

**Nan Pao Resins Chemical Co., Ltd. and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Nan Pao Resins Chemical Co., Ltd.

CHENG- HSIEN WU
Chairman
March 24, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion and based on our and other independent auditors' reports (see Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Authenticity of Revenue Recognition

As stated in Notes 4 (o) and 27 the Group'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 70% of the total operating revenue. We considered the materiality of this to the consolidated 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 customers of adhesives department as a key audit matter.

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 external parties 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 subsidiaries included in the consolidated financial statements of the Group, the financial statements of some of the subsidiaries were not audited by us, but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information included for these subsidiaries, is based solely on the report of other auditors. The total assets of these subsidiaries amounted to NT\$3,748,491 thousand and NT\$2,942,030 thousand as of December 31, 2021 and 2020, respectively, accounting for 14% and 15% of total consolidated assets, respectively. Net sales revenue was NT\$3,425,709 thousand and NT\$2,285,742 thousand, respectively, accounting for 19% and 15% of the consolidated net sales revenue, respectively.

We have also audited the parent company only financial statements of Nan Pao Resins Chemical Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matter that were of most significance in the audit of the consolidated 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED 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 and cash equivalents (Notes 4 and 6)	\$ 3,231,306	13	\$ 3,321,237	17
Financial assets at amortized cost - current (Notes 4, 9, 10, and 36)	1,064,825	4	1,293,135	7
Notes receivable (Notes 4 and 11)	308,657	1	291,955	2
Accounts receivable (Notes 4, 11 and 27)	3,746,166	15	3,334,765	17
Accounts receivable - related parties (Notes 4, 11, 27 and 35)	322,182	1	288,565	1
Other receivables (Notes 4 and 11)	108,967	-	150,688	1
Current tax assets (Note 29)	1,910	-	2,016	-
Inventories (Notes 4 and 12)	2,949,236	11	2,177,074	11
Non-current assets held for sale (Note 4 and 13)	378,477	2	-	-
Other current assets (Note 21)	539,602	2	385,718	2
Total current assets	<u>12,651,328</u>	<u>49</u>	<u>11,245,153</u>	<u>58</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 4 and 7)	36,135	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	6,284,859	24	1,109,267	6
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 36)	127,243	1	125,173	1
Investments accounted for using the equity method (Notes 4 and 15)	-	-	367,753	2
Property, plant and equipment (Notes 4, 16 and 36)	4,931,769	19	4,515,380	23
Right-of-use assets (Notes 4, 17 and 36)	1,040,157	4	1,141,517	6
Investment properties (Notes 4 and 18)	17,760	-	17,760	-
Goodwill (Notes 4, 19 and 31)	238,377	1	117,930	1
Other intangible assets (Notes 4 and 20)	138,482	1	73,379	-
Deferred tax assets (Notes 4 and 29)	346,509	1	328,662	2
Other non-current assets (Note 21)	115,016	-	304,468	1
Total non-current assets	<u>13,276,307</u>	<u>51</u>	<u>8,101,289</u>	<u>42</u>
TOTAL	<u>\$ 25,927,635</u>	<u>100</u>	<u>\$ 19,346,442</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 22 and 36)	\$ 2,157,674	8	\$ 1,346,630	7
Contract liabilities - current (Notes 4 and 27)	44,959	-	30,581	-
Notes payable (Note 23)	1,036	-	14,330	-
Accounts payable (Notes 23 and 35)	2,590,168	10	2,287,370	12
Lease liabilities - current (Notes 4 and 17)	78,256	-	79,930	1
Other payables (Note 35)	912,530	3	809,180	4
Current tax liabilities (Note 29)	178,428	1	251,408	1
Current portion of long-term borrowings (Notes 22 and 36)	193,146	1	55,974	-
Other current liabilities (Notes 24 and 35)	205,724	1	206,627	1
Total current liabilities	<u>6,361,921</u>	<u>24</u>	<u>5,082,030</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 17)	471,967	2	476,953	2
Long - term borrowings (Notes 22 and 36)	1,935,075	8	1,669,191	9
Deferred tax liabilities (Notes 4 and 29)	786,425	3	773,682	4
Net defined benefit liabilities - non-current (Notes 4 and 25)	51,816	-	95,701	1
Other non-current liabilities (Note 24)	50,392	-	52,601	-
Total non-current liabilities	<u>3,295,675</u>	<u>13</u>	<u>3,068,128</u>	<u>16</u>
Total liabilities	<u>9,657,596</u>	<u>37</u>	<u>8,150,158</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Share capital - ordinary shares	1,205,707	5	1,205,707	6
Capital surplus	2,101,673	8	2,101,673	11
Retained earnings				
Legal reserve	1,300,961	5	1,178,822	6
Special reserve	313,321	1	313,321	2
Unappropriated earnings	5,021,383	20	5,115,900	26
Total retained earnings	6,635,665	26	6,608,043	34
Other equity	5,334,802	20	351,178	2
Total equity attributable to owners of the Company	15,277,847	59	10,266,601	53
NON-CONTROLLING INTERESTS	992,192	4	929,683	5
Total equity	<u>16,270,039</u>	<u>63</u>	<u>11,196,284</u>	<u>58</u>
TOTAL	<u>\$ 25,927,635</u>	<u>100</u>	<u>\$ 19,346,442</u>	<u>100</u>

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

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

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED 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, 27 and 35)	\$ 17,980,007	100	\$ 15,551,344	100
OPERATING COSTS (Notes 12, 25, 28 and 35)	<u>13,877,962</u>	<u>77</u>	<u>11,181,051</u>	<u>72</u>
GROSS PROFIT	<u>4,102,045</u>	<u>23</u>	<u>4,370,293</u>	<u>28</u>
OPERATING EXPENSES (Notes 11, 25 and 28)				
Selling and marketing expenses	1,728,521	9	1,533,729	10
General and administrative expenses	832,346	5	826,113	6
Research and development expenses	485,459	3	500,030	3
Estimated credit loss	<u>3,525</u>	<u>-</u>	<u>8,721</u>	<u>-</u>
Total operating expenses	<u>3,049,851</u>	<u>17</u>	<u>2,868,593</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>1,052,194</u>	<u>6</u>	<u>1,501,700</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 15 and 28)				
Interest income	41,617	-	48,683	-
Other income	137,748	1	157,392	1
Other gains and losses	(7,445)	-	(90,898)	-
Finance costs	(54,797)	-	(58,881)	-
Share of profit of associates	<u>33,224</u>	<u>-</u>	<u>48,096</u>	<u>-</u>
Total non-operating income and expenses	<u>150,347</u>	<u>1</u>	<u>104,392</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,202,541	7	1,606,092	10
INCOME TAX EXPENSE (Notes 4 and 29)	<u>273,188</u>	<u>2</u>	<u>338,970</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>929,353</u>	<u>5</u>	<u>1,267,122</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 25, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	14,207	-	1,669	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	5,125,642	29	127,882	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(2,892)</u>	<u>-</u>	<u>(333)</u>	<u>-</u>

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NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED 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	%
	<u>\$ 5,136,957</u>	<u>29</u>	<u>\$ 129,218</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(203,396)	(1)	(129,736)	(1)
Income tax relating to items may be reclassified subsequently to profit or loss	<u>39,164</u>	<u>-</u>	<u>24,452</u>	<u>-</u>
	<u>(164,232)</u>	<u>(1)</u>	<u>(105,284)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>4,972,725</u>	<u>28</u>	<u>23,934</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>\$ 5,902,078</u></u>	<u><u>33</u></u>	<u><u>\$ 1,291,056</u></u>	<u><u>8</u></u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 875,780	5	\$ 1,219,753	8
Non-controlling interests	<u>53,573</u>	<u>-</u>	<u>47,369</u>	<u>-</u>
	<u><u>\$ 929,353</u></u>	<u><u>5</u></u>	<u><u>\$ 1,267,122</u></u>	<u><u>8</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,855,241	33	\$ 1,251,461	8
Non-controlling interests	<u>46,837</u>	<u>-</u>	<u>39,595</u>	<u>-</u>
	<u><u>\$ 5,902,078</u></u>	<u><u>33</u></u>	<u><u>\$ 1,291,056</u></u>	<u><u>8</u></u>
EARNINGS PER SHARE (Note 30)				
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 consolidated financial statements.

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

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share and Share Issuance Price)

	Equity Attributable to Owners of the Company										
	Share Capital	Capital Surplus	Retained Earnings				Other Equity			Total	Non-controlling Interests
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	Total Other Equity				
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	\$ 815,807	\$ 10,556,547
Appropriation of the 2019 earnings (Note 26)											
Legal reserve	-	-	122,820	-	(122,820)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)	-	(723,425)
Net profit for the year ended December 31, 2020	-	-	-	-	1,219,753	-	-	-	1,219,753	47,369	1,267,122
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	(7,774)	23,934
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,221,388	(97,809)	127,882	30,073	1,251,461	39,595	1,291,056
Changes in percentage of ownership interests in subsidiaries (Note 32)	-	(2,175)	-	-	-	-	-	-	(2,175)	2,175	-
Increase in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	72,106	72,106
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	929,683	11,196,284
Appropriation of the 2020 earnings (Note 26)											
Legal reserve	-	-	122,139	-	(122,139)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$7 per share	-	-	-	-	(843,995)	-	-	-	(843,995)	-	(843,995)
Disposal of financial assets at fair value through other comprehensive income (Notes 8 and 26)	-	-	-	-	(14,640)	-	14,640	14,640	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	875,780	-	-	-	875,780	53,573	929,353
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	(6,736)	4,972,725
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	886,257	(156,658)	5,125,642	4,968,984	5,855,241	46,837	5,902,078
Increase in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	15,672	15,672
BALANCE AT DECEMBER 31, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,300,961	\$ 313,321	\$ 5,021,383	\$ (644,475)	\$ 5,979,277	\$ 5,334,802	\$ 15,277,847	\$ 992,192	\$ 16,270,039

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

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

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED 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	\$ 1,202,541	\$ 1,606,092
Adjustments for:		
Depreciation expenses	440,169	405,446
Amortization expenses	30,887	19,149
Estimated credit loss recognized on trade receivables	3,525	8,721
Gain on fair value changes of financial assets at fair value through profit or loss	(11,135)	-
Finance costs	54,797	58,881
Interest income	(41,617)	(48,683)
Dividend income	(66,143)	(46,587)
Share of profit of associates	(33,224)	(48,096)
Loss on disposal of property, plant and equipment	2,271	1,893
Loss on disposal of investments	-	7,438
Write-downs of inventories	73,126	15,233
Loss (Gain) on lease modification	(19)	319
Changes in operating assets and liabilities		
Notes receivable	(16,702)	(11,932)
Accounts receivable	(496,234)	(214,406)
Accounts receivable - related parties	(33,617)	64,806
Other receivables	42,176	40,457
Inventories	(864,303)	11,304
Other current assets	(152,060)	8,877
Other non-current assets	(1,326)	(19,253)
Contract liabilities	14,378	11,707
Notes payable	(13,266)	1,739
Accounts payable	351,616	376,210
Other payables	39,403	(11,492)
Other current liabilities	(903)	38,865
Net defined benefit liabilities	(30,334)	(18,070)
Other non-current liabilities	(2,499)	(4,170)
Cash generated from operations	491,507	2,254,448
Interest received	41,018	46,469
Interest paid	(52,368)	(61,568)
Income tax paid	(343,100)	(300,907)
Net cash generated from operating activities	<u>137,057</u>	<u>1,938,442</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(29,879)	(26,629)
Proceeds from capital reduction of investments accounted for under financial assets at fair value through other comprehensive income	868	315
Net increase of financial assets at amortized cost	-	(616,871)
Net decrease of financial assets at amortized cost	213,353	-

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NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED 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	\$ (25,000)	\$ -
Net cash outflow on acquisition of businesses	(215,042)	-
Payments for property, plant and equipment	(653,145)	(873,089)
Proceeds from disposal of property, plant and equipment	18,493	4,375
Increase in refundable deposits	(3,555)	-
Decrease in refundable deposits	-	11
Payments for intangible assets	(5,325)	(3,269)
Proceeds from disposal of right - of - use assets	81,740	-
Dividends received	<u>88,643</u>	<u>49,962</u>
Net cash used in investing activities	<u>(528,849)</u>	<u>(1,465,195)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	8,509,599	6,586,369
Repayments of short-term borrowings	(7,679,481)	(6,609,640)
Proceeds from long-term borrowings	2,799,412	3,199,161
Repayments of long-term borrowings	(2,393,135)	(3,353,977)
Proceeds from guarantee deposits received	334	160
Refund of guarantee deposits received	-	-
Repayment of the principal portion of lease liabilities	(52,991)	(57,223)
Cash dividends paid	(861,339)	(751,745)
Changes in non-controlling equity	<u>-</u>	<u>100,426</u>
Net cash generated from (used in) financing activities	<u>322,399</u>	<u>(886,469)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(20,538)</u>	<u>(8,145)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(89,931)	(421,367)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,321,237</u>	<u>3,742,604</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,231,306</u>	<u>\$ 3,321,237</u>

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

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

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

NOTES TO CONSOLIDATED 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 consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 the 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 Group’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.

As of the date the consolidated financial statements were authorized for issue, the Group has assessing that the application of other standards and interpretations will not have a material impact on the Group'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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group'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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued

into effect by the FSC.

b. Basis of preparation

The consolidated 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.

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 Group 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 14 and Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity'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 consolidated 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 attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, supplies, goods, work in progress, finished goods, semi-finished goods and inventory in transit 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 group 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.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group 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 Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group'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 Group'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 Group's proportionate interest in the associate. The Group 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 Group'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 not allocated to any asset, including goodwill that forms 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 Group 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 Group 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 Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. 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. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, to its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. 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.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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.

1. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, 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 Group 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.

m. 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.

n. Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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 34.

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, 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.

Cash equivalents include time deposits and banker's acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group 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 Group'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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group 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 Group 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 Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- 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 Group 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.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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.

o. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of adhesives, coatings, and building materials. Sales of adhesives, coatings, and building materials 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 Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

For services in procuring equipment on behalf of customers, the Group does not commit itself to obtain the goods from the suppliers before goods are purchased by the customer and thus does not take on any inventory risk. Consequently, the Group is an agent and its performance obligation is to procure goods on behalf of the customer. The Group recognizes revenue in the net amount of the consideration received or receivable when goods are transferred to the customer, and the Group has no further obligations to the customer.

p. Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group 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.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group 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 comprises any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. 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 consolidated 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. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. 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 Group 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 and a change in future lease payments resulting from a change in an index or a rate used to determine

those payments, the Group 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 Group 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.

q. 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.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group 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 Group 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 Group 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.

s. 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, past service cost, as well as gains and losses on settlements) 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 settlement 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 Group'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.

t. 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 and unused loss carryforwards 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 Group 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 Group 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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group'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 estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies the Group applied do not involve critical accounting judgements and estimation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 6,742	\$ 6,895
Checking accounts and demand deposits	3,038,582	3,129,202
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	<u>185,982</u>	<u>185,140</u>
	<u>\$ 3,231,306</u>	<u>\$ 3,321,237</u>

The market rate intervals of time deposits at the end of the year were as follows:

	December 31	
	2021	2020
Time deposits	1.6% - 8.25%	0.56% - 8.85%

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

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

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

	December 31	
	2021	2020
Domestic investments		
Unlisted stocks	\$ <u>6,284,859</u>	\$ <u>1,109,267</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 Group's strategy of holding these investments for long-term purposes.

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

In November 2021, the Group 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 Group 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

	December 31	
	2021	2020
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 530,245	\$ 752,910
Pledged time deposits (a)	20,775	4,061
Restricted demand deposits (b)	509,655	534,894
Refundable deposits	<u>4,150</u>	<u>1,270</u>
	<u>\$ 1,064,825</u>	<u>\$ 1,293,135</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 95,599	\$ 96,174
Pledged time deposits (a)	4,489	5,726
Restricted demand deposits	2,468	-
Refundable deposits	<u>24,687</u>	<u>23,273</u>
	<u>\$ 127,243</u>	<u>\$ 125,173</u>

a. The ranges of interest rates for time deposits were approximately 0.15%- 8.25% and 0.2%- 7.3% per

annum as of December 31, 2021 and 2020, respectively.

- b. Restricted demand deposits as of December 31, 2021 and 2020 are funds that the Group put into the dedicated bank account in accordance with “the Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.
- c. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- d. Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

	<u>December 31</u>	
	2021	2020
Financial assets at amortized cost - current	\$ 1,064,825	\$ 1,293,135
Financial assets at amortized cost - non-current	<u>127,243</u>	<u>125,173</u>
	<u>\$ 1,192,068</u>	<u>\$ 1,418,308</u>

The Group 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 Group 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 Group 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>\$ 308,657</u>	<u>\$ 291,955</u>
<u>Accounts receivable (including related parties)</u>		
Amortized cost		
Gross carrying amount	\$ 4,117,118	\$ 3,671,006
Less: Allowance for impairment loss	<u>48,770</u>	<u>47,676</u>
	<u>\$ 4,068,348</u>	<u>\$ 3,623,330</u>
<u>Other receivables</u>		
Gross carrying amount	<u>\$ 108,967</u>	<u>\$ 150,688</u>

Accounts receivable at amortized cost

The average credit period of sales of goods was 15 days to 180 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 Group 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 Group's credit risk was significantly reduced.

The Group 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 Group'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 Group's different customer base.

The Group 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 Group 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 Group based on the past due days were not overdue, and the Group 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 Group'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% ~ 0.35%	0.2% ~ 6.22%	3% ~ 31%	8% ~ 67%	37% ~ 100%	100%	
Gross carrying amount	\$ 3,435,939	\$ 585,866	\$ 47,216	\$ 13,717	\$ 5,302	\$ 29,078	\$ 4,117,118
Loss allowance (Lifetime ECLs)	(1,494)	(5,471)	(4,695)	(4,203)	(3,829)	(29,078)	(48,770)
Amortized cost	<u>\$ 3,434,445</u>	<u>\$ 580,395</u>	<u>\$ 42,521</u>	<u>\$ 9,514</u>	<u>\$ 1,473</u>	<u>\$ -</u>	<u>\$ 4,068,348</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% ~ 0.88%	0.2% ~ 13%	3% ~ 47%	8% ~ 67%	37% ~ 100%	100%	
Gross carrying amount	\$ 3,086,702	\$ 512,990	\$ 29,143	\$ 7,419	\$ 5,589	\$ 29,163	\$ 3,671,006
Loss allowance (Lifetime ECLs)	(2,016)	(6,082)	(2,325)	(3,778)	(4,312)	(29,163)	(47,676)
Amortized cost	<u>\$ 3,084,686</u>	<u>\$ 506,908</u>	<u>\$ 26,818</u>	<u>\$ 3,641</u>	<u>\$ 1,277</u>	<u>\$ -</u>	<u>\$ 3,623,330</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 47,676	\$ 48,595
Add: Net remeasurement of loss allowance	3,525	8,721
Less: Amounts written off	(1,341)	(7,995)
Foreign exchange gains and losses	<u>(1,090)</u>	<u>(1,645)</u>
Balance at December 31	<u>\$ 48,770</u>	<u>\$ 47,676</u>

12. INVENTORIES

	December 31	
	2021	2020
Goods	\$ 104,741	\$ 89,042
Finished goods and semi-finished goods	1,057,813	808,692
Work in process	152,851	109,861
Raw materials and supplies	1,226,211	890,513
Inventory in transit	<u>407,620</u>	<u>278,966</u>
	<u>\$ 2,949,236</u>	<u>\$ 2,177,074</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$13,875,691 thousand and \$11,179,158 thousand, respectively. The cost of goods sold included inventory write-downs of \$73,126 thousand and \$15,233 thousand, respectively for the years ended December 31, 2021 and 2020, respectively.

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

	Amount
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 Group was completed the sale plan in January 2022. 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 consolidated balance sheets as of December 31, 2021.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Business	% of Ownership		Remark	
			2021	2020		
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	Trading of chemical substances	100	100		
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100		
	Nan Pao Electronic Material Co.	Production and trading of electronic materials	100	100		
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100		
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	50.51	50.51		
	Phymed Bio-Tec Co., Ltd.	R&D and trading of health food	100	100		
	Biorich Biotechnology Co., Ltd.	R&D, production, trading of new high protein business and health food	57.1	57.1		
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70		
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55		
	Fuqing Nan Pao Investment Ltd.	General investment	100	100		
	Thai Nan Pao Investments Ltd.	General investment	100	100		
	Nan Pao Resins India Pvt. Ltd.	Trading of adhesives	100	100		
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100		
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100		
	Nan Pao Overseas Holdings Ltd.	General investment	100	100		
	Profit Land Ltd.	General investment	73.75	73.75	a)	
	All Saints Enterprises Ltd.	General investment	54.53	54.53	a)	
	Ongoing Profits Ltd.	General investment	32.18	32.18	a)	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	49	49	b)	
	Progroups Technology Co., Ltd.	Trading of water-based PU resin	91.99	91.99		
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100		
	Earnest Wealth Co., Ltd.	General investment	51.11	-	d)	
	FlexUP Technologies Corp.	Production and trading of polyimide materials	96.87	7.11	e)	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	-	f)	
	ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	General investment	100	100	
		Aftek Materials Vietnam Co., Ltd.	Production and trading of construction materials	70	70	
	ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Production and trading of construction materials	100	100	
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100		
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100		
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100		
Thai Nan Pao Investments Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	General investment	100	100		

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2021	2020	
Earnest Wealth Co., Ltd.	Apex polytech Co., Ltd.	Production and trading of adhesives	100	-	d)
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	67.68	67.68	
	Profit Land Ltd.	General investment	26.25	26.25	a)
	Nan Pao Resins (Holdings) Ltd.	General investment	100	100	
	All Saints Enterprises Ltd.	General investment	45.47	45.47	a)
	NP Australia Pty. Ltd.	General investment	100	100	
	Ongoing Profits Ltd.	General investment	67.82	67.82	a)
	Treasure Wealth (HK) Ltd.	General investment	100	100	
	Goldford Investments Ltd.	General investment	100	100	
	Nan Pao Resins Chemical Philippines, Inc.	Trading of adhesives	100	100	
	Nan Pao Resins International Ltd.	Trading of chemicals substances and related products	100	100	
	Nanpao Advanced Investment Co., Ltd.	General investment	100	100	
	Nan Pao Resins (HK) Limited	Production and trading of adhesives	100	100	
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	88.03	88.03	
Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	
Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and Trading of adhesives	0.89	0.89	
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesives	100	100	
Nan Pao Resins Development Ltd.	Dongguan Jia Chin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100	
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100	
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100	
NP Australia Pty. Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	
RLA Polymers Pty. Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	18.5	18.5	b)
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	
Nanpao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	100	100	
	Nantong Nan Pao Resins Materials Co., Ltd.	Production and trading of adhesives	100	100	
	Nan Pao Resins (Yunan) Co., Ltd.	Production and trading of adhesives	100	100	
	Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading business of carbon fiber	100	100	
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading business of adhesives and chemical substances	100	-	c)

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. Direct and indirect shareholdings totaled 67.5%.
- c. The Group invested in and established Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd. in the China in May 2021. In August 2021, the group have invested capital in the subsidiary.
- d. The Group acquired 51.11% shareholdings of Earnest Wealth Co., Ltd. in December 2021, and simultaneously obtained the control of its subsidiary Apex polytech Co., Ltd.
- e. The Group acquired 89.76% shareholdings of FlexUP Technologies Corp. in November 2021, resulting in an increase in the shareholding ratio from 7.11% to 96.87%.
- f. The Group established Nan Pao Resins Chemical (Bangladesh) Co., Ltd. in December 2021, and shareholdings totaled 100%.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	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:

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

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

16. 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 - 20 years
Buildings	2 - 60 years
Machinery	2 - 30 years
Transportation equipment	2 - 20 years
Miscellaneous equipment	2 - 20 years

Refer to Table 10 for the detailed information of changes in property, plant and equipment.

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

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 36.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land (Note)	\$ 709,038	\$ 783,189
Buildings	298,960	318,995
Transportation equipment	28,709	37,790
Miscellaneous equipment	3,272	1,365
Machinery	<u>178</u>	<u>178</u>
	<u>\$ 1,040,157</u>	<u>\$ 1,141,517</u>
For the Year Ended December 31		
	2021	2020
Additions to right-of-use assets	<u>\$ 79,197</u>	<u>\$ 80,995</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 38,830	\$ 44,886
Land (Note)	19,843	20,783
Transportation equipment	13,966	14,520
Miscellaneous equipment	321	1,884
Machinery	<u>142</u>	<u>142</u>
	<u>\$ 73,102</u>	<u>\$ 82,215</u>

Note: Among the land use rights, the land use rights of the Vietnamese subsidiary have been pledged as collateral, please refer to Note 36 for the details.

Except for the additions and depreciation expenses above, there was no significant sublease or impairment of the right-of-use assets of the Group from January 1 to December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 78,256</u>	<u>\$ 79,930</u>
Non-current	<u>\$ 471,967</u>	<u>\$ 476,953</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.56%	1.56%
Buildings	0.77% ~ 5.37%	0.81% ~ 5.37%
Machinery	1.05% ~ 2%	1.05% ~ 2%
Transportation equipment	1.3% ~ 5.37%	1.3% ~ 5.37%
Miscellaneous equipment	5.37% ~ 11.2%	5.37% ~ 11.2%

c. Material lease-in activities and terms (the Group is lessee)

The Group leases several land, buildings, and equipment for operating use under lease terms of 2 to 89 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 47,624</u>	<u>\$ 37,077</u>
Expenses relating to low-value asset leases	<u>\$ 1,197</u>	<u>\$ 1,044</u>
Total cash outflow for leases	<u>\$ 114,809</u>	<u>\$ 95,443</u>

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

18. 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 Group's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Group's investment properties.

These investment properties were not pledged as collateral or restricted in any way.

19. Goodwill

	For the Year Ended December 31	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 120,809	\$ 116,514
Acquisition from business combination during the year (Note 31)	139,382	-
Effect of foreign currency exchange differences, net	<u>(19,016)</u>	<u>4,295</u>
Balance at December 31	<u>\$ 241,175</u>	<u>\$ 120,809</u>
<u>Accumulated Impairment Losses</u>		
Balance at January 1	\$ 2,879	\$ 3,031
Effect of foreign currency exchange differences, net	<u>(81)</u>	<u>(152)</u>
Balance at December 31	<u>\$ 2,798</u>	<u>\$ 2,879</u>
Carrying amounts at December 31, net	<u>\$ 238,377</u>	<u>\$ 117,930</u>

The Group carried out impairment testing on the recoverable amount of goodwill at the end of the year, using the value-in-use as the basis for calculation of the recoverable amount. The value-in-use was estimated based on the Group's financial projections of cash flow for the future years, to reflect the specific risk of related cash generating units.

20. OTHER INTANGIBLE ASSETS

	Client Relationships	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 73,313	\$ 53,447	\$ 37,153	\$ 163,913
Additions	-	7,443	328	7,771
Acquisition from business combination	45,590	-	54,274	99,864
Disposals	-	(101)	-	(101)
Reclassifications	8,940	421	(9,056)	305
Effect of foreign currency exchange differences, net	<u>(10,084)</u>	<u>(42)</u>	<u>(4,490)</u>	<u>(14,616)</u>
Balance at December 31, 2021	<u>\$ 117,759</u>	<u>\$ 61,168</u>	<u>\$ 78,209</u>	<u>\$ 257,136</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ 46,520	\$ 38,959	\$ 5,055	\$ 90,534
Amortization expenses	9,995	8,954	11,938	30,887
Disposals	-	(101)	-	(101)
Reclassifications	337	-	(453)	(116)

(Continued)

	Client Relationships	Computer Software	Others	Total
Effect of foreign currency exchange differences, net	\$ (4,444)	\$ (34)	\$ 1,928	\$ (2,550)
Balance at December 31, 2021	<u>\$ 52,408</u>	<u>\$ 47,778</u>	<u>\$ 18,468</u>	<u>\$ 118,654</u>
Carrying amount at December 31, 2021, net	<u>\$ 65,351</u>	<u>\$ 13,390</u>	<u>\$ 59,741</u>	<u>\$ 138,482</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 70,156	\$ 47,628	\$ 35,457	\$ 153,241
Additions	-	2,014	1,255	3,269
Disposals	-	(254)	-	(254)
Reclassifications	-	4,067	-	4,067
Effect of foreign currency exchange differences, net	3,157	(8)	441	3,590
Balance at December 31, 2020	<u>\$ 73,313</u>	<u>\$ 53,447</u>	<u>\$ 37,153</u>	<u>\$ 163,913</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2020	\$ 36,285	\$ 30,343	\$ 6,259	\$ 72,887
Amortization expenses	7,993	8,653	2,503	19,149
Disposals	-	(254)	-	(254)
Reclassifications	-	234	-	234
Effect of foreign currency exchange differences, net	2,242	(17)	(3,707)	(1,482)
Balance at December 31, 2020	<u>\$ 46,520</u>	<u>\$ 38,959</u>	<u>\$ 5,055</u>	<u>\$ 90,534</u>
Carrying amount at December 31, 2020, net	<u>\$ 26,793</u>	<u>\$ 14,488</u>	<u>\$ 32,098</u>	<u>\$ 73,379</u>

(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Client relationships	9 - 11 years
Computer software	2 - 10 years
Others	2 - 15 years

21. OTHER ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Input tax	\$ 299,665	\$ 141,621
Prepayments	121,663	103,660
Prepaid expenses	70,902	89,693
Overpaid tax retained for offsetting the future tax payable	34,287	25,822
Others	<u>13,085</u>	<u>24,922</u>
	<u>\$ 539,602</u>	<u>\$ 385,718</u>
<u>Non-Current</u>		
Prepayments for equipment	\$ 108,311	\$ 277,899
Prepayments for investment	-	21,299
Others	<u>6,705</u>	<u>5,270</u>
	<u>\$ 115,016</u>	<u>\$ 304,468</u>

22. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured bank loans (Note 36)	\$ 97,843	\$ 118,148
Unsecured bank loans	<u>2,059,831</u>	<u>1,228,482</u>
	<u>\$ 2,157,674</u>	<u>\$ 1,346,630</u>

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

	December 31	
	2021	2020
Secured bank loans	1.27% ~ 4.9%	1.27% ~ 3.25%
Unsecured bank loans	0.72% ~ 4.9%	0.75% ~ 3.75%

b. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Secured bank loans (1)	\$ 362,062	\$ 330,503
Unsecured bank loans (2)	<u>1,766,159</u>	<u>1,394,662</u>
	2,128,221	1,725,165
Decrease: Current portion of long-term borrowings	<u>193,146</u>	<u>55,974</u>
	<u>\$ 1,935,075</u>	<u>\$ 1,669,191</u>

- 1) As of December 31, 2021 and 2020, the ranges of weighted average effective interest rates of the bank borrowings secured by the Group's freehold land, buildings, right-of-use assets and deposit certificates (see Note 36), were 1.255%- 1.35% and 1.063%- 1.945% per annum, respectively. Long-term borrowings mentioned above will expire in June 2035, and payments of interest and principal are made on schedule.
- 2) As of December 31, 2021 and 2020, the ranges of weighted average effective interest rates of unsecured bank loans were 0.38%- 4.45% and 0.38%- 1.16% per annum, respectively. Long-term borrowings mentioned above will expire in March 2025, and payments of interest and principal are made on schedule.

23. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes Payable</u>		
Operating	<u>\$ 1,036</u>	<u>\$ 14,330</u>
<u>Accounts Payable</u>		
Operating	<u>\$ 2,590,168</u>	<u>\$ 2,287,370</u>

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

24. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other liabilities		
Refund liabilities	\$ 138,571	\$ 156,501
Others	<u>67,153</u>	<u>50,126</u>
	<u>\$ 205,724</u>	<u>\$ 206,627</u>

(Continued)

	December 31	
	2021	2020
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	\$ 4,198	\$ 3,908
Others	<u>46,194</u>	<u>48,693</u>
	<u>\$ 50,392</u>	<u>\$ 52,601</u>
		(Concluded)

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group's domestic consolidated entities 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.

The Group's subsidiaries in China and other regions are members of a state-managed retirement benefit plan operated by each government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan.

b. Defined benefit plans

The defined benefit plans adopted by the Group 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 Group contribute amounts equal to 2% 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

The employees of the Group's subsidiaries in Indonesia are members of a state-managed retirement benefit plan operated by the government of Indonesia. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 382,247	\$ 431,592
Fair value of plan assets	<u>(330,431)</u>	<u>(335,891)</u>
Net defined benefit liabilities	<u>\$ 51,816</u>	<u>\$ 95,701</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	\$ 428,052	\$ (313,033)	\$ 115,019
Service cost			
Past service cost and loss on settlements	822	-	822
Current service cost	6,478	-	6,478
Net interest expense (income)	4,213	(2,243)	1,970
Recognized in profit or loss	<u>11,513</u>	<u>(2,243)</u>	<u>9,270</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,218)	(10,218)
Actuarial loss - changes in financial assumptions	13,386	-	13,386
Actuarial gain - experience adjustments	(6,419)	-	(6,419)
Actuarial loss - Others	1,582	-	1,582
Recognized in other comprehensive income	<u>8,549</u>	<u>(10,218)</u>	<u>(1,669)</u>
Contributions from the employer	<u>-</u>	<u>(23,187)</u>	<u>(23,187)</u>
Benefits paid	<u>(15,223)</u>	<u>12,790</u>	<u>(2,433)</u>
Exchange differences on foreign plans, net	<u>(1,299)</u>	<u>-</u>	<u>(1,299)</u>
Balance at December 31, 2020	<u>431,592</u>	<u>(335,891)</u>	<u>95,701</u>
Service cost			
Past service cost and gain on settlements	(3,238)	-	(3,238)
Current service cost	4,872	-	4,872
Net interest expense (income)	2,680	(1,037)	1,643
Recognized in profit or loss	<u>4,314</u>	<u>(1,037)</u>	<u>3,277</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,873)	(4,873)
Actuarial loss - changes in demographic assumptions	736	-	736
Actuarial gain - changes in financial assumptions	(11,959)	-	(11,959)
Actuarial loss - experience adjustments	4,417	-	4,417
Actuarial gain - Others	(2,528)	-	(2,528)
Recognized in other comprehensive income	<u>(9,334)</u>	<u>(4,873)</u>	<u>(14,207)</u>
Contributions from the employer	<u>-</u>	<u>(22,872)</u>	<u>(22,872)</u>
Benefits paid	<u>(43,797)</u>	<u>34,242</u>	<u>(9,555)</u>
Exchange differences on foreign plans, net	<u>(528)</u>	<u>-</u>	<u>(528)</u>
Balance at December 31, 2021	<u>\$ 382,247</u>	<u>\$ (330,431)</u>	<u>\$ 51,816</u>

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	\$ 1,957	\$ 3,625
Selling and marketing expenses	278	2,002
General and administrative expenses	654	3,171
Research and development expenses	<u>388</u>	<u>472</u>
	<u>\$ 3,277</u>	<u>\$ 9,270</u>

Through the defined benefit plans under the Labor Standards Law, the Group 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	0.625% - 7.48%	0.3% - 7%
Expected rates of salary increase	1.5% - 10%	1.5% - 10%

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>\$ (8,869)</u>	<u>\$ (9,260)</u>
0.25% decrease	<u>\$ 9,524</u>	<u>\$ 9,648</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 9,352</u>	<u>\$ 9,378</u>
0.25% decrease	<u>\$ (8,764)</u>	<u>\$ (9,068)</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.

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Expected contributions to the plans for the next year	\$ <u>19,056</u>	\$ <u>20,302</u>
Average duration of the defined benefit obligation	8 to 16.4years	9 to 17.84 years

26. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
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>120,570</u>	<u>120,570</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 28-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 in June, 2020 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 24, 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	<u>(156,658)</u>	<u>(97,809)</u>
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	5,125,642	127,882
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>14,640</u>	<u>-</u>
Balance at December 31	<u>\$ 5,979,277</u>	<u>\$ 838,995</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 929,683	\$ 815,807
Share in profit for the year	53,573	47,369
Other comprehensive income or loss during the year		
Exchange differences on translating the financial statements of foreign operations	(7,574)	(7,475)
Remeasurement of defined benefit plans	1,068	(374)
Related income tax	(230)	75
Difference in book value and price of equity acquisition from subsidiaries (Note 32)	-	2,175
Dividend payout from subsidiaries	(17,344)	(28,320)
Issuance of ordinary shares for cash from subsidiaries	-	89,176
Non-controlling interests arising from acquisition of subsidiaries (Note 31)	33,016	-
Additions from establishing subsidiaries	<u>-</u>	<u>11,250</u>
Balance at December 31	<u>\$ 992,192</u>	<u>\$ 929,683</u>

27. REVENUE

- a. Please refer to Note 40 for disaggregation of revenue.
- b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (including related parties)	<u>\$ 4,117,118</u>	<u>\$ 3,671,006</u>	<u>\$ 3,578,332</u>
Contract liabilities - current			
Sale of goods	<u>\$ 44,959</u>	<u>\$ 30,581</u>	<u>\$ 18,874</u>

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

28. NET PROFIT

- a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	<u>\$ 41,617</u>	<u>\$ 48,683</u>

- b. Other income

	For the Year Ended December 31	
	2021	2020
Grant income (Note)	\$ 39,886	\$ 80,099
Dividend income	66,143	46,587
Rental income	1,626	1,766
Other income	<u>30,093</u>	<u>28,940</u>
	<u>\$ 137,748</u>	<u>\$ 157,392</u>

Note: The Group received \$43,557 thousand for wage and working capital subsidy from June to November 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 gain (loss)	\$ (14,293)	\$ (62,234)
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	11,135	-
Gain (loss) from disposal of investments	-	(7,438)
Others	<u>(4,287)</u>	<u>(21,226)</u>
	<u>\$ (7,445)</u>	<u>\$ (90,898)</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 41,800	\$ 45,713
Interest on lease liabilities	12,997	14,829
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(1,661)</u>
	<u>\$ 54,797</u>	<u>\$ 58,881</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	\$ -	\$ 1,661
Capitalization rate	-	1.6%

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 333,090	\$ 292,294
Operating expenses	<u>107,079</u>	<u>113,152</u>
	<u>\$ 440,169</u>	<u>\$ 405,446</u>
An analysis of amortization by function		
Operating costs	\$ 1,051	\$ 481
Operating expenses	<u>29,836</u>	<u>18,668</u>
	<u>\$ 30,887</u>	<u>\$ 19,149</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salaries	\$ 1,935,550	\$ 1,832,427
Labor and health insurance	128,168	116,910
Others	<u>149,737</u>	<u>155,651</u>
	<u>2,213,455</u>	<u>2,104,988</u>
Post-employment benefits		
Defined contribution plans	95,070	64,549
Defined benefit plans (Note 25)	<u>3,277</u>	<u>9,270</u>
	<u>98,347</u>	<u>73,819</u>
	<u>\$ 2,311,802</u>	<u>\$ 2,178,807</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 846,850	\$ 733,458
Operating expenses	<u>1,464,952</u>	<u>1,445,349</u>
	<u>\$ 2,311,802</u>	<u>\$ 2,178,807</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 in March, 2022 and 2021, 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 consolidated 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 consolidated 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	\$ 120,535	\$ 180,904
Foreign exchange losses	<u>(134,828)</u>	<u>(243,138)</u>
	<u>\$ (14,293)</u>	<u>\$ (62,234)</u>

29. 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	\$ 258,473	\$ 353,280
Income tax on unappropriated earnings	-	312
Adjustments for prior years	(22,464)	(15,676)
Repatriation of overseas funds	<u>41,976</u>	<u>30,482</u>
	<u>277,985</u>	<u>368,398</u>
Deferred tax		
In respect of the current year	6,503	(39,363)
Adjustments for prior years	<u>(11,300)</u>	<u>(68,791)</u>
	<u>(4,797)</u>	<u>(29,428)</u>
	<u>\$ 273,188</u>	<u>\$ 338,970</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>\$ 1,202,541</u>	<u>\$ 1,606,092</u>
Income tax expense calculated at the statutory rate	\$ 383,653	\$ 472,331
Non-deductible expenses in determining taxable income	1,745	27,725
Tax-exempt income	(13,229)	(9,317)
Temporary differences	(77,337)	(66,274)
Permanent differences	(7,061)	(9,575)
Income tax on unappropriated earnings	-	312
Adjustments for prior year	(33,764)	(84,467)
Tax relief	(22,795)	(22,247)
Repatriation of overseas funds	<u>41,976</u>	<u>30,482</u>
	<u>\$ 273,188</u>	<u>\$ 338,970</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	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>(2,892)</u>	<u>(333)</u>
	<u>\$ 36,272</u>	<u>\$ 24,119</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
<u>Current tax assets</u>		
Tax refund receivable	<u>\$ 1,910</u>	<u>\$ 2,016</u>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 178,428</u>	<u>\$ 251,408</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	Business Combination	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>						
Temporary differences						
Exchange differences on translating the financial statements of foreign operations	\$ 121,954	\$ -	\$ 39,164	\$ -	\$ -	\$ 161,118
Defined benefit obligations	19,780	(5,438)	(2,892)	-	(5)	11,445
Loss on decline in market price of inventories	34,075	8,783	-	-	(351)	42,507
Allowance for impairment loss	3,629	468	-	-	(55)	4,042
Payables for annual leave	4,639	236	-	-	-	4,875
Unrealized gross profit	36,692	(12,869)	-	-	-	23,823
Others	<u>45,445</u>	<u>7,207</u>	<u>-</u>	<u>1,488</u>	<u>(4,802)</u>	<u>49,338</u>
	266,214	(1,613)	36,272	1,488	(5,213)	297,148
Carryforwards	<u>62,448</u>	<u>(9,645)</u>	<u>-</u>	<u>-</u>	<u>(3,442)</u>	<u>49,361</u>
	<u>\$ 328,662</u>	<u>\$ (11,258)</u>	<u>\$ 36,272</u>	<u>\$ 1,488</u>	<u>\$ (8,655)</u>	<u>\$ 346,509</u>
<u>Deferred Tax Liabilities</u>						
Temporary differences						
Foreign investment income	\$ 538,560	\$ (16,031)	\$ -	\$ -	\$ (8)	\$ 522,521
Provision for land appreciation tax	235,087	-	-	-	-	235,087
Others	<u>35</u>	<u>(24)</u>	<u>-</u>	<u>30,350</u>	<u>(1,544)</u>	<u>28,817</u>
	<u>\$ 773,682</u>	<u>\$ (16,055)</u>	<u>\$ -</u>	<u>\$ 30,350</u>	<u>\$ (1,552)</u>	<u>\$ 786,425</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	\$ 97,502	\$ -	\$ 24,452	\$ -	\$ 121,954
Defined benefit obligations	23,918	(4,132)	(333)	327	19,780
Loss on decline in market price of inventories	29,595	3,771	-	709	34,075
Allowance for impairment loss	4,097	397	-	(865)	3,629
Payables for annual leave	4,157	482	-	-	4,639
Unrealized gross profit	22,114	14,578	-	-	36,692
Others	<u>40,355</u>	<u>3,447</u>	<u>-</u>	<u>1,643</u>	<u>45,445</u>
	221,738	18,543	24,119	1,814	266,214
Carryforwards	<u>66,408</u>	<u>(5,607)</u>	<u>-</u>	<u>1,647</u>	<u>62,448</u>
	<u>\$ 288,146</u>	<u>\$ 12,936</u>	<u>\$ 24,119</u>	<u>\$ 3,461</u>	<u>\$ 328,662</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Foreign investment income	\$ 554,814	\$ (16,290)	\$ -	\$ 36	\$ 538,560
Provision for land appreciation tax	235,087	-	-	-	235,087
Others	<u>256</u>	<u>(202)</u>	<u>-</u>	<u>(19)</u>	<u>35</u>
	<u>\$ 790,157</u>	<u>\$ (16,942)</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 773,682</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 were \$202,248 thousand and \$190,948 thousand, respectively.

- f. Unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
\$ 11,558	2023
18,145	2024
31,891	2025
30,455	2026
86,464	2027
33,300	2028
25,288	2029
70,792	2030
59,773	2031
<u>139,094</u>	Note
<u>\$ 506,760</u>	

Note: Unused loss carryforwards of certain subsidiaries have no expiry years in accordance with local regulations.

g. Income tax assessments

Except for that the income tax returns of the Company and ITLS International Development Co., Ltd. through 2020 have been assessed by the tax authorities, the income tax returns of the Company and domestic subsidiaries through 2019 have been assessed by the tax authorities.

30. 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

	For the Year Ended December 31	
	2021	2020
Profit for the year attributable to owners 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 Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group 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.

31. BUSINESS COMBINATIONS

Acquisition of business

	Principal Operating Activities	Date of Acquisition
Axis Manufacture Pty Ltd. (Axis)	Production and sale of liquid formulations and compounds	March 15, 2021
Gripset Industries Pty Ltd. (Gripset)	Production and sale of waterproof membranes, protective coatings, adhesives and sealants, etc., related to the construction industry	March 15, 2021

The Group acquired the portfolio of business and asset from its unrelated party, Axis and Gripset (both established in Australia) in March 2021, which includes the inputs and substantive processes which significantly contribute to the ability to create outputs; the acquisition was handled in accordance with IFRS

3: Business Combinations. The purpose of the acquisition was to expand the business and strengthen the product portfolio.

a. Consideration transferred

	Amount
Cash	\$ 203,268
Contingent consideration agreement (Note)	<u>41,248</u>
	<u>\$ 244,516</u>

Note: According to the contingent consideration agreement, if the gross profit from the related products of the acquired portfolio of business and asset meets the promised level from March 2021 to March 2022, the Group should pay additional payment to the seller. The fair value of the obligation at the acquisition date was estimated to be \$41,248 thousand.

b. Assets acquired and liabilities assumed at the date of acquisition

	Amount
Current assets	
Inventories	\$ 39,627
Non-current assets	
Intangible assets	99,864
Property, plant and equipment	1,303
Deferred tax assets	1,488
Current liabilities	
Other current liabilities	(2,436)
Non-current liabilities	
Deferred tax liabilities	<u>(30,350)</u>
	<u>\$ 109,496</u>

c. Goodwill recognized on acquisition

	Amount
Consideration transferred	\$ 244,516
Less: Fair value of identifiable net assets acquired	<u>(109,496)</u>
Goodwill recognized on acquisition	<u>\$ 135,020</u>

The goodwill recognized in the acquisition of Axis and Gripset mainly represents the control premium included in the cost of the combination. In addition, the consideration paid for the combination effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The total amount of acquired goodwill is not tax-deductible.

Subsidiaries acquired

	Principal Operating Activities	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
FlexUP Technologies Corp.	Production and sale of polyimide materials	November 1, 2021	96.87%	<u>\$ 4,546</u>
Earnest Wealth Co., Ltd. with its subsidiary	General investment, Production and sale of adhesives	December 3, 2021	51.11%	<u>\$ 42,958</u>

The Group acquired FlexUP Technologies Corp. and Earnest Wealth Co., Ltd. with its subsidiary in November and December, 2021, respectively. The purpose of the acquisition was to expand the business and strengthen the product portfolio.

- 1) Consideration transferred totaled \$47,504 thousand in cash.
- 2) Assets acquired and liabilities assumed at the date of acquisition

	FlexUP Technologies Corp.	Earnest Wealth Co., Ltd. with its subsidiary	Total
Current assets			
Cash and cash equivalents	\$ 818	\$ 34,912	\$ 35,730
Other current assets	2,265	15,006	17,271
Property, plant and equipment	-	13,215	13,215
Other non-current assets	-	14,096	14,096
Current liabilities			
Other payables	<u>(129)</u>	<u>(3,665)</u>	<u>(3,794)</u>
	<u>\$ 2,954</u>	<u>\$ 73,564</u>	<u>\$ 76,518</u>

c. Non-controlling interests

The non-controlling interests of FlexUP Technologies Corp. and Earnest Wealth Co., Ltd. with its subsidiary recognized at the acquisition date were measured by reference to the fair value of the non-controlling interest and amounted \$144 thousand and \$32,872 thousand, respectively. This fair value was estimated by applying adjustment for market price and the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interest.

d. Goodwill recognized on acquisition

	Amount
Consideration transferred	\$ 47,504
Add: Non-controlling interests	33,016
Fair value of original shares	360
Less: Fair value of identifiable net assets acquired	<u>(76,518)</u>
Goodwill recognized on acquisition	<u>\$ 4,362</u>

The goodwill recognized in the acquisition of FlexUP Technologies Corp. and Earnest Wealth Co., Ltd.

with its subsidiary mainly represents the control premium included in the cost of the combination. In addition, the consideration paid for the combination effectively included amounts attributed to the benefits of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

32. EQUITY TRANSACTIONS WITH NON – CONTROLLING INTERESTS IN 2020

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	
	Prince Pharmaceutical Co., Ltd. (a)	Foshan Nan Pao Advanced Materials Co., Ltd. (b)
Cash consideration paid	\$ -	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(1,655)	3,830
	<u> </u>	<u> </u>
Differences recognized from equity transactions	<u>\$ (1,655)</u>	<u>\$ 3,830</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 1,655</u>	<u>\$ (3,830)</u>

- a. 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%.
- b. In November 2020, the Group 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 68% to 60.47%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will have sufficient financial resources and operating plans to fund its working capital needs, capital asset purchases, research and development expenses, debt service requirements, stock dividends and other business requirements associated with its existing operations.

34. FINANCIAL INSTRUMENTS

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

The Group 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>

Financial assets at FVTOCI

Investment in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 6,284,859</u>	\$ <u> 6,284,859</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> 1,109,267</u>	\$ <u> 1,109,267</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	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>	
	2021	2020
Balance at January 1	\$ 1,109,267	\$ 976,745
Recognized in other comprehensive income (included in unrealized valuation gain or loss on financial assets at FVTOCI)	5,125,642	127,882
Reclassification to the investments accounted for using the equity method	(360)	-
Purchases	51,178	5,330
Proceeds from capital reduction	(868)	(315)
Dividends paid from capital surplus	<u>-</u>	<u>(375)</u>
Balance at December 31	<u>\$ 6,284,859</u>	<u>\$ 1,109,267</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 net value of company.
- 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

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial asset at amortized cost (1)	\$ 8,909,346	\$ 8,805,518
Financial asset at FVTPL - Mandatorily classified as at FVTPL	36,135	-
Financial asset at FVTOCI - Equity instrument	6,284,859	1,109,267
<u>Financial liabilities</u>		
Amortized cost (2)	7,793,827	6,186,583

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, 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, long-term borrowings (including current portion of long-term borrowings) and refund of guarantee deposits (non-current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group'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 Group 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 Group 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 Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group'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 Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 38.

Sensitivity analysis

The Group is mainly exposed to the USD and the VND.

The following table details the Group's sensitivity to a 1% increase and decrease in 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 functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency 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)	\$ 9,031	\$ 8,075	i
	VND Impact		
	For the Year Ended December 31		
	2021	2020	
Profit (loss)	\$ 4,584	\$ 8,183	ii

- i. 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 Group's sensitivity to foreign currency was not changed significantly during the current year.
- ii. This was mainly attributable to the exposure on outstanding cash and cash equivalents in VND that were not hedged at the end of the year. The reason of change is the amount of cash in VND decreased.

b) Interest rate risk

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

The carrying amounts of the Group'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 assets	\$ 865,927	\$ 1,068,554
Financial liabilities	550,223	556,883
Cash flow interest rate risk		
Financial assets	3,371,404	3,396,918
Financial liabilities	4,285,895	3,071,795

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 Group's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by \$10,715 thousand and \$7,679 thousand, respectively, which was mainly a result of variable-rate borrowings.

c) Other price risk

The Group 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 Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group 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 Group are all creditworthy business organizations, there is no anticipated material credit risk. The Group also continues to evaluate the financial status of clients for accounts receivable.

The Group's concentration of credit risk in accounts receivable was set out as follows:

	December 31			
	2021		2020	
	Amount	%	Amount	%
Group A	\$ 322,182	8	\$ 288,565	8

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents and liquid financial assets deemed adequate to finance the Group'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 Group's working capital and the credit line which the Group 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 Group'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 Group 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	\$ 3,503,734	\$ 4,198	\$ -
Lease liabilities	90,029	179,462	398,513
Fixed interest rate liabilities	73,261	-	-
Variable interest rate liabilities	<u>2,289,915</u>	<u>1,727,310</u>	<u>246,658</u>
	<u>\$ 5,956,939</u>	<u>\$ 1,910,970</u>	<u>\$ 645,171</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 90,029</u>	<u>\$ 179,462</u>	<u>\$ 159,137</u>	<u>\$ 138,767</u>	<u>\$ 100,609</u>

December 31, 2020

	Less than 1 Year	1 - 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,110,880	\$ 3,908	\$ -
Lease liabilities	93,174	156,705	390,799
Fixed interest rate liabilities	87,296	-	-
Variable interest rate liabilities	<u>1,323,972</u>	<u>1,468,311</u>	<u>252,632</u>
	<u>\$ 4,615,322</u>	<u>\$ 1,628,924</u>	<u>\$ 643,431</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 93,174</u>	<u>\$ 156,705</u>	<u>\$ 156,973</u>	<u>\$ 178,755</u>	<u>\$ 55,071</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	\$ 3,935,385	\$ 2,670,447
Amount unused	<u>5,560,540</u>	<u>6,509,431</u>
	<u>\$ 9,495,925</u>	<u>\$ 9,179,878</u>
Secured bank overdraft facilities :		
Amount used	\$ 479,854	\$ 502,226
Amount unused	<u>257,302</u>	<u>359,065</u>
	<u>\$ 737,156</u>	<u>\$ 861,291</u>

35. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Name of Related Party	Related Party Category
Total Acrylic Polymer Industry (Tapi) Corporation	Associate
Pou Chen Corporation and Subsidiaries	Investors with significant influence
Opulence Optronics Co., Ltd.	The Group is an executive of the Company
Shenglin Investment Co., Ltd.	Other related party

b. Sales of goods

	For the Year Ended December 31	
	2021	2020
Related Party Category		
Investors with significant influence	<u>\$ 1,034,962</u>	<u>\$ 1,041,449</u>

The sales prices were not significantly different from those with third parties. The credit term is 30 days to 105 days, which is not significantly different from that for non-related parties.

c. Purchases of goods

	<u>For the Year Ended December 31</u>	
	2021	2020
Related Party Category		
Associate	\$ <u>4,348</u>	\$ <u>14,266</u>

There were no comparable purchase prices of similar products with third parties. The payment term is 30 days to 45 days, which is not significantly different from that for non-affiliates.

d. Receivables from related parties

Line Item	Related Party Category / Name	<u>December 31</u>	
		2021	2020
Accounts receivable	Investors with significant influence Pou Chen Corporation and Subsidiaries	\$ <u>322,182</u>	\$ <u>288,565</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	<u>December 31</u>	
		2021	2020
Accounts payable	Associate	\$ <u>-</u>	\$ <u>698</u>
Other payables	Investors with significant influence	\$ <u>129</u>	\$ <u>129</u>

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

Line Item	Related Party Category / Name	<u>December 31</u>	
		2021	2020
Other current liabilities	Investors with significant influence Pou Chen Corporation and Subsidiaries	\$ <u>62,274</u>	\$ <u>82,098</u>

g. Lease arrangements - the Group is lessee

Line Item	Related Party Category / Name	<u>For the Year Ended December 31, 2021</u>
Lease expense	Other related party	\$ <u>1,371</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.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets are provided as collateral for tariff, letters of credit, long-term and short-term bank borrowings:

	December 31	
	2021	2020
Property, plant and equipment	\$ 675,459	\$ 639,008
Pledged time deposits (Financial assets measured at amortized cost)	25,264	9,787
Right-of-use assets	<u>-</u>	<u>16,305</u>
	<u>\$ 700,723</u>	<u>\$ 665,100</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group 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 \$127,133 thousand and \$92,191 thousand, respectively.
- b. Unrecognized commitments are as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	\$ 357,452	\$ 660,431
Acquisition of raw material	<u>84,066</u>	<u>84,011</u>
	<u>\$ 441,518</u>	<u>\$ 744,442</u>

c. Material Lawsuits

The Company had won the bid for land, plant, and machinery equipment owned by He Kui Chemical Company from Changhua District Court in 2007 and sold the above assets to its subsidiary, Nan Pao Chemical Co., Ltd., for production purposes. On January 31, 2008, third-party Fu-chien Management

Consulting Company claimed to be the mortgagee of the aforementioned machinery equipment at Taiwan Changhua District Court and seized the batch of machinery equipment. Nan Pao Chemical Co., Ltd. has filed for Third Party of Dissent Action arguing that Fu-chien Management Consulting Company's claims over the above-mentioned machinery equipment were false. Nevertheless, a fire broke out in Nan Pao Chemical Co., Ltd. in January 2010, with all plants and machinery burnt down. Therefore, the content of litigation was changed to confirming whether the machinery had belonged to Nan Pao Chemical Co., Ltd. If the court believed that machinery was not the property of Nan Pao Chemical Co., Ltd., but was destroyed due to its negligence, Nan Pao Chemical Co., Ltd. would be liable for damage. In June 2017, the Supreme Court of Taiwan ruled in a civil lawsuit that machinery and equipment did not belong to Nan Pao Chemical Co., Ltd.

Based on the ruling of the Changhua District Court, He Kui Chemical Company argued for ownership of machinery equipment in the plant. Based on the aforementioned litigation, He Kui Chemical Company filed for an indemnity lawsuit against Nan Pao Chemical Co., Ltd. for damage caused by use of machinery equipment, and sought for indemnity of \$53,102 thousand. Nevertheless, the amount that He Kui Chemical Company claimed for was based on the purchase price of machinery equipment, and did not factor in depreciation based on the useful life of property, plant, and equipment. The batch of machinery was purchased in the 1990s and early 2000s, with surplus value under \$53,102 thousand. The Company has appropriated a liability reserve of \$38,445 thousand based on the remaining value.

As of the date of issue of the consolidated financial statements, the indemnity lawsuit against He Kui Chemical Company was still being ruled at the Changhua District Court.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 52,973	27.68 (USD:NTD)	\$ 1,466,305
USD	8,092	6.37 (USD:CNY)	223,987
USD	9,618	13,980 (USD:IDR)	266,227
USD	4,461	7.7994 (USD:HKD)	123,489
VND	612,646,288	0.000044 (VND:USD)	740,630
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	25,538	27.68 (USD:NTD)	706,889
USD	2,663	6.37 (USD:CNY)	73,717
USD	3,907	7.7994 (USD:HKD)	108,153
USD	7,156	13,980 (USD:IDR)	198,075
USD	3,254	4.1723 (USD:MYR)	90,066
VND	231,353,023	0.000044 (VND:USD)	282,263
			(Concluded)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 44,287	28.48 (USD:NTD)	\$ 1,261,294
USD	7,757	6.5171 (USD:CNY)	220,646
USD	7,622	14,030 (USD:IDR)	217,078
USD	5,972	7.75 (USD:HKD)	170,102
VND	840,813,025	0.000043 (VND:USD)	1,031,973

Financial liabilities

Monetary items			
USD	19,653	28.2 (USD:NTD)	554,219
USD	1,939	6.52 (USD:CNY)	55,237
USD	5,824	7.7539 (USD:HKD)	165,854
USD	6,775	14,030 (USD:IDR)	192,966
USD	3,274	4.01 (USD:MYR)	93,296
VND	173,150,789	0.000043 (VND:USD)	213,705

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. 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)	\$ 18,394	29.549(USD:NTD)	\$ 783
NTD	1(NTD:NTD)	(17,118)	1(NTD:NTD)	(51,606)
CNY	4.341(CNY:NTD)	(9,284)	4.282(CNY:NTD)	(26,487)
SGD	20.85(SGD:NTD)	28	21.43(SGD:NTD)	30
AUD	21.06(AUD:NTD)	(6,215)	20.395(AUD:NTD)	3,351
IDR	0.00198(IDR:NTD)	(716)	0.00205(IDR:NTD)	4,880
VND	0.0012(VND:NTD)	(208)	0.0013(VND:NTD)	518
Others		<u>826</u>		<u>6,297</u>
		<u>\$ (14,293)</u>		<u>\$ (62,234)</u>

39. 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)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (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 9)

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-Off	Total
<i>For the year ended December 31, 2021</i>							
Revenue							
Revenue from external customers	\$ 3,696,575	\$ 6,228,176	\$ 4,070,701	\$ 2,322,106	\$ 1,662,449	\$ -	\$ 17,980,007
Inter segment revenue	<u>2,626,895</u>	<u>1,233,226</u>	<u>496,671</u>	<u>4,805</u>	<u>51,420</u>	<u>(4,413,017)</u>	<u>-</u>
Total revenue	<u>\$ 6,323,470</u>	<u>\$ 7,461,402</u>	<u>\$ 4,567,372</u>	<u>\$ 2,326,911</u>	<u>\$ 1,713,869</u>	<u>\$ (4,413,017)</u>	<u>\$ 17,980,007</u>
Segment income	<u>\$ 294,616</u>	<u>\$ 179,203</u>	<u>\$ 224,955</u>	<u>\$ 100,414</u>	<u>\$ 126,598</u>	<u>\$ 126,408</u>	\$ 1,052,194
Interest income							41,617
Other income							137,748
Other gains and losses							(7,445)
Finance costs							(54,797)
Share of profit of associates accounted for using the equity method							33,224
Profit before tax							<u>\$ 1,202,541</u>

(Continued)

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-Off	Total
<u>For the year ended December 31, 2020</u>							
Revenue							
Revenue from external customers	\$ 3,089,778	\$ 5,511,179	\$ 3,747,259	\$ 1,994,353	\$ 1,208,775	\$ -	\$ 15,551,344
Inter segment revenue	<u>2,238,103</u>	<u>1,119,621</u>	<u>535,890</u>	<u>8,933</u>	<u>30,120</u>	<u>(3,932,667)</u>	<u>-</u>
Total revenue	<u>\$ 5,327,881</u>	<u>\$ 6,630,800</u>	<u>\$ 4,283,149</u>	<u>\$ 2,003,286</u>	<u>\$ 1,238,895</u>	<u>\$ (3,932,667)</u>	<u>\$ 15,551,344</u>
Segment income	<u>\$ 551,482</u>	<u>\$ 319,932</u>	<u>\$ 507,904</u>	<u>\$ 67,873</u>	<u>\$ 93,698</u>	<u>\$ (39,189)</u>	\$ 1,501,700
Interest income							48,683
Other income							157,392
Other gains and losses							(90,898)
Finance costs							(58,881)
Share of profit of associates accounted for using the equity method							48,096
Profit before tax							<u>\$ 1,606,092</u>

(Concluded)

Segment profit represents the profit before tax earned by each segment without non-operating income and expenses and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The decision of the Group's chief operating decision maker is based on the operating results of the different segments. Information on classified assets and liabilities from different business activities are not evaluated, and only the operating results of the reportable segments are shown.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2021	2020
Adhesives	\$ 12,673,295	\$ 11,146,318
Construction materials	2,778,904	2,181,039
Coatings	1,753,614	1,546,681
Others	<u>774,194</u>	<u>677,306</u>
	<u>\$ 17,980,007</u>	<u>\$ 15,551,344</u>

c. Geographical information

The Group operates in three principal geographical areas - Taiwan (ROC), China and Southeast Asia.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
Asia	\$ 12,388,596	\$ 11,119,345
Taiwan	2,980,570	2,369,732
Oceania	2,323,211	1,805,382
America	82,732	95,248
Africa	53,349	50,194
Europe	<u>151,549</u>	<u>111,443</u>
	<u>\$ 17,980,007</u>	<u>\$ 15,551,344</u>

	<u>Non-current Assets</u>	
	<u>December 31</u>	
	2021	2020
Taiwan	\$ 3,508,417	\$ 3,571,540
Mainland China	830,250	940,655
Southeast Asia	1,369,638	1,264,905
Australia	<u>773,256</u>	<u>761,087</u>
	<u>\$ 6,481,561</u>	<u>\$ 6,538,187</u>

Non-current assets exclude financial instruments (excluding investment for using the equity method) and deferred tax assets.

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	-	-	-	-	-	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 Vil., 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.	4 th 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		

(Concluded)

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 resins	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)	163,552	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 substances	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 × 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.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount(Note 2)	Payment Terms	
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	1	Accounts receivable - related parties	\$ 347,247	Calculated based on general transaction prices, payment within 90 days	1
				Sales revenue	1,038,355		6
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	78,300	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	246,653		1
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	124,559	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	388,591		2
		Nan Pao Resins (HK) Limited	1	Accounts receivable - related parties	61,983	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	220,245		1
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	99,402	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	211,705		1
		ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	33,286	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	81,807		-
		Nan Pao Resins (China) Co., Ltd.	1	Sales revenue	18,935	Calculated based on general transaction prices, payment within 90 days	-
		Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable - related parties	14,451		-
				Sales revenue	44,494	Calculated based on general transaction prices, payment within 90 days	-
Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	78,517	-			
		Sales revenue	92,074	Calculated based on general transaction prices, payment within 90 days	1		
Nan Pao Fine Materials Co., Ltd.	1	Purchase	20,508	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-		
Foshan Nan Pao Advanced Materials Co., Ltd.	1	Purchase	18,166	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-		
PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	52,219	Calculated based on general transaction prices, payment within 90 days	-		
Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	36,955	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-		
		Sales revenue	154,467		1		
Nan Pao Resins (HK) Limited	3	Accounts payable - related parties	9,068	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-		
		Purchase	59,555		-		
Progroups Technology Co., Ltd.	3	Purchase	33,573	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	-		
2	Foshan Nan Pao Advanced Materials Co., Ltd.	Greatwill Materials (HK) Ltd.	3	Accounts receivable - related parties	20,144	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	85,566		-
		Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts receivable - related parties	21,602	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	65,234		-
Nan Pao Resins India Pvt, Ltd.	3	Accounts receivable - related parties	2,310	Calculated based on general transaction prices, payment within 90 days	-		
		Sales revenue	18,347		-		
3	Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Limited	3	Accounts receivable - related parties	35,894	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	129,909		1
		Foshan Nan Pao Advanced Materials Co., Ltd.	3	Accounts payable - related parties	26,853	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-
				Purchase	21,602		-
Nan Pao Resins (China) Co., Ltd.	3	Sales revenue	65,234	Calculated based on general transaction prices, payment within 90 days	-		
Nan Pao Resins (Dongguan) Co., Ltd.	3	Other accounts payables - related parties	44,213	Calculated based on general transaction prices, payment within 90 days	-		
		Processing fee	78,837	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	-		
			341,514		2		
Nan Pao Resins Chemical Philippines, Inc.	3	Sales revenue	33,600	Calculated based on general transaction prices, payment within 90 days	-		
PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	6,601	Calculated based on general transaction prices, payment within 90 days	-		
		Sales revenue	78,112		-		
Nan Pao Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	20,341	Calculated based on general transaction prices, payment within 90 days	-		
		Accounts receivable - related parties	16,185		-		
Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	81,337	Calculated based on general transaction prices, payment within 90 days	1		
		Accounts receivable - related parties	8,671	Calculated based on general transaction prices, payment within 90 days	-		
		Sales revenue	33,374		-		
Nan Pao Resins (China) Co., Ltd.	3	Accounts payable - related parties	24,134	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	-		
		Purchase	111,017		1		
6	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	29,220	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	90,847		-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	36,774	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	59,281		-
Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	29,500	Calculated based on general transaction prices, payment within 90 days	-		
		Sales revenue	122,522		-		
PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	14,453	Calculated based on general transaction prices, payment within 90 days	-		
Nan Pao Fine Materials Co., Ltd.	3	Purchase	20,789	Calculated based on general transaction prices, payment collected 30 days from date of invoice	-		
		Accounts payable - related parties	13,599	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-		
		Purchase	25,448		-		
RLA Ploymers	3	Accounts receivable - related parties	22,619	Calculated based on general transaction prices, payment within 90 days	-		
ITLS International Development Co., Ltd.	3	Sales revenue	57,062		-		
		Sales revenue	13,392	Calculated based on general transaction prices, payment within 90 days	-		

Note 1: Relationship with counterparty can be specified using the following three categories:
(1) Parent Company to Subsidiaries.
(2) Subsidiaries to Parent Company.
(3) Between Subsidiaries

Note 2: Already written off during the preparation of the consolidated financial statements

TABLE 9**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	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost								
Balance at January 1, 2021	\$ 1,186,018	\$ 16,890	\$ 2,450,210	\$ 2,742,547	\$ 240,608	\$ 926,130	\$ 330,511	\$ 7,892,914
Acquisitions from business combination	-	-	11,379	2,489	650	-	-	14,518
Additions	-	5,637	12,879	385,222	20,830	115,245	296,373	836,186
Disposals	-	-	-	(96,714)	(11,157)	(12,835)	(2,630)	(123,336)
Effects of foreign currency exchange differences	(1,412)	(20)	(36,308)	(44,440)	(3,146)	(4,295)	(7,531)	(97,152)
Balance at December 31, 2021	<u>\$ 1,184,606</u>	<u>\$ 22,507</u>	<u>\$ 2,438,160</u>	<u>\$ 2,989,104</u>	<u>\$ 247,785</u>	<u>\$ 1,024,245</u>	<u>\$ 616,723</u>	<u>\$ 8,523,130</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 6,451	\$ 798,230	\$ 1,828,522	\$ 164,667	\$ 579,664	\$ -	\$ 3,377,534
Depreciation	-	1,699	69,312	193,910	20,910	81,236	-	367,067
Disposals	-	-	-	(80,049)	(9,956)	(12,567)	-	(102,572)
Effects of foreign currency exchange differences	-	(2)	(13,785)	(31,887)	(2,196)	(2,798)	-	(50,668)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 8,148</u>	<u>\$ 853,757</u>	<u>\$ 1,910,496</u>	<u>\$ 173,425</u>	<u>\$ 645,535</u>	<u>\$ -</u>	<u>\$ 3,591,361</u>
Carrying amount at December 31, 2021	<u>\$ 1,184,606</u>	<u>\$ 14,359</u>	<u>\$ 1,584,403</u>	<u>\$ 1,078,608</u>	<u>\$ 74,360</u>	<u>\$ 378,710</u>	<u>\$ 616,723</u>	<u>\$ 4,931,769</u>
Cost								
Balance at January 1, 2020	\$ 1,186,651	\$ 11,624	\$ 1,952,850	\$ 2,583,636	\$ 236,726	\$ 772,468	\$ 525,118	\$ 7,269,073
Additions	-	5,782	530,484	231,408	19,225	184,608	(199,406)	772,101
Disposals	-	(431)	(1,718)	(69,345)	(16,376)	(30,491)	-	(118,361)
Reclassification	-	-	-	-	4,528	-	-	4,528
Effects of foreign currency exchange differences	(633)	(85)	(31,406)	(3,152)	(3,495)	(455)	4,799	(34,427)
Balance at December 31, 2020	<u>\$ 1,186,018</u>	<u>\$ 16,890</u>	<u>\$ 2,450,210</u>	<u>\$ 2,742,547</u>	<u>\$ 240,608</u>	<u>\$ 926,130</u>	<u>\$ 330,511</u>	<u>\$ 7,892,914</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 5,847	\$ 732,110	\$ 1,718,441	\$ 158,958	\$ 556,825	\$ -	3,172,181
Depreciation	-	1,069	65,736	168,078	20,652	67,696	-	323,231
Disposals	-	(431)	(1,449)	(64,391)	(15,575)	(30,247)	-	(112,093)
Reclassification	-	-	-	-	2,482	-	-	2,482
Effects of foreign currency exchange differences	-	(34)	1,833	6,394	(1,850)	(14,610)	-	(8,267)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 6,451</u>	<u>\$ 798,230</u>	<u>\$ 1,828,522</u>	<u>\$ 164,667</u>	<u>\$ 579,664</u>	<u>\$ -</u>	<u>\$ 3,377,534</u>
Carrying amount at December 31, 2020	<u>\$ 1,186,018</u>	<u>\$ 10,439</u>	<u>\$ 1,651,980</u>	<u>\$ 914,025</u>	<u>\$ 75,941</u>	<u>\$ 346,466</u>	<u>\$ 330,511</u>	<u>\$ 4,515,380</u>