	2,437,109	100	17,160	(1,181)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	120,505 (USD 4,353,487)	120,505 (USD 4,353,487)	-	100	70,519	(296)		
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	34,877 (USD 1,260,000)	34,877 (USD 1,260,000)	7,172	67.68	429,652	50,604		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	52,250 (USD 1,887,627)	52,250 (USD 1,887,627)	350,000	26.25	288,098	163,489	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	Nan Pao Resins (Holdings) Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	582,777 (USD 21,054,073)	582,777 (USD 21,054,073)	10,000	100	326,732	1,643		
	All Saints Enterprises Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	147,620 (USD 5,333,075)	147,620 (USD 5,333,075)	4,547,451	45.47	183,105	5,883	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	NP Australia Pty. Ltd.	Collins Square Tower Five Level 22, 727 Collins Street, Docklands VIC 3008	General investment	606,704 (AUD 30,214,354)	506,304 (AUD 25,214,354)	30,214,354	100	797,552	58,333		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	106,203 (USD 3,836,817)	106,203 (USD 3,836,817)	3,287,546	67.82	432,783	117,665	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	Treasure Wealth (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	127,605 (USD 4,610,000)	127,605 (USD 4,610,000)	4,610	100	167,152	4,351		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	16,188 (USD 584,844)	16,188 (USD 584,844)	486,000	100	91,045	13,658		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogejo Village, Antipolo City, Philippines	Trading of adhesives	5,813 (USD 210,000)	5,813 (USD 210,000)	9,000	100	70,317	11,465		
	Nan Pao Resins International Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Trading of chemical substances and related products	710 (HKD 200,000)	710 (HKD 200,000)	1,000	100	20,090	10,988		
	Nan Pao Resins (HK) Limited	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	481,632 (USD 17,400,000)	426,272 (USD 15,400,000)	17,400,000	100	435,767	(26,313)		
Profit Land Ltd.	Giant Profit Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	221,440 (USD 8,000,000)	221,440 (USD 8,000,000)	10,000	100	1,088,963	163,516		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	153,350 (USD 5,540,100)	153,350 (USD 5,540,100)	20,240	100	184,374	(11,487)		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	83,040 (USD 3,000,000)	83,040 (USD 3,000,000)	3,000	100	135,759	13,139		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	276,800 (USD 10,000,000)	276,800 (USD 10,000,000)	10,000	100	398,878	5,968		
NP Australia Pty Ltd.	RLA Polymers Pty. Ltd.	Collins Square Tower Five Level 22, 727 Collins Street, Docklands VIC 3008	Production and trading of construction materials and chemical substances	428,394 (AUD 21,334,344)	327,994 (AUD 16,334,344)	16,552,080	100	456,341	54,398		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island	General investment	134,180 (USD 4,847,546)	134,180 (USD 4,847,546)	3,000,000	100	636,694	117,760		
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Kcn Nhon Trach II, Xa Hiep Phuoc, Huyen Nhon Trach, Tinh Dong Nai, Vietnam	Production and trading of coatings	127,051 (USD 4,590,000)	127,051 (USD 4,590,000)	-	50	160,764	9,068		
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No. 44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	2,060 (IDR 1,040,625,000)	2,060 (IDR 1,040,625,000)	1,040,625	18.5	90,533	86,147	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	10 Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Town, Binh Duong Province, S.R Vietnam	Production and trading of adhesives	94,339 (USD 3,408,217)	94,339 (USD 3,408,217)	-	100	634,135	117,844		
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	No.5, Lebuhraya Petai, Pandamaran, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	Production and trading of construction materials and chemical substances	119,914 (AUD 5,971,801)	119,914 (AUD 5,971,801)	18,415,500	100	166,488	2,872		

Note 1: The Company is only required to list the amount of profit and loss of each of the subsidiaries and each investee that is accounted for using the equity method. The rest of the information can be exempted.
Note 2: Please refer to Table 6 for information on investees in mainland China.

TABLE 6

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 276,800 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 298,665 (USD 10,789,932)	\$ -	\$ -	\$ 298,665 (USD 10,789,932)	\$ 5,975	100	\$ 5,975 (2)B.	\$ 398,756	\$ -
Fuqing Nan Pao Resins Co., Limited	Production and trading of adhesives	126,221 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	138,123 (USD 4,990,000)	-	-	138,123 (USD 4,990,000)	26,322	100	26,322 (2)B.	215,721	164,643
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	74,736 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	70,359 (USD 2,541,860)	-	-	70,359 (USD 2,541,860)	(8,208)	100	(8,208) (2)B.	136,387	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	83,040 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	84,830 (USD 3,064,683)	-	-	84,830 (USD 3,064,683)	13,139	100	13,139 (2)B.	135,744	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	46,693 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	56,844	60.47	34,373 (2)B.	432,428	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	221,440 (USD 8,000,000)	(2) Giant Profit Development Ltd.	215,562 (USD 7,787,627)	-	-	215,562 (USD 7,787,627)	163,522	100	163,552 (2)B.	1,088,046	331,702
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	21,720 (RMB 5,000,000)	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	167	51	85 (2)B.	15,792	-
Gangyi Electronic (Dongguan) Co., Ltd. (Note 5)	Production and trading of magnetic covers, magnetic rings, iron cores and electronic components	-	(2) Qang Yi Electronic Factory Company Ltd.	11,072 (USD 400,000)	-	-	11,072 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	816,560 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	794,416 (USD 28,700,000)	22,144 (USD 800,000)	-	816,560 (USD 29,500,000)	(28,691)	100	(28,691) (2)B.	794,798	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	138,400 (USD 5,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	2,496	100	2,496 (2)B.	101,437	-
Nantong Nanpao Resins Materials Co., Ltd.	Production and trading of adhesives	152,240 (USD 5,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	14,806	100	14,806 (2)B.	157,202	-
Nan Pao Resins (Yunan) Co., Ltd.	Production and trading of adhesives	221,400 (USD 8,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(6)	100	(6) (2)B.	236,841	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	276,800 (USD 10,000,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(40,222)	100	(40,222) (2)B.	254,697	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substance	22,144 (USD 800,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(1,533)	100	(1,533) (2)B.	20,963	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021 (Note 4)	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 1,635,171 (USD 59,074,102)	\$ 2,666,539 (USD 96,334,490)	\$ 9,166,708

Note 1: The methods of investment in mainland China are divided into the following three categories (indicate the category number):
(1) Direct investment in mainland China.
(2) Investment in mainland China through companies in a third region (please specify investee company in third region).
(3) Other methods

Note 2: Recognized in the investment gain (loss) column in the current period:
(1) If the Company is still in the preparation stage, and there is still no investment gain or loss, it should be disclosed
(2) The basis for recognition of investment gain (loss) which falls under the following 3 categories should be disclosed:
A. The financial statements were audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
B. The financial statements were audited by the CPA of the parent company in the ROC.
C. Others.

Note 3: The Company's investment limit in mainland China is calculated as follows:
 $\$15,277,847 \times 60\% = \$9,166,708$

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$27.68 at the end of the period.
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.344 at the end of the period.

Note 5: Gangyi Electronic (Dongguan) Co., Ltd. has completed its liquidation procedures in October 2017 but its share proceeds have not been remitted to Taiwan; hence, it has not been deducted from the investment amount authorized by the Investment Commission, MOEA.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (246,653)	(5)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 78,300	5	\$ 8,062
	Nan Pao Resins (China) Co., Ltd.	Subsidiary	Sales	(18,935)	-	Payment within 90 days	Similar to general transactions	Similar to general transactions	1,073	-	-
	Donguan Jiaqin Electronics Co., Ltd.	Subsidiary	Sales	(16,514)	-	Payment within 90 days	Similar to general transactions	Similar to general transactions	5,955	-	13
	Fuqing Nan Pao Resins Co., Limited	Subsidiary	Sales	(14,216)	-	Payment within 90 days	Similar to general transactions	Similar to general transactions	6,495	-	636
Foshan Nan Pao Advanced Materials Co., Ltd.	Greatwill Material (HK) Ltd.	Same ultimate Parent Company	Sales	(85,566)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	20,144	3	-
	Nan Pao Resins India Pvt Co., Ltd.	Same ultimate Parent Company	Sales	(18,347)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	2,310	-	-
	Nan Pao Resins Chemical Co., Ltd.	Parent Company	Sales	(17,679)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	2,671	-	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(65,234)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	21,602	3	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing Revenue	(341,514)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	-	-	-
Nan Pao Resins (Fo Shan) Co., Ltd.	Fuqing Nan Pao Resins Co., Limited	Same ultimate Parent Company	Sales	(129,909)	(6)	Payment within 90 days	Similar to general transactions	Similar to general transactions	35,894	7	-
	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(38,244)	(2)	Payment within 90 days	Similar to general transactions	Similar to general transactions	6,798	1	-
Fuqing Nan Pao Resins Co., Limited	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(111,017)	(22)	Payment within 90 days	Similar to general transactions	Similar to general transactions	24,134	22	-

Note: Already written off during the preparation of the consolidated financial statements.

TABLE 8**NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****II INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Pou Chien Enterprise Co., Ltd.	10,920,248	9.05%
Ding-Feng Investment Co., Ltd	10,828,947	8.98%
Yue Dean Technology Corporation	10,285,000	8.53%
Chuan-De Investment Co., Ltd.	10,065,298	8.34%
Guang Rong Investment Ltd.	8,868,132	7.35%
Growth Machine Development Co., Ltd.	7,850,523	6.51%
Pao-Wang Investment Co., Ltd.	7,532,068	6.24%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Land	Land Improvement	Buildings	Machinery and equipment	Transporation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 970,170	\$ 10,316	\$ 450,615	\$ 1,087,763	\$ 111,831	\$ 536,624	\$ 29,163	\$ 3,196,482
Additions	-	5,782	952	58,253	9,250	30,576	204,409	309,222
Disposals	-	-	-	(31,139)	(7,994)	(16,122)	-	(55,255)
Balance at December 31, 2020	<u>\$ 970,170</u>	<u>\$ 16,098</u>	<u>\$ 451,567</u>	<u>\$ 1,114,877</u>	<u>\$ 113,087</u>	<u>\$ 551,078</u>	<u>\$ 233,572</u>	<u>\$ 3,450,449</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 5,304	\$ 237,413	\$ 720,016	\$ 77,937	\$ 385,308	\$ -	\$ 1,425,978
Depreciation	-	1,029	11,682	76,180	10,584	40,205	-	139,680
Disposals	-	-	-	(31,139)	(7,994)	(16,122)	-	(55,255)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 6,333</u>	<u>\$ 249,095</u>	<u>\$ 765,057</u>	<u>\$ 80,527</u>	<u>\$ 409,391</u>	<u>\$ -</u>	<u>\$ 1,510,403</u>
Carrying amount at December 31, 2020	<u>\$ 970,170</u>	<u>\$ 9,765</u>	<u>\$ 202,472</u>	<u>\$ 349,820</u>	<u>\$ 32,560</u>	<u>\$ 141,687</u>	<u>\$ 233,572</u>	<u>\$ 1,940,046</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 970,170	\$ 16,098	\$ 451,567	\$ 1,114,877	\$ 113,087	\$ 551,078	\$ 233,572	\$ 3,450,449
Additions	-	5,637	2,649	37,570	6,775	53,227	266,686	372,544
Disposals	-	-	-	(10,953)	(4,835)	(7,488)	-	(23,276)
Balance at December 31, 2021	<u>\$ 970,170</u>	<u>\$ 21,735</u>	<u>\$ 454,216</u>	<u>\$ 1,141,494</u>	<u>\$ 115,027</u>	<u>\$ 596,817</u>	<u>\$ 500,258</u>	<u>\$ 3,799,717</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 6,333	\$ 249,095	\$ 765,057	\$ 80,527	\$ 409,391	\$ -	\$ 1,510,403
Depreciation	-	1,666	11,495	76,574	9,676	42,155	-	141,566
Disposals	-	-	-	(10,953)	(4,835)	(7,437)	-	(23,225)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 7,999</u>	<u>\$ 260,590</u>	<u>\$ 830,678</u>	<u>\$ 85,368</u>	<u>\$ 444,109</u>	<u>\$ -</u>	<u>\$ 1,628,744</u>
Carrying amount at December 31, 2021	<u>\$ 970,170</u>	<u>\$ 13,736</u>	<u>\$ 193,626</u>	<u>\$ 310,816</u>	<u>\$ 29,659</u>	<u>\$ 152,708</u>	<u>\$ 500,258</u>	<u>\$ 2,170,973</u>

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STATEMENT 1

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CASH

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Interest Rate (%)	Amount
Cash on hand			\$ 1,053
Deposits			
Demand deposits			351,905
Check deposits			23,838
Foreign currency deposits (Note)			<u>97,145</u>
			<u>\$ 473,941</u>

Note: Including US\$ 3,243,428.5, JPY\$ 54,219.83, AUD\$ 39,758.86, EUR\$ 12,378.64, HKD\$ 515,530.92 and RMB\$ 998,638.53
(US \$1=NT \$ 27.68, JPY 1=NT\$ 0.2405, AUD 1=NT\$20.08, EUR 1=NT\$31.32, HKD 1=NT\$3.549 and RMB 1=NT\$4.344)

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Investee Company	Balance at January 1, 2021		Additions (Note)		Reductions		Balance at December 31, 2021		Collateral
	Shares	Amount	Shares/Units	Amount	Shares	Amount	Shares	Fair Value	
Limited Partnership									
CDIB - Innolux Limited Partnership	-	\$ -	-	\$ 36,135	-	\$ -	-	\$ 36,135	None

Note : The increase in the year is due to the purchase in the amount of \$ 25,000 thousand and the unrealized gain in the amount of \$ 11,135 thousand.

STATEMENT 3

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Unrelated parties	
Customer A	\$ 24,246
Customer B	13,856
Others (Note)	<u>199,753</u>
	<u>\$ 237,855</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 4

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Unrelated parties	
Customer A	\$ 34,337
Customer B	21,589
Others (Note)	<u>343,452</u>
	399,378
Less: Allowance for impairment loss	<u>757</u>
	<u>\$ 398,621</u>
Related parties	
Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 347,247
PT Indo Nan Pao Resins Chemical Co., Ltd.	124,559
Nan Pao Material Vietnam Co., Ltd.	99,402
Nan Pao Resins (HK) Limited	61,983
Nan Pao Advanced Material Vietnam Co., Ltd.	78,517
Nan Pao Resins (Foshan) Co., Ltd.	78,300
Others (Note)	<u>88,390</u>
	<u>\$ 878,398</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 5

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

	Description	Amount
Item		
Tax refund receivable	Business tax refund receivable	\$ 17,230
Other receivable - related parties	Receivables of related parties and endorsements / guarantees fee	270
Others		<u>348</u>
		<u>\$ 17,848</u>

STATEMENT 6**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price
Merchandise	\$ 8,597	\$ 14,720
Finished goods and semi-finished goods	294,544	374,187
Work-in-process	49,297	72,165
Raw materials	312,829	314,634
Supplies	<u>12,149</u>	<u>12,149</u>
	<u>\$ 677,416</u>	<u>\$ 787,855</u>

Note: Market price is meant net realizable value.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Investee Company	Balance at January 1, 2021		Additions (Reductions)		Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Balance at December 31, 2021			Note	Collateral
	Shares	Amount	Shares/Units	Amount (Note 4)		Shares	Amount	Fair Value		
Publicly owned company										
Dairen Chemical Corp.	6,515,606	\$ 1,056,114	-	\$ -	\$ 5,170,655	6,515,606	\$ 6,226,769	\$ 6,226,769	Note 1	None
Unlisted shares										
Hua Chi Venture Capital Co., Ltd.	94,737	2,937	(86,842)	(868)	(91)	7,895	1,978	1,978	Note 2	None
Opulence Optronics Co., Ltd.	1,024,600	1,233	729,817	7,298	(6,179)	1,754,417	2,352	2,352	Note 3	None
Revivegen Environmental Technology Co., Ltd.	395,957	13,075	26,169	1,046	2,435	422,126	16,556	16,556	Note 1	None
FlexUP Technologies Corp.	1,200,000	1,284	(1,200,000)	(360)	(924)	-	-	-		
Contact Organics Pty Ltd.	1,191	5,887	1,121	42,834	(41,472)	2,312	7,249	7,249	Note 1	None
		<u>\$ 1,080,530</u>		<u>\$ 49,950</u>	<u>\$ 5,124,424</u>		<u>\$ 6,254,904</u>	<u>\$ 6,254,904</u>		

Note 1: Fair value is based on market value method used by the appraiser.

Note 2: Fair value is based on the investee company's most recent net asset value.

Note 3: Fair value is based on asset-based approach used by the appraiser.

Note 4: The change in the year is due to the proceeds from capital reduction of the investee company in the amount of \$ 868 thousand, reclassification to the investments accounted for using the equity method in the amount of \$ 360 thousand and the additional investment in the amount of \$ 51,178 thousand.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2021		Additions (Reductions)		Note	Gain (loss) on Investments	Cumulative Translation Adjustment	Adjustments in other comprehensive income	Balance, December 31, 2021					
	Shares	Amount	Shares/Units	Amount					Shares	Proportion of Ownership (%)	Amount	Fair Value	Collateral	
Investment accounted for using the equity method														
Nan Pao Overseas Holdings Ltd. (foreign company)	73,300,502	\$ 3,868,876	4,756,000	\$ (58,291)	Note 1	\$ 188,927	\$ (116,677)	\$ 365	78,056,502	100	\$ 3,883,200	\$ 3,952,320	None	
Fuqing Nan Pao Investment Ltd. (foreign company)	4,990,000	222,102	-	(30,267)	Note 4	26,099	(2,009)	-	4,990,000	100	215,925	216,562	None	
Thai Nan Pao Investment Ltd. (foreign company)	5,282,000	178,538	-	288	Note 3	6,363	(18,555)	-	5,282,000	100	166,634	166,751	None	
Nan Pao Resins India Pvt. Ltd. (foreign company)	3,000,000	26,334	-	-		1,552	(941)	-	3,000,000	100	26,945	26,945	None	
Nan Pao Materials Vietnam Co., Ltd. (foreign company)	-	969,581	-	(105,302)	Note 10	89,809	(27,830)	-	-	100	926,258	938,709	None	
Nan Pao Advanced Materials Vietnam Co., Ltd. (foreign company)	-	394,399	-	(9,495)	Note 2	22,362	(6,156)	-	-	100	401,110	410,664	None	
Nan Pao Electronic Material Co. (unlisted company)	4,000,000	48,126	-	-		4,482	-	-	4,000,000	100	52,608	52,608	None	
Nan Pao Chemical Co. Ltd. (unlisted company)	15,000,000	176,828	-	-		271	-	1,218	15,000,000	100	178,317	175,894	None	
ITLS International Development Co., Ltd. (unlisted company)	30,500,000	278,547	-	(845)	Note 2	11,498	(4,419)	-	30,500,000	100	284,781	290,078	None	
Phymed Bio-Tec Co., Ltd. (unlisted company)	600,000	2,712	1,800,000	18,000	Note 9	91	-	-	2,400,000	100	20,803	20,803	None	
Nan Pao Application Material Co. (unlisted company)	200,000	9,243	-	-		(608)	-	-	200,000	100	8,635	8,635	None	
Biorich Biotechnology Co., Ltd. (unlisted company)	391,462	7,936	-	-		725	-	-	391,462	57.1	8,661	8,661	None	
Prince Pharmaceutical Co., Ltd. (unlisted company)	16,767,305	341,326	-	-		(4,193)	-	201	16,767,305	50.51	337,334	337,397	None	
Nan Pao Advanced Materials Co., Ltd. (unlisted company)	350,000	8,148	-	(3,696)	Note 5	2,940	-	-	350,000	70	7,392	7,392	None	
Progroup Technology Co., Ltd (unlisted company)	459,950	70,321	-	-		(693)	-	-	459,950	91.99	69,628	69,628	None	
PT. Indo Nan Pao Resins Chemical Co., Ltd. (foreign company)	2,756,250	210,910	-	(17,507)	Note 6	42,212	(6,071)	966	2,756,250	49	230,510	239,790	None	
All Saints Enterprises Ltd. (foreign company)	5,452,549	217,310	-	-		3,209	(930)	-	5,452,549	54.53	219,589	219,589	None	
Ongoing Profits Ltd. (foreign company)	1,560,000	230,545	-	(81,256)	Note 7	38,429	(7,263)	-	1,560,000	32.18	180,455	205,352	None	
Profit Land Ltd. (foreign company)	983,333	746,295	-	(65,463)	Note 8	122,969	(3,480)	-	983,333	73.75	800,321	809,419	None	
Total Acrylic Polymer Industry (Tapi) Corporation (unlisted company)	1,500,000	367,753	(1,500,000)	(400,977)	Note 12	33,224	-	-	-	-	-	-	None	
Nan Pao Philippines Export Inc. (foreign company)	25,750	14,031	-	-		(247)	(1,205)	-	25,750,000	100	12,579	12,579	None	
Nan Pao Fine Materials Co., Ltd. (unlisted company)	1,375,000	13,683	-	-		169	-	-	1,375,000	55	13,852	16,986	None	
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	-	-	1,259,250	4,193	Note 9	-	(130)	-	300,000	100	4,063	4,063	None	
FlexUP Technologies Corp.	-	-	16,352,173	4,905	Note 11	(897)	-	-	16,352,173	96.87	4,008	4,008	None	
Earnest Wealth Co., Ltd.	-	-	920,000	42,958	Note 9	(111)	(156)	-	920,000	51.11	42,691	42,690	None	
		<u>\$ 8,403,544</u>		<u>\$ (702,755)</u>		<u>\$ 588,582</u>	<u>\$ (195,822)</u>	<u>\$ 2,750</u>			<u>\$ 8,096,299</u>	<u>\$ 8,237,523</u>		

Note 1: The details of increase (decrease) were as follows:

Addition of investments	\$ 133,905
Cash dividends paid	(238,264)
Adjustments of realized gain on downstream transactions	46,068
	<u>\$ (194,484)</u>

Note 2: Adjustments of unrealized gain on downstream transactions

Note 3: Adjustments of realized gain on downstream transactions

Note 4: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (30,090)
Adjustments of unrealized gain on downstream transactions	(177)
	<u>\$ (30,267)</u>

Note 5: Cash dividends paid

Note 6: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (23,762)
Adjustments of realized gain on downstream transactions	6,255
	<u>\$ (17,507)</u>

Note 7: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (98,849)
Adjustments of unrealized gain on downstream transactions	(17,593)
	<u>\$ (81,256)</u>

Note 8: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (63,723)
Adjustments of unrealized gain on downstream transactions	<u>(1,740)</u>
	<u>\$ (65,463)</u>

Note 9: Addition of investments

Note 10: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (111,700)
Adjustments of realized gain on downstream transactions	<u>6,398</u>
	<u>\$ (105,302)</u>

Note 11: The details of increase (decrease) were as follows:

Addition of investments	\$ 4,545
Reclassification from the financial assets at FVTOCI	<u>360</u>
	<u>\$ 4,905</u>

Note 12: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (22,500)
Reclassified to non-current assets held for sale	<u>(378,477)</u>
	<u>\$ (400,977)</u>

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

	Maturity Date	Interest rate (%)	Balance	Credit Line	Collateral
Borrowings of unsecured loans					
E.Sun Commercial Bank	2021.10 - 2022.03	0.78-0.85	\$ 119,872	300,000	None
HSBC Bank	2021.10 - 2022.01	0.72	220,000	553,600	None
Cathay United Bank	2021.10 - 2022.02	0.76-0.77	230,000	470,560	None
Mizuho Bank	2021.08 - 2022.05	0.72-0.79	552,266	692,000	None
Standard Chartered Bank	2021.11 - 2022.02	0.8	154,731	276,800	None
Hua Nan Bank	2021.07 - 2022.05	0.78-1.27	23,315	314,000	None
Mega International Commercial Bank	2021.10 - 2022.01	0.82	2,129	200,000	None
Taiwan Cooperative Bank	2021.10 - 2022.02	0.74-0.77	11,415	250,000	None
First Commercial Bank	2021.09 - 2022.03	0.85	<u>12,971</u>	200,000	None
			<u>\$ 1,326,699</u>		

STATEMENT 10

NAN PAO RESINS CHEMICAL CO., LTD.

**STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Kao Heng Weaving Enterprise Co., Ltd.	\$ 203
Chongren Vegetarian Restaurant	75
Others (Note)	<u>6</u>
	<u>\$ 284</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

NAN PAO RESINS CHEMICAL CO., LTD.

**STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Dairen Chemical Corp.	\$ 138,752
Others (Note)	<u>703,175</u>
	<u>\$ 841,927</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

		Contract Period and Repayment Method	Interest rate (%)	Current	Balance, December 31, 2021 Over 1 Year	Total	Collateral
Borrowings of unsecured loans							
E. Sun Commercial Bank	2021.04 – 2023.04, repaid in the due date with revolving basis within the quota		0.80	\$ -	\$ 100,000	\$ 100,000	None
CTBC Bank	2021.09 – 2023.09, repaid in the due date with revolving basis within the quota		0.80	-	130,000	130,000	None
Yuanta Bank	2019.08 – 2022.08, repaid in the due date with revolving basis within the quota		0.75	100,000	-	100,000	None
Mizuho Bank	2021.12 – 2023.12, repaid in the due date with revolving basis within the quota		0.78	-	700,000	700,000	None
Taipei Fubon Bank	2021.12 – 2023.12, repaid in the due date with revolving basis within the quota		0.79	-	180,000	180,000	None
DBS Bank	2021.11 – 2023.11, repaid in the due date with revolving basis within the quota		0.80	-	240,000	240,000	None
E.Sun Commercial Bank	2019.11 – 2024.11, not with revolving basis within the quota, monthly repays the principal portion of the borrowings since December 2022		0.40	1,597	36,361	37,958	None
CTBC Bank	2019.11 – 2024.11, not with revolving basis within the quota, monthly repays the principal portion of the borrowings since December 2022		0.40	1,667	37,958	39,625	None
CTBC Bank	2019.12 – 2024.12, not with revolving basis within the quota, monthly repays the principal portion of the borrowings since January 2023		0.40	-	49,520	49,520	None
Taipei Fubon Bank	2019.12 – 2024.12 not with revolving basis within the quota, monthly repays the principal portion of the borrowings since December 2022		0.38	1,536	36,481	38,017	None
Taipei Fubon Bank	2020.03 – 2025.03 not with revolving basis within the quota, monthly repays the principal portion of the borrowings since March 2023		0.38	-	53,700	53,700	None
				<u>\$ 104,800</u>	<u>\$ 1,564,020</u>	<u>\$ 1,688,820</u>	

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Quantities (Ton)	Amount
Adhesives	51,237	\$ 4,331,728
Paint	6,874	690,264
Others (Note)	-	<u>426,579</u>
		5,448,571
Less : Sales returns		7,112
Sales discounts		<u>81,909</u>
Net operating revenue		<u>\$ 5,359,550</u>

Note: The amount of individual category included in others does not exceed 10% of the account balance.

STATEMENT 14**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Merchandise, beginning of year	\$ 7,581
Add: Merchandise purchased	153,699
Less: Merchandise, end of year	8,597
Others	216
Cost of commodity transaction	<u>152,467</u>
Raw materials, beginning of year	236,224
Add: Raw material purchased	3,300,815
Less: Raw materials, end of year	312,829
Raw materials costs of sales	204,416
Others	<u>15,461</u>
Raw material consumption	<u>3,004,333</u>
Supplies beginning of year	7,208
Add: Supplies purchased	230,740
Less: Supplies, end of year	12,149
Supplies costs of sales	1,301
Others	<u>2,146</u>
Supplies consumption	<u>222,352</u>
Direct labor	144,889
Manufacturing expenses	<u>553,203</u>
Cost input during the year	3,924,777
Add: Work-in-process, beginning of year	25,248
Finished goods and semi-finished goods reworked	899,488
Less: Work-in-process, end of year	<u>49,297</u>
Manufacturing cost	4,800,216
Add: Semi-finished goods, beginning of year	19,017
Less: Semi-finished goods, end of year	35,816
Semi-finished goods used	601,425
Others	<u>4,648</u>
Finished goods costs	4,177,344
Add: Finished goods, beginning of year	171,568
Less: Finished goods, end of year	258,728
Finished goods used	298,062
Others	<u>12,588</u>
Finished goods costs of sales	<u>3,779,534</u>
Subtotal	3,932,001
Costs from sale of raw materials and supplies	205,717
Revenue from sale of scraps	<u>(2,275)</u>
Loss from physical count and disposal	2,755
The cost of inventories	4,138,198
Gain on disposals of property, plant and equipment	<u>(410)</u>
	<u>\$ 4,137,788</u>

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Estimated credit loss (gain)	Total
Payroll expense	\$ 200,750	\$ 155,867	\$ 120,588	\$ -	\$ 477,205
Traveling expense	11,494	552	529	-	12,575
Shipping expense	37,713	184	991	-	38,888
Remuneration of director	-	17,600	-	-	17,600
Depreciation	4,873	13,872	13,481	-	32,226
Commission expense	48,445	-	-	-	48,445
Export and import expense	73,811	-	-	-	73,811
Professional service fee	4,914	27,662	1,447	-	34,023
Labor and health insurance expense	13,165	11,188	10,508	-	34,861
Estimated credit loss(gain)	-	-	-	270	270
Others	<u>62,749</u>	<u>61,274</u>	<u>39,315</u>	<u>-</u>	<u>163,338</u>
Total	<u>\$ 457,914</u>	<u>\$ 288,199</u>	<u>\$ 186,859</u>	<u>\$ 270</u>	<u>\$ 933,242</u>

NAN PAO RESINS CHEMICAL CO., LTD.

**STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars, Except Average Labor Cost and Average Salary and Bonus)

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 229,617	\$ 477,205	\$ 706,822	\$ 215,578	\$ 482,291	\$ 697,869
Labor and health insurance	23,991	34,861	58,852	21,893	32,693	54,586
Post-employment benefits	9,556	15,215	24,771	9,784	16,138	25,922
Remuneration of directors	-	17,600	17,600	-	20,000	20,000
Others	14,187	15,548	29,735	13,736	15,498	29,234
	<u>\$ 277,351</u>	<u>\$ 560,429</u>	<u>\$ 837,780</u>	<u>\$ 260,991</u>	<u>\$ 566,620</u>	<u>\$ 827,611</u>
Depreciation	\$ 115,898	\$ 32,226	\$ 148,124	\$ 110,364	\$ 37,379	\$ 147,743
Amortization	373	9,455	9,828	340	9,505	9,845

Note 1: For the years ended December 31, 2021 and 2020, there were 806 and 828 employees in the Company, respectively. In addition, the Company had 4 non-employee directors for the years then ended.

Note 2: Companies whose stocks have been listed on TWSE or traded over the counter in Taipei Exchange should additionally disclose the following information:

a. Average labor cost for the years ended December 31, 2021 and 2020 were NT\$1,023 thousand and NT\$980 thousand, respectively.

b. Average salary and bonuses for the years ended December 31, 2021 and 2020 were NT\$881 thousand and NT\$847 thousand, respectively.

c. The average salary and bonuses increased by 4% year-over-year.

Note 3: The Company has established audit committee with no supervisor.

Note 4: Remuneration policy was as follows:

a. According to the Company's Article No.17, when the directors of the Company do business, it was authorized to the board of directors that they determine the remuneration based on their devoted time and contribution to the Company's operations with not exceeding the highest level (industry standard) of the Company's compensation police. In addition, according to the Company's Article No.25, if the Company makes a profit in the year, the board of directors could decide no more than 3% of the profit as director's remuneration.

b. According to the Company's Article No.23, the Company's managers process business based on the orders of the board of directors, and their compensation is determined with the Article 29 of "Company Act". The compensation is based on their performance and contribution to the Company's operations with market standard.

c. For the directors and managers listed above, the policies, regulations, standards and structures of salary, and remuneration all are approved by the Salary and Compensation Committee in accordance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".

d. Employee benefits include basic fixed salary, bonus and compensation of employees. It is determined by their performance, contribution, the market value of their duty and considering the future operation risk of the Company. It is positively related to business performance of the Company. According to the Company's Article, if the Company makes a profit in the year, the Company accrued employees' compensation at rates of 2% to 6%.