

Nan Pao Resins Chemical Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Nan Pao Resins Chemical Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

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

Authenticity of Revenue Recognition

As stated in Notes 4-n and 24, the Company's main source of revenue is revenue from the sale of adhesives and coatings. The sales amount of some customers changed significantly and was associated with other specific characteristics in 2024. We considered the materiality of this to the parent company only financial statements as well as the regulations in the auditing standards regarding the presumed significant risk in revenue recognition, and thus deemed the authenticity of revenue recognition of the aforementioned customers as a key audit matter.

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

1. We understood the design of the internal controls related to revenue recognition and tested on a sample basis its operating effectiveness.
2. We selected appropriate samples from the sales receipts of the aforementioned customers, and inspected the sales orders signed by external parties based on the revenue recognition terms, commercial invoices, bill of lading and collections of these customers to check whether the sales actually occurred.

Other Matter

Among the parent company only financial statements of the Company, the financial statements of some of the invested companies using the equity method were not audited by us, but were audited by other auditors. Our opinion, insofar as it relates to the amounts and related information, is based solely on the report of other auditors. The amounts of investments accounted for using the equity method were NT\$1,630,795 thousand and NT\$1,866,856 thousand as of December 31, 2024 and 2023, respectively, representing 7% and 10% of the total assets, respectively. Share of profit for using the equity method were NT\$116,622 thousand and NT\$241,185 thousand for the years ended December 31, 2024 and 2023, respectively, representing 4% and 8% of profit before tax, respectively.

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

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

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

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

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

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

Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chin Yang and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2025

Notice to Readers

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

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

NAN PAO RESINS CHEMICAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 559,593	2	\$ 1,008,836	6
Notes receivable (Notes 4 and 11)	156,498	1	195,531	1
Accounts receivable (Notes 4, 11 and 24)	436,243	2	382,805	2
Accounts receivable - related parties (Notes 4, 11, 24 and 32)	1,585,905	7	1,127,438	6
Other receivables (Notes 4 and 32)	10,690	-	15,693	-
Inventories (Notes 4 and 12)	600,993	3	606,969	3
Other current assets (Note 18)	51,241	-	20,749	-
Total current assets	3,401,163	15	3,358,021	18
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	131,474	1	121,929	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,659,564	7	1,664,892	9
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	13,898	-	13,703	-
Investments accounted for using the equity method (Notes 4 and 13)	14,272,169	63	10,243,511	56
Property, plant and equipment (Notes 4 and 14)	2,745,008	12	2,789,471	15
Right-of-use assets (Notes 4 and 15)	21,836	-	14,787	-
Investment properties (Notes 4 and 16)	17,760	-	17,760	-
Other intangible assets (Notes 4 and 17)	25,333	-	24,732	-
Deferred tax assets (Notes 4 and 26)	127,022	1	204,224	1
Net defined benefit assets - non-current (Notes 4 and 22)	100,717	1	54,588	-
Other non-current assets (Note 18)	17,296	-	9,643	-
Total non-current assets	19,132,077	85	15,159,240	82
TOTAL	\$ 22,533,240	100	\$ 18,517,261	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 2,350,870	11	\$ 1,180,342	6
Contract liabilities - current (Notes 4 and 24)	8,442	-	13,416	-
Notes payable (Note 20)	64	-	128	-
Accounts payable (Notes 20 and 32)	510,884	2	708,431	4
Other payables (Notes 21 and 32)	2,232,765	10	1,193,134	7
Current tax liabilities (Note 26)	413,218	2	443,732	2
Lease liabilities - current (Notes 4 and 15)	6,006	-	5,646	-
Current portion of long-term borrowings (Note 19)	-	-	105,239	1
Other current liabilities (Notes 21 and 32)	24,903	-	21,409	-
Total current liabilities	5,547,152	25	3,671,477	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	1,247,000	6	581,420	3
Deferred tax liabilities (Notes 4 and 26)	1,231,348	5	1,077,399	6
Lease liabilities - non-current (Notes 4 and 15)	16,151	-	9,499	-
Other non-current liabilities	-	-	253	-
Total non-current liabilities	2,494,499	11	1,668,571	9
Total liabilities	8,041,651	36	5,340,048	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital - ordinary shares	1,205,707	5	1,205,707	7
Capital surplus	2,123,816	10	2,124,891	11
Retained earnings				
Legal reserve	1,808,236	8	1,565,289	8
Special reserve	313,321	1	313,321	2
Unappropriated earnings	7,601,313	34	7,029,050	38
Total retained earnings	9,722,870	43	8,907,660	48
Other equity	1,439,196	6	938,955	5
Total equity	14,491,589	64	13,177,213	71
TOTAL	\$ 22,533,240	100	\$ 18,517,261	100

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

(With Deloitte & Touche auditors' report dated March 14, 2025)

NAN PAO RESINS CHEMICAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 6,926,576	100	\$ 5,975,982	100
OPERATING COSTS (Notes 12, 22, 25 and 32)	<u>4,018,213</u>	<u>58</u>	<u>3,790,087</u>	<u>63</u>
GROSS PROFIT	2,908,363	42	2,185,895	37
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(417,472)	(6)	(296,982)	(5)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>296,982</u>	<u>4</u>	<u>232,454</u>	<u>4</u>
REALIZED GROSS PROFIT	<u>2,787,873</u>	<u>40</u>	<u>2,121,367</u>	<u>36</u>
OPERATING EXPENSES (Notes 11, 25 and 32)				
Selling and marketing expenses	465,308	6	477,568	8
General and administrative expenses	410,883	6	351,482	6
Research and development expenses	258,452	4	231,940	4
Expected credit (gain) loss	<u>(1,756)</u>	<u>-</u>	<u>5,311</u>	<u>-</u>
Total operating expenses	<u>1,132,887</u>	<u>16</u>	<u>1,066,301</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>1,654,986</u>	<u>24</u>	<u>1,055,066</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13 and 25)				
Interest income	9,287	-	10,799	-
Other income	135,000	2	400,354	7
Other gains and losses	68,452	1	14,171	-
Finance costs	(51,796)	(1)	(35,119)	(1)
Share of profit of subsidiaries and associates	<u>1,405,108</u>	<u>21</u>	<u>1,460,831</u>	<u>25</u>
Total non-operating income and expenses	<u>1,566,051</u>	<u>23</u>	<u>1,851,036</u>	<u>31</u>
PROFIT BEFORE INCOME TAX	3,221,037	47	2,906,102	49
INCOME TAX EXPENSE (Notes 4 and 26)	<u>536,776</u>	<u>8</u>	<u>477,887</u>	<u>8</u>
NET PROFIT FOR THE YEAR	<u>2,684,261</u>	<u>39</u>	<u>2,428,215</u>	<u>41</u>

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 39,525	-	\$ 2,057	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(5,328)	-	(2,525,925)	(42)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	3,043	-	(3,547)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(7,905)	-	(411)	-
	<u>29,335</u>	<u>-</u>	<u>(2,527,826)</u>	<u>(42)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	511,143	7	(96,930)	(2)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	1,878	-	(1,885)	-
Income tax related to items that may be reclassified subsequently to profit or loss	(102,604)	(1)	19,763	-
	<u>410,417</u>	<u>6</u>	<u>(79,052)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>439,752</u>	<u>6</u>	<u>(2,606,878)</u>	<u>(44)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 3,124,013</u>	<u>45</u>	<u>\$ (178,663)</u>	<u>(3)</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 22.26</u>		<u>\$ 20.14</u>	
Diluted	<u>\$ 22.21</u>		<u>\$ 20.08</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2025)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Retained Earnings					Other Equity		Total Other Equity	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2023	\$ 1,205,707	\$ 2,115,333	\$ 1,388,123	\$ 313,321	\$ 5,982,451	\$ (340,299)	\$ 3,887,390	\$ 3,547,091	\$ 14,552,026
Appropriation of 2022 earnings (Note 23)									
Legal reserve	-	-	177,166	-	(177,166)	-	-	-	-
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)
Net profit for the year ended December 31, 2023	-	-	-	-	2,428,215	-	-	-	2,428,215
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,258	(79,052)	(2,529,084)	(2,608,136)	(2,606,878)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,429,473	(79,052)	(2,529,084)	(2,608,136)	(178,663)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	(195)	-	-	-	-	-	-	(195)
Changes in ownership interests in subsidiaries	-	6,618	-	-	-	-	-	-	6,618
Issuance of employee share options by subsidiaries	-	3,135	-	-	-	-	-	-	3,135
BALANCE AT DECEMBER 31, 2023	1,205,707	2,124,891	1,565,289	313,321	7,029,050	(419,351)	1,358,306	938,955	13,177,213
Appropriation of 2023 earnings (Note 23)									
Legal reserve	-	-	242,947	-	(242,947)	-	-	-	-
Cash dividends distributed by the Company - \$15 per share	-	-	-	-	(1,808,562)	-	-	-	(1,808,562)
Net profit for the year ended December 31, 2024	-	-	-	-	2,684,261	-	-	-	2,684,261
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	32,622	410,417	(3,287)	407,130	439,752
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	2,716,883	410,417	(3,287)	407,130	3,124,013
Changes in ownership interests in subsidiaries	-	(5,691)	-	-	-	-	-	-	(5,691)
Issuance of employee share options by subsidiaries	-	4,616	-	-	-	-	-	-	4,616
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(93,111)	-	93,111	93,111	-
BALANCE AT DECEMBER 31, 2024	<u>\$ 1,205,707</u>	<u>\$ 2,123,816</u>	<u>\$ 1,808,236</u>	<u>\$ 313,321</u>	<u>\$ 7,601,313</u>	<u>\$ (8,934)</u>	<u>\$ 1,448,130</u>	<u>\$ 1,439,196</u>	<u>\$ 14,491,589</u>

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

(With Deloitte & Touche audit report dated March 14, 2025)

NAN PAO RESINS CHEMICAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,221,037	\$ 2,906,102
Adjustments for:		
Depreciation expenses	234,408	217,743
Amortization expenses	9,815	8,340
Expected credit loss (reversed) recognized on accounts receivable	(1,756)	5,311
Net gain on fair value changes of financial assets at fair value through profit or loss	(13,355)	(18,327)
Finance costs	51,796	35,119
Interest income	(9,287)	(10,799)
Dividend income	(108,914)	(389,158)
Share of profit of subsidiaries and associates	(1,405,108)	(1,460,831)
(Gain) loss on disposal of property, plant and equipment	(3,243)	237
Write-down of inventories	-	6,545
Unrealized gain on the transactions with subsidiaries	417,472	296,982
Realized gain on the transactions with subsidiaries	(296,982)	(232,454)
Net gain on foreign currency exchange	(63)	(537)
Gain on lease modification	-	(111)
Changes in operating assets and liabilities		
Notes receivable	39,033	(10,867)
Accounts receivable	(51,682)	10,795
Accounts receivable - related parties	(458,467)	27,612
Other receivables	5,003	2,387
Inventories	5,976	(33,840)
Other current assets	(30,492)	(2,926)
Contract liabilities	(4,974)	7,899
Notes payable	(64)	(189)
Accounts payable	(197,547)	(16,897)
Other payables	50,379	64,771
Other current liabilities	3,494	(1,735)
Net defined benefit plans	(6,604)	(20,795)
Cash generated from operations	1,449,875	1,390,377
Interest received	9,287	10,799
Interest paid	(49,204)	(34,572)
Income tax paid	(446,648)	(66,154)
Net cash generated from operating activities	963,310	1,300,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(4,738)
Net Increase in financial assets at amortized cost	(195)	-
Net decrease in financial assets at amortized cost	-	629
Purchase of financial assets at fair value through profit or loss	-	(35,000)
Financial assets at fair value through profit or loss return of investment	3,810	\$ 934

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NAN PAO RESINS CHEMICAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Acquisition of associates	\$ (78,119)	\$ -
Net cash outflow on acquisition of subsidiaries	-	(401,307)
Payments for property, plant and equipment	(199,576)	(306,835)
Proceeds from disposal of property, plant and equipment	3,909	300
Payments for intangible assets	(10,416)	(5,399)
Dividends received	<u>736,249</u>	<u>774,153</u>
Net cash generated from investing activities	<u>455,662</u>	<u>22,737</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	8,023,817	5,676,383
Repayments of short-term borrowings	(6,853,289)	(5,706,907)
Proceeds from long-term borrowings	867,000	300,000
Repayments of long-term borrowings	(306,912)	(604,318)
Increase in other payables	994,445	644,805
Repayment of the principal portion of lease liabilities	(6,510)	(7,886)
Dividends paid	(1,808,562)	(1,205,708)
Acquisition of additional interest in subsidiaries	<u>(2,778,204)</u>	<u>(96,413)</u>
Net cash used in financing activities	<u>(1,868,215)</u>	<u>(1,000,044)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(449,243)	323,143
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,008,836</u>	<u>685,693</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 559,593</u>	<u>\$ 1,008,836</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2025)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (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 parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on March 14, 2025.

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

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC would not have material impact on the Company's accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period 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. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

e. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from 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 cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in foreign currencies and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the functional currencies of the Company's foreign operations (including subsidiaries and associates 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.

f. Inventories

Inventories consist of raw materials, supplies, goods, work in progress, finished goods and semi-finished goods, and 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 subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

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

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

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

h. Investments in associates

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

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

associate. The Company also recognizes the changes in the Company's share of the equity of associates.

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is 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.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

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 methods are reviewed at the end of each reporting period, with the effects of any changes in estimates 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.

j. 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.

k. Intangible assets

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

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

l. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding 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. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL 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 31.

ii. Financial assets at amortized cost

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

- i) The financial assets are 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- i) Purchased or originated credit-impaired financial asset, 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 asset that is not credit impaired on purchase or origination but has 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 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 Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of financial assets

The Company 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.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) 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 a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

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

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

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

o. Leases

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

1) The Company as lessor

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

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

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

2) The Company as lessee

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

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

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

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

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

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

p. Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

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

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

Current and deferred taxes 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 and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Management reviews the estimates and underlying assumptions on an ongoing basis. 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 adopted by the Company do not involve material accounting judgements and estimation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 917	\$ 917
Checking accounts and demand deposits	558,676	946,509
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	-	61,410
	<u>\$ 559,593</u>	<u>\$ 1,008,836</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited partnership	<u>\$ 131,474</u>	<u>\$ 121,929</u>

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

	December 31	
	2024	2023
Emerging market shares	\$ 24,177	\$ 20,296
Unlisted shares	<u>1,635,387</u>	<u>1,644,596</u>
	<u>\$ 1,659,564</u>	<u>\$ 1,664,892</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	December 31	
	2024	2023
Refundable deposits	<u>\$ 13,898</u>	<u>\$ 13,703</u>

Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

	December 31	
	2024	2023
Financial assets at amortized cost - non-current	\$ <u>13,898</u>	\$ <u>13,703</u>

The Company invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Company considers the historical default loss rates, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Company did not make any provision for expected credit losses with respect to financial assets at amortized cost as of December 31, 2024 and 2023.

11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ <u>156,498</u>	\$ <u>195,531</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 2,026,928	\$ 1,525,604
Less: Allowance for impairment loss	<u>4,780</u>	<u>15,361</u>
	\$ <u>2,022,148</u>	\$ <u>1,510,243</u>

a. Notes receivable

As of December 31, 2024 and 2023, the notes receivable analyzed by the Company based on the past due days were not overdue, and the Company did not measure any loss allowance for notes receivable.

b. Accounts receivable (including related parties)

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

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

The Company writes off a accounts 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 accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2024

	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	0.03%	0.58%-4%	8%-21%	28%-47%	60%-100%	100%	
Gross carrying amount	\$ 1,441,391	\$ 577,668	\$ 3,677	\$ 1	\$ 1,074	\$ 3,117	\$ 2,026,928
Loss allowance (Lifetime ECLs)	(123)	(299)	(289)	-	(952)	(3,117)	(4,780)
Amortized cost	<u>\$ 1,441,268</u>	<u>\$ 577,369</u>	<u>\$ 3,388</u>	<u>\$ 1</u>	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 2,022,148</u>

December 31, 2023

	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	0.03%	0.58%-4%	8%-21%	28%-47%	60%-100%	100%	
Gross carrying amount	\$ 1,266,291	\$ 230,638	\$ 9,458	\$ 7,161	\$ 2,742	\$ 9,314	\$ 1,525,604
Loss allowance (Lifetime ECLs)	(106)	(234)	(1,117)	(2,956)	(1,634)	(9,314)	(15,361)
Amortized cost	<u>\$ 1,266,185</u>	<u>\$ 230,404</u>	<u>\$ 8,341</u>	<u>\$ 4,205</u>	<u>\$ 1,108</u>	<u>\$ -</u>	<u>\$ 1,510,243</u>

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 15,361	\$ 10,050
Net remeasurement	(1,756)	5,311
Amounts written off	<u>(8,825)</u>	<u>-</u>
Balance at December 31	<u>\$ 4,780</u>	<u>\$ 15,361</u>

12. INVENTORIES

	December 31	
	2024	2023
Goods	\$ 4,985	\$ 2,711
Finished goods and semi-finished goods	261,085	246,737
Work in progress	48,328	41,238
Raw materials and supplies	<u>286,595</u>	<u>316,283</u>
	<u>\$ 600,993</u>	<u>\$ 606,969</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was \$4,021,456 thousand and \$3,789,850 thousand, respectively. The cost of goods sold included inventory write-downs of \$6,545 thousand for the years ended December 31, 2023.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2024	2023
Investments in subsidiaries	\$ 14,214,961	\$ 10,213,199
Investments in associates	<u>57,208</u>	<u>30,312</u>
	<u>\$ 14,272,169</u>	<u>\$ 10,243,511</u>

a. Investments in subsidiaries

	December 31	
	2024	2023
Name of Subsidiaries		
Nan Pao Overseas Holdings Ltd.	\$ 7,682,741	\$ 4,661,123
Nan Pao Materials Vietnam Co., Ltd.	1,849,650	1,446,069
Profit Land Limited	1,030,107	866,792
Nan Pao Advanced Materials Vietnam Co., Ltd.	837,033	676,151
Prince Pharmaceutical Co., Ltd.	390,462	416,610
Nan Pao Resins (HK) Ltd.	349,071	307,518
PT. Indo Nan Pao Resins Chemical Co., Ltd.	318,936	234,814
ITLS International Development Co., Ltd.	294,306	261,409
Fuqing Nan Pao Investment Ltd.	255,263	229,243
Thai Nan Pao Investment Ltd.	203,835	183,783
All Saints Enterprises Ltd.	195,375	206,339
Ongoing Profits Ltd.	192,917	272,038
Nan Pao Chemical Co., Ltd.	189,206	186,742
Nan Pao Materials Resins India Private Limited	121,077	28,018
FlexUP Technologies Corp.	76,282	31,908
Nan Pao Resins India Pvt Ltd.	55,116	49,307
Earnest Wealth Co., Ltd.	47,374	45,461
Nan Pao Fine Materials Co., Ltd.	37,451	30,565
Nan Pao Philippines Export Inc.	22,027	16,680
Biorich Biotechnology Co., Ltd.	16,863	15,030
Nan Pao Resins International Ltd.	14,635	9,340
Phymed Bio-Tec Co., Ltd.	11,015	13,896
Nan Pao Advanced Materials Co., Ltd.	10,773	11,108
Nan Pao Application Material Co., Ltd.	8,673	8,640
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	<u>4,773</u>	<u>4,615</u>
	<u>\$ 14,214,961</u>	<u>\$ 10,213,199</u>

	Proportion of Ownership and Voting Rights	
	December 31	
	2024	2023
Name of Subsidiaries		
Nan Pao Overseas Holdings Ltd.	100%	100%
Nan Pao Materials Vietnam Co., Ltd.	100%	100%
Profit Land Limited	73.75%	73.75%
Nan Pao Advanced Materials Vietnam Co., Ltd.	100%	100%
Prince Pharmaceutical Co., Ltd.	49.53%	49.53%
Nan Pao Resins (HK) Ltd.	100%	100%
PT. Indo Nan Pao Resins Chemical Co., Ltd.	67.5%	49%
ITLS International Development Co., Ltd.	100%	100%
Fuqing Nan Pao Investment Ltd.	100%	100%
Thai Nan Pao Investment Ltd.	100%	100%
All Saints Enterprises Ltd.	54.53%	54.53%
Ongoing Profits Ltd.	32.18%	32.18%
Nan Pao Chemical Co., Ltd.	100%	100%
Nan Pao Materials Resins India Private Limited	100%	100%
FlexUP Technologies Corp.	100%	100%
Nan Pao Resins India Pvt Ltd.	100%	100%
Earnest Wealth Co., Ltd.	51.11%	51.11%
Nan Pao Fine Materials Co., Ltd.	55%	55%
Nan Pao Philippines Export Inc.	100%	100%
Biorich Biotechnology Co., Ltd.	57.1%	57.1%
Nan Pao Resins International Ltd.	100%	100%
Phymed Bio-Tec Co., Ltd.	100%	100%
Nan Pao Advanced Materials Co., Ltd.	70%	70%
Nan Pao Application Material Co, Ltd.	100%	100%
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	100%	100%

Refer to Table 6 and 7 for details of the indirect investments in subsidiaries.

b. Investment in associates

	December 31	
	2024	2023
Investments in associates		
Associates that are not individually material	\$ <u>57,208</u>	\$ <u>30,312</u>

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

	For the Year Ended December 31	
	2024	2023
The Company's share of:		
Net loss and total comprehensive income (loss) for the year	\$ <u>(51,223)</u>	\$ <u>(8,974)</u>

In February and December 2023, the Company did not subscribe to the issuance of ordinary share for cash of Perfect & Outstanding Technology Inc. resulting in a decrease in the shareholding ratio from 22.9% to 17.34%.

In December 2024, the Company did not subscribe to the issuance of ordinary share for cash of Contact Biosolutions Pty Ltd. resulting in a increase in the shareholding ratio from 17.16% to 31.6%. This had a profound impact on the Company, the investment is consequently reclassified from financial assets measured at fair value through other comprehensive income to investments accounted for under the equity method.

14. PROPERTY, PLANT AND EQUIPMENT

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

Land improvements	3-15 years
Buildings	2-55 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 year ended December 31, 2024 and 2023 as there were no indications of impairment.

As of December 31, 2024 and 2023, all of the Company's property, plant and equipment were not pledged as collateral.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	Buildings	Machinery	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 42,153	\$ -	\$ 42,153
Additions	13,522	-	13,522
Disposition	<u>(13,718)</u>	<u>-</u>	<u>(13,718)</u>
Balance at December 31, 2024	<u>\$ 41,957</u>	<u>\$ -</u>	<u>\$ 41,957</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2024	\$ 27,366	\$ -	\$ 27,366
Depreciation expenses	6,473	-	6,473
Disposition	<u>(13,718)</u>	<u>-</u>	<u>(13,718)</u>
Balance at December 31, 2024	<u>\$ 20,121</u>	<u>\$ -</u>	<u>\$ 20,121</u>
Carrying amount at December 31, 2024	<u>\$ 21,836</u>	<u>\$ -</u>	<u>\$ 21,836</u>

(Continued)

	Buildings	Machinery	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 62,972	\$ 142	\$ 63,114
Additions	589	-	589
Disposition	<u>(21,408)</u>	<u>(142)</u>	<u>(21,550)</u>
Balance at December 31, 2023	<u>\$ 42,153</u>	<u>\$ -</u>	<u>\$ 42,153</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2023	\$ 25,923	\$ 67	\$ 25,990
Depreciation expenses	7,880	4	7,884
Disposition	<u>(6,437)</u>	<u>(71)</u>	<u>(6,508)</u>
Balance at December 31, 2023	<u>\$ 27,366</u>	<u>\$ -</u>	<u>\$ 27,366</u>
Carrying amount at December 31, 2023	<u>\$ 14,787</u>	<u>\$ -</u>	<u>\$ 14,787</u>
			(Concluded)

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ <u>6,006</u>	\$ <u>5,646</u>
Non-current	\$ <u>16,151</u>	\$ <u>9,499</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	0.81%-1.78%	0.81%-1.78%

c. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ <u>2,138</u>	\$ <u>599</u>
Expenses relating to low-value asset leases	\$ <u>1,958</u>	\$ <u>1,812</u>
Total cash outflow for leases	\$ <u>10,816</u>	\$ <u>10,560</u>

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

16. INVESTMENT PROPERTIES

Land

Balance at December 31, 2023 and 2024 \$ 17,760

Investment properties measured at fair value were both \$78,764 thousand as of December 31, 2024 and 2023. For investment properties not valued by any independent valuer, the Company's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Company's investment properties.

These investment properties were not pledged as collateral.

17. OTHER INTANGIBLE ASSETS

	Computer Software	Others	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 64,946	\$ 22,300	\$ 87,246
Additions	<u>10,416</u>	<u>-</u>	<u>10,416</u>
Balance at December 31, 2024	<u>\$ 75,362</u>	<u>\$ 22,300</u>	<u>\$ 97,662</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 51,611	\$ 10,903	\$ 62,514
Amortization expenses	<u>7,585</u>	<u>2,230</u>	<u>9,815</u>
Balance at December 31, 2024	<u>\$ 59,196</u>	<u>\$ 13,133</u>	<u>\$ 72,329</u>
Carrying amount at December 31, 2024	<u>\$ 16,166</u>	<u>\$ 9,167</u>	<u>\$ 25,333</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 58,267	\$ 22,300	\$ 80,567
Additions	5,399	-	5,399
Transfers from property, plant and equipment	1,280	-	1,280
	<u></u>	<u></u>	<u></u>
Balance at December 31, 2023	<u>\$ 64,946</u>	<u>\$ 22,300</u>	<u>\$ 87,246</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ 45,238	\$ 8,673	\$ 53,911
Amortization expenses	6,110	2,230	8,340
Transfers from property, plant and equipment	263	-	263
	<u></u>	<u></u>	<u></u>
Balance at December 31, 2023	<u>\$ 51,611</u>	<u>\$ 10,903</u>	<u>\$ 62,514</u>
Carrying amount at December 31, 2023	<u>\$ 13,335</u>	<u>\$ 11,397</u>	<u>\$ 24,732</u>

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

Computer software	2-5years
Others	10years

18. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Prepaid expenses	\$ 24,015	\$ 19,228
Prepayments	25,170	200
Others	<u>2,056</u>	<u>1,321</u>
	<u>\$ 51,241</u>	<u>\$ 20,749</u>
<u>Non-Current</u>		
Prepayments for equipment	<u>\$ 17,296</u>	<u>\$ 9,643</u>

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
<u>Unsecured borrowings</u>		
Unsecured bank loans	<u>\$ 2,350,870</u>	<u>\$ 1,180,342</u>

The ranges of interest rates of short-term borrowings were as follows:

	December 31	
	2024	2023
Unsecured bank loans	1.74%-2.025%	1.60%-1.90%

b. Long-term borrowings

	December 31	
	2024	2023
Unsecured bank loans (Note)	\$ 1,247,000	\$ 686,659
Decrease: Current portion of long-term borrowings	<u>-</u>	<u>105,239</u>
	<u>\$ 1,247,000</u>	<u>\$ 581,420</u>

Note: Long-term borrowings mentioned above will expire in September 2031, and payments of interest and principal are made on schedule. As of December 31, 2024 and 2023, was 1.82%-1.96% and 1.15%-1.80% per annum, respectively.

20. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2024	2023
<u>Notes Payable</u>		
Operating	\$ <u>64</u>	\$ <u>128</u>
<u>Accounts Payable</u>		
Operating	\$ <u>510,884</u>	\$ <u>708,431</u>

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

21. OTHER LIABILITIES

	December 31	
	2024	2023
Other payables		
Payables for salaries and bonuses	\$ 253,474	\$ 225,988
Payables for compensation of employees	81,120	67,600
Payables for purchases of equipment	26,465	34,250
Payables for annual leave	23,479	22,984
Payables for remuneration of directors	34,320	28,600
Payables for repair expenses	9,756	13,798
Payables for export and import expenses	12,217	9,898
Payables for hydro and gas	17,537	14,428
Payables for professional service fees	20,580	14,090
Payables for commission	16,830	17,685
Payables for labor and health insurance	10,584	9,860
Payables for shipping expenses	8,816	7,168
Payables to related parties - financing provided	1,639,250	644,805
Others	<u>78,337</u>	<u>81,980</u>
	<u>\$ 2,232,765</u>	<u>\$ 1,193,134</u>
Other liabilities		
Refund liabilities	\$ 21,359	\$ 15,533
Others	<u>3,544</u>	<u>5,876</u>
	<u>\$ 24,903</u>	<u>\$ 21,409</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

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

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

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 260,348	\$ 285,896
Fair value of plan assets	<u>(361,065)</u>	<u>(340,484)</u>
Net defined benefit assets	<u>\$ (100,717)</u>	<u>\$ (54,588)</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2023	<u>\$ 319,949</u>	<u>\$ (351,685)</u>	<u>\$ (31,736)</u>
Service cost			
Past service cost	(1,183)	-	(1,183)
Current service cost	1,423	-	1,423
Net interest expense (income)	<u>3,901</u>	<u>(4,413)</u>	<u>(512)</u>
Recognized in profit or loss	<u>4,141</u>	<u>(4,413)</u>	<u>(272)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,005)	(3,005)
Actuarial loss - changes in financial assumptions	1,037	-	1,037
Actuarial gain - experience adjustments	(89)	-	(89)
Recognized in other comprehensive income	<u>948</u>	<u>(3,005)</u>	<u>(2,057)</u>
Contributions from the employer	<u>-</u>	<u>(15,749)</u>	<u>(15,749)</u>
Benefits paid	<u>(39,142)</u>	<u>34,368</u>	<u>(4,774)</u>
Balance at December 31, 2023	<u>285,896</u>	<u>(340,484)</u>	<u>(54,588)</u>
Service cost			
Current service cost	1,089	-	1,089
Net interest expense (income)	<u>3,348</u>	<u>(4,105)</u>	<u>(757)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in profit or loss	\$ 4,437	\$ (4,105)	\$ 332
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(31,665)	(31,665)
Actuarial gain - changes in financial assumptions	(6,943)	-	(6,943)
Actuarial gain - experience adjustments	(917)	-	(917)
Recognized in other comprehensive income	(7,860)	(31,665)	(39,525)
Contributions from the employer	-	(6,936)	(6,936)
Benefits paid	(22,125)	22,125	-
Balance at December 31, 2024	<u>\$ 260,348</u>	<u>\$ (361,065)</u>	<u>\$ (100,717)</u> (Concluded)

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

	For the Year Ended December 31	
	2024	2023
Operating costs	\$ 168	\$ (132)
Selling and marketing expenses	32	(10)
General and administrative expenses	74	(64)
Research and development expenses	<u>58</u>	<u>(66)</u>
	<u>\$ 332</u>	<u>\$ (272)</u>

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

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

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

	December 31	
	2024	2023
Discount rates	1.6%	1.2%
Expected rates of salary increase	2.5%	2.5%

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

	December 31	
	2024	2023
Discount rates		
0.25% increase	\$ (4,194)	\$ (5,098)
0.25% decrease	\$ 4,305	\$ 5,242
Expected rates of salary increase		
0.25% increase	\$ 4,256	\$ 5,162
0.25% decrease	\$ (4,168)	\$ (5,047)

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

	December 31	
	2024	2023
Expected contributions to the plans for the next year	\$ 16,080	\$ 16,956
Average duration of the defined benefit obligation	6 years	7 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	120,571	120,571
Shares issued	\$ 1,205,707	\$ 1,205,707

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

	December 31	
	2024	2023
<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 disposal or acquisition	10,659	10,659
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)	28,735	29,810
	<u>\$ 2,123,816</u>	<u>\$ 2,124,891</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, when the Company distributed profit, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (This shall not apply if the accumulated legal reserve has reached the Company's paid-in capital), 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 compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 25-g.

Proposal for profit distribution or offsetting of losses of the Company should be made at the end of each quarter of the fiscal year. The profit distribution in cash shall be resolved by the board of directors in accordance with Article 228-1 and Article 240-5 of the Company Act which should be submitted in the shareholders' meeting.

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. The profit can be distributed as cash dividends or stock dividends, and the issuance of cash dividends takes precedence over the payment of stock dividends. In principle, stock dividends are limited to 80% of the total dividends distributed.

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.

The special reserve is appropriated and reversed from the prior by the Company under the Rules.

The appropriations of earnings for 2023 and 2022, which were resolved in the shareholders' meetings in June 2024 and 2023, respectively, were as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 242,947	\$ 177,166		
Cash dividends	1,808,562	1,205,708	\$ 15	\$ 10

The above cash dividends have been resolved by the board of directors in March 2024 and 2023, respectively.

The appropriation of earnings for 2024, which was proposed by the Company's board of directors in March 2025 was as follows:

	Appropriation of earnings	Dividends per share (NT\$)
Legal reserve	\$ 262,377	
Cash dividends	2,290,845	\$ 19

The above appropriation for cash dividends has been resolved by the Company's board of directors and the rest are pending the resolution of the shareholder meeting scheduled to be held in June 2025.

d. Special reserve

On the initial application of IFRS Accounting Standards, 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 the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (419,351)	\$ (340,299)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	408,539	(77,167)
Share from subsidiaries accounted for using the equity method	1,878	(1,885)
Other comprehensive income (loss) for the year	410,417	(79,052)
Balance at December 31	\$ (8,934)	\$ (419,351)

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 1,358,306	\$ 3,887,390
Recognized for the year		
Unrealized loss - equity instruments	(5,328)	(2,525,925)
Share from subsidiaries accounted for using the equity method	2,041	(3,159)
Other comprehensive loss for the year	(3,287)	(2,529,084)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	93,111	-
Balance at December 31	<u>\$ 1,448,130</u>	<u>\$ 1,358,306</u>

24. REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2024	2023
Adhesives	\$ 5,759,137	\$ 4,939,490
Coatings	673,263	604,050
Others	494,176	432,442
	<u>\$ 6,926,576</u>	<u>\$ 5,975,982</u>

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable (Note 11)	<u>\$ 156,498</u>	<u>\$ 195,531</u>	<u>\$ 184,664</u>
Accounts receivable (including related parties) (Note 11)	<u>\$ 2,022,148</u>	<u>\$ 1,510,243</u>	<u>\$ 1,553,961</u>
Contract liabilities - current			
Sale of goods	<u>\$ 8,442</u>	<u>\$ 13,416</u>	<u>\$ 5,517</u>

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

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Year Ended December 31	
	2024	2023
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 13,416</u>	<u>\$ 5,517</u>

25. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ <u>9,287</u>	\$ <u>10,799</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Dividend income	\$ 108,914	\$ 389,158
Rental income	453	449
Others	<u>25,633</u>	<u>10,747</u>
	\$ <u>135,000</u>	\$ <u>400,354</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gains (losses)	\$ 55,706	\$ (970)
Fair value changes of financial assets mandatorily classified as at FVTPL	13,355	18,327
Others	<u>(609)</u>	<u>(3,186)</u>
	\$ <u>68,452</u>	\$ <u>14,171</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 51,586	\$ 34,856
Interest on lease liabilities	<u>210</u>	<u>263</u>
	\$ <u>51,796</u>	\$ <u>35,119</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 160,251	\$ 144,667
Operating expenses	<u>74,157</u>	<u>73,076</u>
	\$ <u>234,408</u>	\$ <u>217,743</u>

(Continued)

	For the Year Ended December 31	
	2024	2023
An analysis of amortization by function		
Operating costs	\$ 358	\$ 420
Operating expenses	<u>9,457</u>	<u>7,920</u>
	<u>\$ 9,815</u>	<u>\$ 8,340</u>
		(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits		
Salaries	\$ 867,725	\$ 811,924
Labor and health insurance	67,474	63,972
Others	<u>71,512</u>	<u>59,233</u>
	<u>1,006,711</u>	<u>935,129</u>
Post-employment benefits		
Defined contribution plans	26,082	24,223
Defined benefit plans (see Note 22)	<u>332</u>	<u>(272)</u>
	<u>26,414</u>	<u>23,951</u>
	<u>\$ 1,033,125</u>	<u>\$ 959,080</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 353,892	\$ 304,684
Operating expenses	<u>679,233</u>	<u>654,396</u>
	<u>\$ 1,033,125</u>	<u>\$ 959,080</u>

g. Compensation of employees

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 2% to 6% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors in March 2025 and 2024, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	2.43%	2.25%
Remuneration of directors	1.03%	0.95%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 81,120	\$ 67,600
Remuneration of directors	34,320	28,600

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 compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees 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	
	2024	2023
Foreign exchange gains	\$ 123,207	\$ 102,632
Foreign exchange losses	<u>(67,501)</u>	<u>(103,602)</u>
	<u>\$ 55,706</u>	<u>\$ (970)</u>

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 501,511	\$ 307,635
Income tax on unappropriated earnings	6,398	10,282
Adjustments for prior years	<u>(91,775)</u>	<u>(32,197)</u>
	<u>416,134</u>	<u>285,720</u>
Deferred tax		
In respect of the current year	<u>120,642</u>	<u>192,167</u>
	<u>\$ 536,776</u>	<u>\$ 477,887</u>

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

	For the Year Ended December 31	
	2024	2023
Profit before income tax	\$ <u>3,221,037</u>	\$ <u>2,906,102</u>
Income tax expense calculated at the statutory rate	\$ 644,207	\$ 581,220
Non-deductible expenses in determining taxable income	18,403	8,726
Unrecognizable income in determining taxable income	(18,674)	(12,312)
Tax-exempt income	(21,783)	(77,832)
Income tax on unappropriated earnings	6,398	10,282
Adjustments for prior years	<u>(91,775)</u>	<u>(32,197)</u>
	<u>\$ 536,776</u>	<u>\$ 477,887</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Exchange differences on the translation of the financial statements of foreign operations	\$ (102,604)	\$ 19,763
Remeasurement of defined benefit plans	<u>(7,905)</u>	<u>(411)</u>
	<u>\$ (110,509)</u>	<u>\$ 19,352</u>

c. Current tax liabilities

	December 31	
	2024	2023
Income tax payable	\$ <u>413,218</u>	\$ <u>443,732</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, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Write-downs of inventories	\$ 23,531	\$ (769)	\$ -	\$ 22,762
Refund liabilities	3,107	1,165	-	4,272
Payables for annual leave	4,597	99	-	4,696
Unrealized gross profit	59,396	24,098	-	83,494
Exchange differences on translating the financial statements of foreign operations	104,837	-	(102,604)	2,233
Others	<u>8,756</u>	<u>809</u>	<u>-</u>	<u>9,565</u>
	<u>\$ 204,224</u>	<u>\$ 25,402</u>	<u>\$ (102,604)</u>	<u>\$ 127,022</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Foreign investment income	\$ 835,667	\$ 144,723	\$ -	\$ 980,390
Provision for land appreciation tax	231,769	-	-	231,769
Defined benefit obligations	<u>9,963</u>	<u>1,321</u>	<u>7,905</u>	<u>19,189</u>
	<u>\$ 1,077,399</u>	<u>\$ 146,044</u>	<u>\$ 7,905</u>	<u>\$ 1,231,348</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Write-downs of inventories	\$ 22,222	\$ 1,309	\$ -	\$ 23,531
Refund liabilities	4,102	(995)	-	3,107
Payables for annual leave	4,935	(338)	-	4,597
Unrealized gross profit	46,490	12,906	-	59,396
Exchange differences on translating the financial statements of foreign operations	85,074	-	19,763	104,837
Others	<u>2,728</u>	<u>6,028</u>	<u>-</u>	<u>8,756</u>
	<u>\$ 165,551</u>	<u>\$ 18,910</u>	<u>\$ 19,763</u>	<u>\$ 204,224</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Foreign investment income	\$ 627,795	\$ 207,872	\$ -	\$ 835,667
Provision for land appreciation tax	231,769	-	-	231,769
Defined benefit obligations	<u>6,347</u>	<u>3,205</u>	<u>411</u>	<u>9,963</u>
	<u>\$ 865,911</u>	<u>\$ 211,077</u>	<u>\$ 411</u>	<u>\$ 1,077,399</u>

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

As of December 31, 2024 and 2023, the taxable temporary differences related to the investment of subsidiaries and unrecognized deferred income tax liabilities are both of \$202,248 thousand.

- f. Income tax assessments

The income tax returns of the Company through 2022 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Net Profit for the year of the Company	\$ <u>2,684,261</u>	\$ <u>2,428,215</u>

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

	For the Year Ended December 31	
	2024	2023
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		
Compensation of employees	<u>304</u>	<u>328</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,875</u>	<u>120,899</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are 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.

28. ACQUISITION OF SUBSIDIARIES

The Company acquired control of A.C.N. 154 228 207 Pty Ltd.'s business in September 2024, and gained control of Yu Po Chemical Co., Ltd. in November of the same year; The Company obtained control of Changshu Yu Bo Polymer Materials Co., Ltd. in April 2023, refer to Note 31 of the Company's consolidated financial statements for the year ended December 31, 2024.

29. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

- a. In March, April, July and November 2024, the issuance of ordinary shares in the amount of RMB \$53,611 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd. which did not subscribe by the Company, resulting in an increase in shareholding from 90.91% to 94%. In January 2023, the Company

did not subscribe the issuance of ordinary shares in the amount of RMB 3,380 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 95.24% to 90.91%.

- b. In March, May, September and December 2024, the Company did not subscribe the issuance of ordinary shares in the amount of RMB 64,366 thousand for cash of Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 100% to 96.41%.
- c. In February 2023, the Company did not subscribe the issuance of ordinary shares in the amount of \$90,000 thousand for cash of Prince Pharmaceutical Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 50.51% to 50.10%. In addition, Prince Pharmaceutical Co., Ltd. exercised 412 thousand employee share options in October 2023, decreasing the shareholding ratio from 50.10% to 49.53%.
- d. The Company acquired FlexUP Technologies Corp. 3.13% interests in June 2023, and the shareholding ratio was increased from 96.87% to 100% after acquisition.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. Refer to Note 32 of the Company's consolidated financial statements for the year ended December 31, 2024 for related information.

30. CAPITAL MANAGEMENT

The Company has to maintain large capital for plants and equipment expansion, therefore the Company manages its capital to ensure that the Company will have sufficient financial resources and operating plans to fund its working capital needs, capital asset purchases, research and development expenses, debt repayments, stock dividends and other business requirements associated with its existing operations.

31. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ <u> -</u>	\$ <u> -</u>	\$ <u>131,474</u>	\$ <u>131,474</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Emerging market shares	\$ 24,177	\$ -	\$ -	\$ 24,177
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,635,387</u>	<u>1,635,387</u>
	<u>\$ 24,177</u>	<u>\$ -</u>	<u>\$ 1,635,387</u>	<u>\$ 1,659,564</u> (Concluded)

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,929</u>	<u>\$ 121,929</u>

Financial assets at FVTOCI

Investments in equity instruments				
Emerging market shares	\$ 20,296	\$ -	\$ -	\$ 20,296
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,644,596</u>	<u>1,644,596</u>
	<u>\$ 20,296</u>	<u>\$ -</u>	<u>\$ 1,644,596</u>	<u>\$ 1,664,892</u>

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

Financial assets at FVTPL

	<u>For the Year Ended December 31</u>	
	2024	2023
Balance at January 1	\$ 121,929	\$ 69,536
Recognized in profit or loss (included in other gains and losses)	13,355	18,327
Purchases	-	35,000
Return of investment	<u>(3,810)</u>	<u>(934)</u>
Balance at December 31	<u>\$ 131,474</u>	<u>\$ 121,929</u>

Financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2024	2023
Balance at January 1	\$ 1,644,596	\$ 4,172,128
Recognized in other comprehensive loss (included in unrealized valuation loss on financial assets at FVTOCI)	<u>(9,209)</u>	<u>(2,527,532)</u>
Balance at December 31	<u>\$ 1,635,387</u>	<u>\$ 1,644,596</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) The market approach is used to estimate the fair values of the 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) Limited partnership are valued on the basis of their net worth.

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 2,762,827	\$ 2,744,006
Financial assets at FVTPL - Mandatorily classified as at FVTPL	131,474	121,929
Financial assets at FVTOCI - Equity instruments	1,659,564	1,664,892
<u>Financial liabilities</u>		
Amortized cost (2)	6,341,583	3,768,694

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable (including related parties) and other receivables.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion of long-term borrowings).

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 34.

Sensitivity analysis

The Company is mainly exposed to the USD.

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

	USD Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	\$ 1,125	\$ 6,212

This was mainly attributable to the exposure on outstanding foreign monetary items in USD that were cash and cash equivalents, accounts receivable, accounts payable and other payables. The Company's sensitivity to foreign currency decreased during the current year mainly due to the increase of other payables in USD.

b) Interest rate risk

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

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

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 13,898	\$ 75,113
Financial liabilities	1,122,157	915,145
Cash flow interest rate risk		
Financial assets	526,498	875,132
Financial liabilities	2,497,870	967,001

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been

0.25% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would decrease/increase by \$4,928 thousand and \$230 thousand, respectively, which was mainly a result of variable-rate borrowings and bank deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. The equity investments are not held for trading purposes but are strategic investments, and the Company does not actively trade these investments.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 3%, the profit or loss before tax for the year ended December 30, 2024 and 2023 increased/decreased by \$3,944 thousand and \$3,658 thousand, respectively, due to increases/decreases of the fair value of the financial assets measured at fair value through profit or loss. Other comprehensive income before tax for the year ended December 30, 2024 and 2023 increased/decreased by \$49,787 thousand and \$49,947 thousand, respectively, due to the fair value of the financial assets measured at fair value through other comprehensive income.

There were no significant changes in the Company's sensitivity to equity securities compared to the previous year.

2) Credit risk

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

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

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

As of December 31, 2024 and 2023, the maximum amount of credit risk that the Company provides endorsements / guarantees is \$214,856 thousand and \$156,154 thousand, respectively.

3) Liquidity risk

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

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

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

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

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

December 31, 2024

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 2,765,072	\$ -	\$ -
Lease liabilities	6,293	16,561	-
Fixed interest rate liabilities	1,109,837	-	-
Variable interest rate liabilities	1,262,056	1,250,480	34,036
Financial guarantee contracts	<u>214,856</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,358,114</u>	<u>\$ 1,267,041</u>	<u>\$ 34,036</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	<u>\$ 6,293</u>	<u>\$ 16,561</u>	<u>\$ -</u>

December 31, 2023

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 1,917,226	\$ -	\$ -
Lease liabilities	5,777	9,655	-
Fixed interest rate liabilities	907,433	-	-
Variable interest rate liabilities	388,766	595,826	-
Financial guarantee contracts	<u>156,154</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,375,356</u>	<u>\$ 605,481</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	\$ <u>5,777</u>	\$ <u>9,655</u>	\$ <u>-</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	
	2024	2023
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 3,720,774	\$ 1,999,827
Amount unused	<u>5,168,671</u>	<u>5,348,420</u>
	<u>\$ 8,889,445</u>	<u>\$ 7,348,247</u>

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Nan Pao Chemical Co. Ltd.	Subsidiary
Nan Pao Fine Materials Co., Ltd.	Subsidiary
ITLS International Development Co., Ltd.	Subsidiary
Nan Pao Philippines Export Inc.	Subsidiary
Phymed Bio-Tec Co., Ltd.	Subsidiary
Biorich Biotechnology Co., Ltd.	Subsidiary
Nan Pao Advanced Materials Co., Ltd.	Subsidiary
Fuqing Nan Pao Resins Co., Ltd.	Subsidiary
Nan Pao New Materials (Huaian) Co., Ltd.	Subsidiary
Thai Nanpao Resins Chemical Co., Ltd.	Subsidiary
Nan Pao Materials Vietnam Co., Ltd.	Subsidiary
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary
Foshan Nan Pao Advanced Materials Co., Ltd.	Subsidiary
Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary
Nan Pao Resins (HK) Ltd.	Subsidiary
Dongguan Jiaqin Electronics Co., Ltd.	Subsidiary
Nan Pao Resins (China) Co., Ltd.	Subsidiary
Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary
RLA Polymers Pty Ltd.	Subsidiary
Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary
Nan Pao Overseas Holdings Ltd.	Subsidiary
Nan Pao Group Holdings Ltd.	Subsidiary

(Continued)

Related Party Name	Related Party Category
Nan Pao Resins Chemical Philippines, Inc.	Subsidiary
Nan Pao Resins International Ltd.	Subsidiary
RLA Polymers (M) SDN BHD	Subsidiary
Prince Pharmaceutical Co., Ltd.	Subsidiary
Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Subsidiary
Nan Pao Resins India Pvt Ltd.	Subsidiary
Nan Pao Advanced Investment Co., Ltd.	Subsidiary
Changshu Yu Bo Polymer Materials Co., Ltd.	Subsidiary
Yu Po Chemical Co., Ltd.	Subsidiary (Other related party before November 2024)
Perfect & Outstanding Technology Inc.	Associate
Pou Chen Corporation and Subsidiaries	Investors with significant influence
Opulence Optronics Co., Ltd.	Other related party
Apogee Optocom Co., Ltd.	Other related party
Nan Pao Resins Private Welfare Charity Foundation	Other related party

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Subsidiary		
Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 1,701,263	\$ 1,344,400
PT. Indo Nan Pao Resins Chemical Co., Ltd.	885,578	649,323
Nan Pao Materials Vietnam Co., Ltd.	449,136	470,981
Nan Pao Advanced Materials Vietnam Co., Ltd.	444,562	318,154
Others	604,518	487,157
Investors with significant influence	54,268	46,057
Other related party	<u>26,896</u>	<u>14,449</u>
	<u>\$ 4,166,221</u>	<u>\$ 3,330,521</u>

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

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Subsidiary	<u>\$ 74,968</u>	<u>\$ 73,196</u>

The purchase prices from related parties were not significantly different from those with third parties. The payment term is 30 days to 90 days, which is not significantly different from that for non-affiliates.

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

Line Item	Related Party Category / Name	December 31	
		2024	2023
Accounts receivable - related parties	Subsidiary		
	Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 863,283	\$ 549,086
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	387,516	217,252
	Others	325,885	342,308
	Investors with significant influence	9,221	9,590
	Other related party	-	9,202
		<u>\$ 1,585,905</u>	<u>\$ 1,127,438</u>
Other receivables	Subsidiary	<u>\$ 267</u>	<u>\$ 250</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31	
		2024	2023
Accounts payable	Subsidiary	<u>\$ 19,933</u>	<u>\$ 16,782</u>
Other payables	Subsidiary	<u>\$ 889</u>	<u>\$ 3,162</u>

The outstanding accounts payable to related parties are unsecured.

f. Refund liabilities

Line Item	Related Party Category / Name	December 31	
		2024	2023
Refund liabilities (included in other current liabilities)	Investors with significant influence	<u>\$ 2,716</u>	<u>\$ 2,983</u>

g. Loans from related parties

Related Party Category / Name	December 31	
	2024	2023
Subsidiary		
Nan Pao Overseas Holdings Ltd.	\$ 950,765	\$ -
Nan Pao Group Holdings Ltd.	<u>688,485</u>	<u>644,805</u>
	<u>\$ 1,639,250</u>	<u>\$ 644,805</u>

h. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2024	2023
Subsidiary		
Amount endorsed	\$ 613,723	\$ 1,244,279
Amount utilized	\$ 214,856	\$ 156,154

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 100,701	\$ 79,961
Post-employment benefits	4,598	14,831
	\$ 105,299	\$ 94,792

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

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Company at December 31, 2024 and 2023 were as follows:

- a. As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$122,904 thousand and \$132,573 thousand, respectively.
- b. Unrecognized commitments were as follows:

	December 31	
	2024	2023
Acquisition of property, plant and equipment	\$ 18,015	\$ 34,592

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,799	32.78	\$ 1,894,934
Non-monetary items			
Investments accounted for using the equity method			
USD (Note)	368,086	32.785	12,067,707
IDR	227,489,315	0.00203	461,803
VND	679,500,632	0.00129	877,040

Financial liabilities

Monetary items			
USD	54,386	32.77	1,782,402

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,006	30.71	\$ 1,412,609
Non-monetary items			
Investments accounted for using the equity method			
USD (Note)	274,672	30.71	8,433,807
IDR	153,945,259	0.00198	304,812
VND	554,711,770	0.00127	702,656

Financial liabilities

Monetary items			
USD	25,763	30.72	791,370

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

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

For the Year Ended December 31				
		2024	2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.112 (USD:NTD)	\$ 52,730	31.155 (USD:NTD)	\$ (1,351)
Others		<u>2,976</u>		<u>381</u>
		<u>\$ 55,706</u>		<u>\$ (970)</u>

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 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 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)

b. Information on investees (Table 6)

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 7)
- 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 8):
 - 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)

TABLE 1

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMEBR 31, 2024
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 4)
													Item	Value		
1	Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Other receivables from related party	Yes	\$ 689,535	\$ 688,485	\$ 688,485	-	Demand of short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 6,813,696	\$ 6,813,696
2	Nan Pao Overseas Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Other receivables from related party	Yes	952,215	950,765	950,765	-	Demand of short-term financing	-	Operating capital	-	None	-	7,825,540	7,825,540

Note 1: Foreign currency above is translated into NTD at the exchange rates of the end of the month.

Note 2: The aggregate limit for borrowers is 40% of the Company’s net value as stated in the financial statements. The upper limits for each borrower are:
1. For individual entity having business relationship with the Company, shall not exceed the total transaction amount between the parties during the period in 12 months prior to the time or the aggregate limit aforementioned.
2. For individual entity having borrow needs short-term financing, shall not exceed the 20% of the Company’s net value.

Note 3: Subsidiaries engage in financing provided to others with the same limit as the parent company, but the net value is based on the lender’s net value.

Note 4: Both the aggregate limit and upper limit for each borrower between foreign subsidiaries held 100% by the Company directly or indirectly shall not exceed the lender’s net value.

TABLE 2

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMEBR 31, 2024
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 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 (Notes 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 (Note 1)										
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Group Holdings Ltd.	2	\$ 2,898,318	\$ 32,835	\$ 32,785	\$ -	\$ -	0.23	\$ 7,245,795	Y	N	N
		Nan Pao Resins Chemical Philippines, Inc.	2	2,898,318	32,835	32,785	-	-	0.23	7,245,795	Y	N	N
		Nan Pao Philippines Export Inc.	2	2,898,318	16,418	16,393	-	-	0.11	7,245,795	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,898,318	65,670	65,570	-	-	0.45	7,245,795	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,898,318	131,340	-	-	-	-	7,245,795	Y	N	N
		RLA Polymers Pty Ltd.	2	2,898,318	43,860	40,780	35,071	-	0.28	7,245,795	Y	N	N
		Nan Pao Advanced Investment Co., Ltd.	2	2,898,318	181,800	179,120	145,190	-	1.24	7,245,795	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,898,318	227,250	134,340	11,823	-	0.93	7,245,795	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,898,318	90,900	-	-	-	-	7,245,795	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,898,318	90,900	-	-	-	-	7,245,795	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,898,318	113,625	111,950	22,772	-	0.77	7,245,795	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,898,318	95,445	-	-	-	-	7,245,795	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,898,318	95,445	-	-	-	-	7,245,795	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,898,318	95,445	-	-	-	-	7,245,795	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,898,318	20,000	-	-	-	-	7,245,795	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	2,898,318	20,000	-	-	-	-	7,245,795	Y	N	N

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

1. Companies with business relationship.
2. The Company directly and indirectly holds more than 50 percent of the voting rights in a company.
3. A company that directly and indirectly holds more than 50 percent of the voting rights in the Company.
4. The Company directly and indirectly holds more than 90 percent of the voting rights between companies.
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 individual corporation 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: The subsidiaries directly and indirectly invested by the Company shall not endorse/guarantee to individual corporation.

TABLE 3

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMEBR 31, 2024
(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, 2024				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	-	<u>\$ 131,474</u>	9	<u>\$ 131,474</u>	
Nan Pao Resins Chemical Co., Ltd.	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	10,424,970	\$ 1,630,626	2	\$ 1,630,626	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,459	1	1,459	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	877,208	3,302	8	3,302	
	Revivegen Co., Ltd. - emerging stock	"	"	649,921	<u>24,177</u>	1	<u>24,177</u>	
					<u>\$ 1,659,564</u>		<u>\$ 1,659,564</u>	

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 refer to Tables 6 and 7 for information on investments in subsidiaries and associates.

TABLE 4

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 DECEMEBR 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	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	Sales	\$ 1,701,236	25	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 863,283	40	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sales	885,578	13	Payment within 90 days	Similar to general transactions	Similar to general transactions	387,516	18	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sales	449,136	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	58,568	3	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	Sales	444,562	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	85,037	4	
	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	257,596	4	Payment within 90 days	Similar to general transactions	Similar to general transactions	59,516	3	
	Nan Pao Resins (HK) Ltd.	Subsidiary	Sales	102,810	1	Payment within 90 days	Similar to general transactions	Similar to general transactions	19,512	1	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	625,460	28	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	244,646	39	
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sales	378,939	32	Payment within 90 days	Similar to general transactions	Similar to general transactions	128,884	37	
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Same ultimate Parent Company	Sales	263,132	12	Payment within 90 days	Similar to general transactions	Similar to general transactions	40,092	8	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Same ultimate Parent Company	Sales	146,784	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	34,649	7	
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	226,890	13	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	63,990	10	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Same ultimate Parent Company	Sales	117,241	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	26,199	5	
Nan Pao Resins (Vietnam) Enterprise Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	383,658	11	Telegraphic transfer within 60-105 days	Similar to general transactions	Similar to general transactions	81,862	11	
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate Parent Company	Processing Revenue	345,624	100	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	88,603	100	
Nan Pao Resins (Foshan) Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	171,504	7	Payment within 45 days	Similar to general transactions	Similar to general transactions	42,459	8	
	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	100,567	4	Payment within 90 days	Similar to general transactions	Similar to general transactions	28,076	5	
FlexUP Technologies Corp.	Nan Pao Materials Vietnam Co., Ltd.	Same ultimate Parent Company	Sales	161,941	84	Payment within 60 days	Similar to general transactions	Similar to general transactions	45,994	86	

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

TABLE 5

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
DECEMEBR 31, 2024
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 2)	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	\$ 863,283	2.41	\$ -	Not applicable	\$ 263,977	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	387,516	2.93	-	Not applicable	106,595	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	244,646	2.92	-	Not applicable	90,834	119
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	128,884	2.50	-	Not applicable	25,690	-
Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Parent Company	688,485	(Note 1)	-	Not applicable	-	-
Nan Pao Overseas Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Parent Company	950,765	(Note 1)	-	Not applicable	-	-

Note 1: For the purpose of other receivables at the end of the period, and thus the turnover rate is not applicable.

Note 2: Except for investors with significant influence, they would be eliminated during the preparation of the consolidated financial statements.

TABLE 6

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMEBR 31, 2024
(In Thousands of New Taiwan Dollars, In Dollars of Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 189,206	\$ 2,507	\$ 2,507	
	Nan Pao Application Material Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Trading of chemical substances	60,000	60,000	200,000	100	8,673	33	33	
	ITLS International Development Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei	Trading of construction materials and chemical substances	696,000	696,000	24,600,000	100	294,306	44,971	44,971	
	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	365,600	365,600	18,131,198	49.53	390,462	(53,542)	(26,519)	
	Phymed Bio-Tec Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	R&D and trading of health food	34,000	34,000	2,400,000	100	11,015	(2,881)	(2,881)	
	Biorich Biotechnology Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei	R&D, production, and trading of new high protein business and health food	64,121	64,121	391,462	57.1	16,863	4,923	2,811	
	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	10,773	6,897	4,828	
	Nan Pao Fine Materials Co., Ltd.	No.217, Xinxing St., Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	37,451	47,365	31,205	
	FlexUP Technologies Corp.	No. 10, Ln. 99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	39,863	39,863	18,880,000	100	76,282	39,675	44,374	
	Perfect & Outstanding Technology Inc.	No. 32-1, Ln. 88, Zhongshan Rd., Luzhu Dist., Kaohsiung City	Production and trading of renewable energy	40,000	40,000	2,500,000	17.34	22,356	(25,198)	(7,956)	
	Fuqing Nan Pao Investment Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	166,699	166,699	4,990,000	100	255,263	40,167	40,167	
	Thai Nan Pao Investment Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	169,909	169,909	5,282,000	100	203,835	7,359	7,359	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri(W), Mumbai 400053, India	Trading of adhesives	100,439	42,299	12,112,640	100	55,116	(46,230)	(46,230)	
	Nan Pao Materials Resins India Private Limited	ROOM No.6, FLAT NO.3-D, FRONT BLOCK, 188 P H ROAD, Kilpauk, Perambur Purasawalkam, Chennai-600010, Tamil Nadu, India	Trading of adhesives	126,330	30,750	32,722,000	100	121,077	(2,514)	(2,514)	
	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	1,849,650	281,393	283,010	
	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	837,033	160,201	160,201	
	Nan Pao Overseas Holdings Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	4,854,419	2,386,015	15,496	100	7,682,741	394,583	391,448	
	Profit Land Limited	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	1,030,107	430,466	317,504	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	143,375	143,375	5,452,549	54.53	195,375	(39,421)	(21,496)	
	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	192,917	216,672	68,744	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No.44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	48,987	44,754	7,425,000	67.5	318,936	237,942	132,025	
	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	22,027	4,911	4,911	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No. 42 5 th floors, Lake drive Road, Sector 7, Ulttara, Dhaka	Trading of adhesives	19,322	13,571	663,625	100	4,773	(5,670)	(5,670)	
	Earnest Wealth Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	47,374	2,470	1,262	
	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	6,804	6,804	1,000	100	14,635	4,482	4,482	
	Nan Pao Resins (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	363,753	363,753	13,400,000	100	349,071	35,064	19,799	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Nan Pao Resins Chemical Co., Ltd.	Contact Biosolutions Pty Ltd	Suite 43, 45 Riversdale Road, Hawthorn Victoria	Production and trading of herbicides	\$ 186,808	\$ -	2,680	31.6	\$ 34,852	\$ (54,556)	\$ (43,267)	
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	8 Boon Lay Way, #09-14, 8 @ Tradehub 21, Singapore 609964	General investment	502,822	502,822	22,064,549	100	113,938	26,748		
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	149,500 (USD 4,560,000)	149,500 (USD 4,560,000)	10,000	100	254,608	40,308		
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	182,902 (USD 5,578,821)	182,902 (USD 5,578,821)	21,197,000	100	147,755	4,851		
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	70,488 (USD 2,150,000)	70,488 (USD 2,150,000)	-	100	68,679	2,925		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KYI-1205 Cayman Islands	General investment	4,096,764 (USD 124,958,502)	2,559,082 (USD 78,056,502)	124,958,502	100	6,813,696	372,769		
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	82,999 (USD 2,531,620)	82,999 (USD 2,531,620)	2,507,109	100	15,395	1,445		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	142,729 (USD 4,353,487)	142,729 (USD 4,353,487)	-	100	95,524	25,500		
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	41,309 (USD 1,260,000)	41,309 (USD 1,260,000)	7,172	100	634,513	60,770		
	Profit Land Limited	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	61,886 (USD 1,887,627)	61,886 (USD 1,887,627)	350,000	26.25	372,529	430,466		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	690,258 (USD 21,054,073)	690,258 (USD 21,054,073)	10,000	100	452,640	29,216		
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	174,845 (USD 5,333,075)	174,845 (USD 5,333,075)	4,547,451	45.47	162,914	(39,421)		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	616,071 (AUD 30,214,354)	616,071 (AUD 30,214,354)	30,214,354	100	1,076,467	141,815		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	125,790 (USD 3,836,817)	125,790 (USD 3,836,817)	3,287,546	67.82	535,625	216,672		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	151,139 (USD 4,610,000)	151,139 (USD 4,610,000)	4,610	100	164,992	1,486		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	19,174 (USD 584,844)	19,174 (USD 584,844)	486,000	100	161,850	23,547		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,885 (USD 210,000)	6,885 (USD 210,000)	9,000	100	102,093	9,489		
Profit Land Limited	Giant Profit Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	262,280 (USD 8,000,000)	262,280 (USD 8,000,000)	10,000	100	1,406,033	427,787		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	181,632 (USD 5,540,100)	181,632 (USD 5,540,100)	20,240	100	248,181	10,053		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	98,355 (USD 3,000,000)	98,355 (USD 3,000,000)	3,000	100	196,247	18,842		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	327,850 (USD 10,000,000)	327,850 (USD 10,000,000)	10,000	100	353,798	(39,471)		
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	435,007 (AUD 21,334,344)	435,007 (AUD 21,334,344)	16,552,080	100	960,922	141,535		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	158,927 (USD 4,847,546)	158,927 (USD 4,847,546)	3,000,000	100	788,322	216,756		
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	150,483 (USD 4,590,000)	150,483 (USD 4,590,000)	-	50	163,866	3,185		
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	-	4,131 (IDR 2,035,000,000)	-	-	-	237,942		All shares were fully resold to Nan Pao Resins Chemical Co., Ltd.in the period
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	111,738 (USD 3,408,217)	111,738 (USD 3,408,217)	-	100	783,237	214,603		
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	121,765 (AUD 5,971,801)	121,765 (AUD 5,971,801)	18,415,500	100	222,704	10,520		
	Australasian Tiling Adhesives Pty Ltd	3 Progress Court Laverton North VIC 3026	Production and trading of construction materials and chemical substances	91,755 (AUD 4,500,000)	-	4,500,000	100	96,190	4,609		
Changshu Yu Bo Polymer Materials Co., Ltd.	Yu Po Chemical Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Production and trading of adhesives and chemicals	18,243 (RMB 4,000,000)	-	5,000	100	18,012	(1,622)		

Note 1: Only the amount of profit or loss recognized by the Company for each subsidiary directly invested and each investee company using the equity method should be shown, other information can be exempted.

Note 2: Please refer to Table 7 for information on investees in mainland China.

(Concluded)

TABLE 7

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMEBR 31, 2024
(In Thousands of New Taiwan Dollars, In Dollars of Foreign Currency)

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, 2024 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (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, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 327,850 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 353,748 (USD 10,789,932)	\$ -	\$ -	\$ 353,748 (USD 10,789,932)	\$ (39,463)	100	\$ (39,463) (2)B.	\$ 353,668	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	149,500 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	163,597 (USD 4,990,000)	-	-	163,597 (USD 4,990,000)	40,465	100	40,465 (2)B.	254,311	222,197
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	88,520 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	83,335 (USD 2,541,860)	-	-	83,335 (USD 2,541,860)	12,759	100	12,759 (2)B.	201,292	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	98,355 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	100,476 (USD 3,064,683)	-	-	100,476 (USD 3,064,683)	18,842	100	18,842 (2)B.	196,229	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	109,460 (RMB 24,000,000)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	102,096	60.47	61,738 (2)B.	640,751	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	262,280 (USD 8,000,000)	(2) Giant Profit Development Ltd.	255,317 (USD 7,787,627)	-	-	255,317 (USD 7,787,627)	427,758	100	427,758 (2)B.	1,404,911	995,385
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	-	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	242	51	123 (2)B.	-	-
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.	13,114 (USD 400,000)	-	-	13,114 (USD 400,000)	-	-	-	-	-
Nan Pao Advanced Investment Co., Ltd.	General investment	1,521,290 (USD 46,402,000)	(2) Nan Pao Group Holdings Ltd.	967,158 (USD 29,500,000)	554,132 (USD 16,902,000)	-	1,521,290 (USD 46,402,000)	(132,687)	100	(132,687) (2)B.	1,120,475	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	49,178 (USD 1,500,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(49)	100	(49) (2)B.	5,554	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	606,914 (USD 18,511,937)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(100,555)	94	(93,918) (2)B.	330,886	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	26,228 (USD 800,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(3,124)	100	(3,124) (2)B.	10,086	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	456,478 (USD 13,923,368)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(6,952)	96.41	(6,519) (2)B.	426,877	-
Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemical substances	213,103 (USD 6,500,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	16,159	70	(21,293) (2)B.	456,249	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024 (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)
\$ 2,490,877 (USD 75,976,102)	\$ 4,532,445 (USD 138,247,525)	\$ 9,561,859

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:
\$15,936,432×60% = \$9,561,859

Note 4: Relevant amounts are calculated based on the exchange rate of USD\$1 = NT\$32.785 at the end of the period.
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.478 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.

TABLE 8

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 DECEMEBR 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
			Purchases/Sales	Amount (Note)	% to Total	Payment Terms			Unit Price	Payment Terms	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (257,596)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 59,516	3	\$ 16,673
Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(70,793)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	21,036	2	-
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Same ultimate Parent Company	Sales	(23,768)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	7,082	1	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate Parent Company	Processing Revenue	(345,624)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	(88,603)	100	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(100,567)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	28,076	5	-
	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(15,186)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	4,886	1	-
Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(45,073)	(10)	Payment within 90 days	Similar to general transactions	Similar to general transactions	13,296	14	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(40,452)	(9)	Payment within 90 days	Similar to general transactions	Similar to general transactions	13,542	14	-
Nan Pao Resins (China) Co., Ltd.	Changshu Yu Bo Polymer Materials Co., Ltd.	Same ultimate Parent Company	Sales	(15,540)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	990	1	-

Note: The amounts, ending balances and unrealized gains were eliminated during the preparation of the consolidated financial statements.

TABLE 9**NAN PAO RESINS CHEMICAL CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ding-Feng Investment Co., Ltd.	11,138,947	9.23%
Chuan-De Investment Co., Ltd.	10,065,298	8.34%
Guang Rong Investment Ltd.	8,868,132	7.35%
Yue Dean Technology Corporation	8,732,000	7.24%
Pao-Wang Investment Co., Ltd.	7,893,068	6.54%
Growth Machine Development Co., Ltd.	7,850,523	6.51%

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 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 the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the 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.

TABLE 10

NAN PAO RESINS CHEMICAL CO., LTD.

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMEBR 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Land	Land Improvement	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 970,170	\$ 24,163	\$ 1,281,385	\$ 1,248,946	\$ 116,670	\$ 716,544	\$ 70,496	\$ 4,428,374
Additions	-	115	204,318	119,211	2,186	82,851	(70,496)	338,185
Disposals	-	-	-	(4,218)	-	(10,044)	-	(14,262)
Reclassification	-	-	-	80	-	(1,360)	-	(1,280)
Balance at December 31, 2023	<u>\$ 970,170</u>	<u>\$ 24,278</u>	<u>\$ 1,485,703</u>	<u>\$ 1,364,019</u>	<u>\$ 118,856</u>	<u>\$ 787,991</u>	<u>\$ -</u>	<u>\$ 4,751,017</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 10,199	\$ 273,108	\$ 904,899	\$ 94,344	\$ 483,125	\$ -	\$ 1,765,675
Depreciation expenses	-	2,586	49,017	88,915	8,125	61,216	-	209,859
Disposals	-	-	-	(4,218)	-	(9,507)	-	(13,725)
Reclassification	-	-	-	10	-	(273)	-	(263)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 12,785</u>	<u>\$ 322,125</u>	<u>\$ 989,606</u>	<u>\$ 102,469</u>	<u>\$ 534,561</u>	<u>\$ -</u>	<u>\$ 1,961,546</u>
Carrying amount at December 31, 2023	<u>\$ 970,170</u>	<u>\$ 11,493</u>	<u>\$ 1,163,578</u>	<u>\$ 374,413</u>	<u>\$ 16,387</u>	<u>\$ 253,430</u>	<u>\$ -</u>	<u>\$ 2,789,471</u>
<u>Cost</u>								
Balance at January 1, 2024	\$ 970,170	\$ 24,278	\$ 1,485,703	\$ 1,364,019	\$ 118,856	\$ 787,991	\$ -	\$ 4,751,017
Additions	-	1,306	16,746	76,387	29,537	60,162	-	184,138
Disposals	-	-	-	(12,156)	(17,476)	(9,993)	-	(39,625)
Balance at December 31, 2024	<u>\$ 970,170</u>	<u>\$ 25,584</u>	<u>\$ 1,502,449</u>	<u>\$ 1,428,250</u>	<u>\$ 130,917</u>	<u>\$ 838,160</u>	<u>\$ -</u>	<u>\$ 4,895,530</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 12,785	\$ 322,125	\$ 989,606	\$ 102,469	\$ 534,561	\$ -	\$ 1,961,546
Depreciation expenses	-	2,685	51,959	104,080	8,587	60,624	-	227,935
Disposals	-	-	-	(12,156)	(16,810)	(9,993)	-	(38,959)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 15,470</u>	<u>\$ 374,084</u>	<u>\$ 1,081,530</u>	<u>\$ 94,246</u>	<u>\$ 585,192</u>	<u>\$ -</u>	<u>\$ 2,150,522</u>
Carrying amount at December 31, 2024	<u>\$ 970,170</u>	<u>\$ 10,114</u>	<u>\$ 1,128,365</u>	<u>\$ 346,720</u>	<u>\$ 36,671</u>	<u>\$ 252,968</u>	<u>\$ -</u>	<u>\$ 2,745,008</u>

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STATEMENT 1**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, In Dollars of Foreign Currency)**

Item	Description	Amount
Cash on hand		\$ 917
Deposits		
Demand deposits		216,055
Check deposits		32,178
Foreign currency deposits (Note)	US\$ 9,014,878.36, JPY\$ 647,866.83, RMB\$ 346,952.79, AUD\$ 10,253.4, EUR\$ 172,426.89, HKD\$ 751,236.87, GBP\$ 0.3 and VND\$ 3,046,800,000	310,443
		<hr/>
		<u>\$ 559,593</u>

Note: Foreign currency denominated assets held are converted at the exchange rate on the balance sheet date. US\$ 1=NT\$ 32.785, JPY 1=NT\$ 0.2099, RMB 1=NT\$ 4.4780, AUD 1=NT\$ 20.39, EUR 1=NT\$ 34.14, HKD 1=NT\$ 4.222, GBP 1=NT\$ 41.19 and VND 1=NT\$ 0.001290713.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETTS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Balance at January 1, 2024		Additions (Note 2)		Reductions (Note 1)		Balance at December 31, 2024		Collateral
	Shares / Units	Fair Value	Shares / Units	Amount	Shares / Units	Amount	Shares / Units	Fair Value	
Limited Partnership									
CDIB - Innolux Limited Partnership	-	\$ 121,929	-	\$ 13,355	-	\$ 3,810	-	\$ 131,474	None

Note 1: The decrease in the year is capital reduction of investments.

Note 2: The increase in the year refers to the gain on valuation.

STATEMENT 3

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Unrelated parties	
Customer A	\$ 15,719
Customer B	11,050
Customer C	9,853
Others (Note)	<u>119,876</u>
	<u>\$ 156,498</u>

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

STATEMENT 4**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Customer Name	Amount
Unrelated parties	
Customer A	\$ 48,306
Customer B	38,337
Others (Note)	<u>354,380</u>
	441,023
 Less: Allowance for impairment loss	 <u>4,780</u>
	 <u>\$ 436,243</u>
 Related parties	
Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 863,283
PT. Indo Nan Pao Resins Chemical Co., Ltd.	387,516
Nan Pao Advanced Materials Vietnam Co., Ltd.	85,037
Others (Note)	<u>250,069</u>
	 <u>\$ 1,585,905</u>

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

STATEMENT 5**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Tax refund receivables - Business tax	Business tax refund	\$ 10,044
Other receivables - related parties	Notebook, device usage, etc	267
Others	Substitute molds, electricity sales, etc	<u>379</u>
		<u>\$ 10,690</u>

STATEMENT 6**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price
Merchandise	\$ 4,985	\$ 7,932
Finished goods and semi-finished goods	261,085	460,225
Work in progress	48,328	130,512
Raw materials	274,746	294,631
Supplies	<u>11,849</u>	<u>11,849</u>
	<u>\$ 600,993</u>	<u>\$ 905,149</u>

Note: Market price is meant net realizable value.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Balance at January 1, 2024		Additions (Reductions)		Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Balance at December 31, 2024		Fair Value	Note	Collateral
	Shares	Amount	Shares	Amount		Shares	Amount			
Emerging market shares										
Revivegen Environmental Technology Co., Ltd.	570,107	\$ 20,296	79,814	\$ -	\$ 3,881	649,921	\$ 24,177	\$ 24,177	Note 3	None
Publicly owned company										
Dairen Chemical Corp.	10,424,970	1,639,075	-	-	(8,449)	10,424,970	1,630,626	1,630,626	Note 1	None
Unlisted shares										
Hua Chi Venture Capital Co., Ltd.	7,895	1,987	-	-	(528)	7,895	1,459	1,459	Note 2	None
Opulence Optronics Co., Ltd.	877,208	3,534	-	-	(232)	877,208	3,302	3,302	Note 1	None
Contact Biosolutions Pty Ltd.	2,902	-	(2,902)	-	-	-	-	-		None
		<u>\$ 1,664,892</u>		<u>\$ -</u>	<u>\$ (5,328)</u>		<u>\$ 1,659,564</u>	<u>\$ 1,659,564</u>		

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

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

Note 3: Fair value is based on the average transaction price of the asset.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Balance at January 1, 2024		Additions (Reductions)		Note	Gain (loss) on Investments	Cumulative Translation Adjustment	Adjustments in other comprehensive income (loss)	Balance at December 31, 2024				
	Shares	Amount	Shares	Amount					Shares	Proportion of Ownership (%)	Amount	Fair Value	Collateral
Nan Pao Overseas Holdings Ltd. (foreign company)	7,806	\$ 4,661,123	7,690	\$ 2,357,887	Note 1	\$ 391,448	\$ 272,283	\$ -	15,496	100	\$ 7,682,741	\$ 7,825,540	None
Fuqing Nan Pao Investment Ltd. (foreign company)	4,990,000	229,243	-	(22,223)	Note 6	40,167	8,076	-	4,990,000	100	255,263	255,263	None
Thai Nan Pao Investment Ltd. (foreign company)	5,282,000	183,783	-	(1)	Note 4	7,359	12,694	-	5,282,000	100	203,835	204,110	None
Nan Pao Resins India Pvt Ltd. (foreign company)	6,200,000	49,307	5,912,640	51,553	Note 11	(46,230)	486	-	12,112,640	100	55,116	61,367	None
Nan Pao Materials Vietnam Co., Ltd. (foreign company)	-	1,446,069	-	13,384	Note 2	283,010	107,187	-	-	100	1,849,650	1,883,819	None
Nan Pao Advanced Materials Vietnam Co., Ltd. (foreign company)	-	676,151	-	(13,503)	Note 4	160,201	14,184	-	-	100	837,033	877,040	None
Nan Pao Chemical Co. Ltd. (unlisted company)	15,000,000	186,742	-	(2,084)	Note 6	2,507	-	2,041	15,000,000	100	189,206	189,206	None
ITLS International Development Co., Ltd. (unlisted company)	24,600,000	261,409	-	(13,952)	Note 5	44,971	1,878	-	24,600,000	100	294,306	295,169	None
Phymed Bio-Tec Co., Ltd. (unlisted company)	2,400,000	13,896	-	-		(2,881)	-	-	2,400,000	100	11,015	11,015	None
Nan Pao Application Material Co., Ltd. (unlisted company)	200,000	8,640	-	-		33	-	-	200,000	100	8,673	8,673	None
Biorich Biotechnology Co., Ltd. (unlisted company)	391,462	15,030	-	(978)	Note 6	2,811	-	-	391,462	57.1	16,863	16,863	None
Prince Pharmaceutical Co., Ltd. (emerging company)	18,131,198	416,610	-	(108)	Note 7	(26,519)	-	479	18,131,198	49.53	390,462	357,636	None
Nan Pao Advanced Materials Co., Ltd. (unlisted company)	350,000	11,108	-	(5,163)	Note 6	4,828	-	-	350,000	70	10,773	10,773	None
PT. Indo Nan Pao Resins Chemical Co., Ltd. (foreign company)	5,390,000	234,814	2,035,000	(44,038)	Note 8	132,025	(4,388)	523	7,425,000	67.5	318,936	461,803	None
All Saints Enterprises Ltd. (foreign company)	5,452,549	206,339	-	-		(21,496)	10,532	-	5,452,549	54.53	195,375	195,375	None
Ongoing Profits Ltd. (foreign company)	1,560,000	272,038	-	(167,857)	Note 9	68,744	19,992	-	1,560,000	32.18	192,917	254,150	None
Profit Land Limited (foreign company)	983,333	866,792	-	(200,562)	Note 10	317,504	46,373	-	983,333	73.75	1,030,107	1,046,630	None
Perfect & Outstanding Technology Inc. (unlisted company)	2,500,000	30,312	-	-		(7,956)	-	-	2,500,000	17.34	22,356	24,623	None
Nan Pao Philippines Export Inc. (foreign company)	25,750,000	16,680	-	-		4,911	436	-	25,750,000	100	22,027	22,027	None
Nan Pao Fine Materials Co., Ltd. (unlisted company)	1,375,000	30,565	-	(24,319)	Note 6	31,205	-	-	1,375,000	55	37,451	43,718	None
Nan Pao Resins Chemical (Bangladesh) Co., Ltd. (foreign company)	284,425	4,615	379,200	5,751	Note 3	(5,670)	77	-	663,625	100	4,773	4,773	None
FlexUP Technologies Corp. (unlisted company)	18,880,000	31,908	-	-		44,374	-	-	18,880,000	100	76,282	78,105	None
Earnest Wealth Co., Ltd. (foreign company)	920,000	45,461	-	-		1,262	651	-	920,000	51.11	47,374	35,721	None
Nan Pao Resins (HK) Ltd. (foreign company)	13,400,000	307,518	-	-		19,799	21,754	-	13,400,000	100	349,071	367,098	None
Nan Pao Resins International Ltd. (foreign company)	1,000	9,340	-	-		4,482	813	-	1,000	100	14,635	14,635	None
Nan Pao Materials Resins India Private Limited (foreign company)	8,076,000	28,018	24,646,000	95,580	Note 3	(2,514)	(7)	-	32,722,000	100	121,077	121,077	None
Contact Biosolutions Pty Ltd. (foreign company)	-	-	2,680	78,119	Note 12	(43,267)	-	-	2,680	31.6	34,852	34,852	None
		\$ 10,243,511		\$ 2,107,486		\$ 1,405,108	\$ 513,021	\$ 3,043			\$ 14,272,169	\$ 14,701,061	

Note 1: The details of increase were as follows:

Addition of investments	\$ 2,468,404
Cash dividends paid	(70,695)
Retained earnings decrease - recognition of changes in equity of investment in subsidiaries	(7,569)
Capital surplus decrease - recognition of changes in equity of investment in subsidiaries	(5,355)
Adjustments of unrealized gain on downstream transactions	(26,961)
Exchange gains	63
	<u>\$ 2,357,887</u>

Note 2: The net increase for the year amount is adjustments of realized gain on transactions.

Note 3: The net increase for the year amount is addition of investments in subsidiaries

Note 4: The net decrease for the year is adjustments of unrealized gain on downstream transactions

Note 5: The details of decrease were as follows:

Cash dividends paid	\$ (14,543)
Adjustments of realized gain on downstream transactions	<u>591</u>
	<u>\$ (13,952)</u>

Note 6: The decrease for the year is cash dividends paid.

Note 7: The details of decrease were as follows:

Cash dividends paid	\$	(4,533)
Capital surplus increase - recognition of changes in equity of investment in subsidiaries		4,616
Adjustments of realized loss on downstream transactions		<u>(191)</u>
	\$	<u>(108)</u>

Note 8: The details of decrease were as follows:

Addition of investments	\$	150,329
Cash dividends paid		(129,066)
Retained earnings increase - recognition of changes in equity of investment in subsidiaries		7,569
Adjustments of unrealized gain on downstream transactions		<u>(72,870)</u>
	\$	<u>(44,038)</u>

Note 9: The details of decrease were as follows:

Cash dividends paid	\$	(155,136)
Adjustments of unrealized gain on downstream transactions		<u>(12,721)</u>
	\$	<u>(167,857)</u>

Note 10: The details of decrease were as follows:

Cash dividends paid	\$	(198,595)
Adjustments of unrealized gain on downstream transactions		<u>(1,967)</u>
	\$	<u>(200,562)</u>

Note 11: The details of increase were as follows:

Addition of investments	\$	58,140
Capital surplus decrease - recognition of changes in equity of investment in subsidiaries		(336)
Adjustments of unrealized gain on downstream transactions		<u>(6,251)</u>
	\$	<u>51,553</u>

Note 12: The increase were addition of investment in associates.

STATEMENT 9**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

	Maturity Date	Interest rate (%)	Balance	Credit Line	Collateral
Borrowings of unsecured loans					
Yuanta Bank	2024.12-2025.03	1.83	\$ 700,000	\$ 700,000	None
Mizuho Bank	2024.07-2025.01	1.88	500,000	819,625	None
HSBC Bank	2024.10-2025.01	1.74365	400,000	819,625	None
E. Sun Bank	2024.10-2025.01	1.80	300,000	400,000	None
Cathay United Bank	2024.10-2025.01	1.81067	300,000	557,345	None
Standard Chartered Bank	2024.11-2025.02	1.86	100,000	327,850	None
Far Eastern International Bank Co., Ltd.	2024.11-2025.02	1.80	50,000	400,000	None
First Commercial Bank	2024.12-2025.01	2.025	<u>870</u>	130,000	None
			<u>\$ 2,350,870</u>		

STATEMENT 10

NAN PAO RESINS CHEMICAL CO., LTD.

**STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Chongren Vegetarian Restaurant	\$ <u>64</u>

STATEMENT 11

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Huafeng	\$ 32,681
Dairen Chemical Corp.	28,004
Others (Note)	<u>450,199</u>
	<u>\$ 510,884</u>

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

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

		Interest rate (%)	Balance at December 31, 2024			Collateral
Contract Period and Repayment Method			Current Portion	Over 1 Year	Total	
Borrowings of unsecured loans						
Mizuho Bank	2024.12-2026.12, repaid in the due date with revolving basis within the quota	1.88-1.96	\$ -	\$ 650,000	\$ 650,000	None
DBS Bank	2024.05-2026.05, repaid in the due date with revolving basis within the quota	1.89	-	420,000	420,000	None
Taipei Fubon Bank	2024.12-2026.12, repaid in the due date with revolving basis within the quota	1.874799	-	100,000	100,000	None
The Export-Import Bank of the Republic of China	2024.09-2031.09, not with revolving basis within the quota, 6 monthly repays the principal portion of the borrowings since March 2027	1.8249	-	77,000	77,000	None
			\$ -	\$ 1,247,000	\$ 1,247,000	

STATEMENT 13**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Name	Description	Leasing Period	Discount Rates (%)	Balance at year end
Buildings	Taipei Office	2024.09.11-2029.09.10	1.7781	\$ 12,658
Buildings	Guiren Factory	2018.03.01-2028.02.28	1.05	8,895
Buildings	Kaohsiung Office	2020.10.25-2025.10.24	0.81463	311
Buildings	Taichung Office	2022.09.30-2025.09.29	1.72	268
Buildings	Taoyuan Office	2023.02.01-2025.01.31	1.7754	<u>25</u>
				<u>\$ 22,157</u>

STATEMENT 14**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Quantities (Ton)	Amount
Adhesives	50,977	\$ 6,278,913
Coatings	6,411	695,162
Others (Note)	-	<u>52,244</u>
		7,026,319
Less : Sales returns		3,814
Sales discounts		<u>95,929</u>
Net operating revenue		<u><u>\$ 6,926,576</u></u>

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

STATEMENT 15**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Merchandise, beginning of year	\$ 2,711
Add: Merchandise purchased	64,164
Less: Merchandise, end of year	4,985
Others	<u>205</u>
Cost of commodity transaction	<u>61,685</u>
Raw materials, beginning of year	306,199
Add: Raw materials purchased	2,893,792
Less: Raw materials, end of year	274,746
Raw materials costs of sales	269,297
Others	<u>16,700</u>
Raw materials consumption	<u>2,639,248</u>
Supplies, beginning of year	10,084
Add: Supplies purchased	224,003
Others	1,404
Less: Supplies, end of year	11,849
Supplies costs of sales	<u>43</u>
Supplies consumption	<u>223,599</u>
Direct labor	177,227
Manufacturing expenses	<u>696,351</u>
Cost input during the year	3,736,425
Add: Work in progress, beginning of year	41,238
Finished goods and semi-finished goods reworked	891,727
Less: Work in progress, end of year	<u>48,328</u>
Manufacturing cost	4,621,062
Add: Semi-finished goods, beginning of year	29,894
Less: Semi-finished goods, end of year	29,852
Semi-finished goods used	518,755
Others	<u>2,853</u>
Finished goods costs	4,099,496
Add: Finished goods, beginning of year	216,843
Less: Finished goods, end of year	231,233
Finished goods used	372,972
Others	<u>28,252</u>
Finished goods costs of sales	<u>3,683,882</u>
Subtotal	3,745,567
Costs from sale of raw materials and supplies	269,340
Revenue from sale of scraps	(2,489)
Gain on physical count and disposal	<u>9,038</u>
The cost of inventories	<u>4,021,456</u>
Gain on disposal of property, plant and equipment	<u>(3,243)</u>
Operating Costs	<u>\$ 4,018,213</u>

STATEMENT 16**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Gain Reversed	Total
Payroll expense	\$ 200,822	\$ 213,374	\$ 157,746	\$ -	\$ 571,942
Shipping expense	44,707	39	362	-	45,108
Depreciation expense	9,434	24,044	40,679	-	74,157
Export and import expense	55,290	-	-	-	55,290
Remuneration of directors	-	34,320	-	-	34,320
Professional service fee	7,171	47,354	2,303	-	56,828
Expected credit gain reversed	-	-	-	(1,756)	(1,756)
Others	<u>147,884</u>	<u>91,752</u>	<u>57,362</u>	<u>-</u>	<u>296,998</u>
Total	<u>\$ 465,308</u>	<u>\$ 410,883</u>	<u>\$ 258,452</u>	<u>\$ (1,756)</u>	<u>\$ 1,132,887</u>

STATEMENT 17**NAN PAO RESINS CHEMICAL CO., LTD.**
**STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31, 2024			For the Year Ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 295,783	\$ 571,942	\$ 867,725	\$ 253,937	\$ 557,987	\$ 811,924
Labor and health insurance	29,309	38,165	67,474	26,807	37,165	63,972
Post-employment benefits	10,196	16,218	26,414	8,837	15,114	23,951
Remuneration of directors	-	34,320	34,320	-	28,600	28,600
Others	18,604	18,588	37,192	15,103	15,530	30,633
	<u>\$ 353,892</u>	<u>\$ 679,233</u>	<u>\$ 1,033,125</u>	<u>\$ 304,684</u>	<u>\$ 654,396</u>	<u>\$ 959,080</u>
Depreciation	\$ 160,251	\$ 74,157	\$ 234,408	\$ 144,667	\$ 73,076	\$ 217,743
Amortization	358	9,457	9,815	420	7,920	8,340

Note 1: For the years ended December 31, 2024 and 2023, there were 847 and 827 employees in the Company, respectively. In addition, the Company had 4 non-employee directors for the years then ended.

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

- Average labor cost for the years ended December 31, 2024 and 2023 were NT\$1,185 thousand and NT\$1,131 thousand, respectively.
- Average salary and bonuses for the years ended December 31, 2024 and 2023 were NT\$1,029 thousand and NT\$987 thousand, respectively.
- The average salary and bonuses increased by 4.26% year-over-year.

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

Note 4: Remuneration policy was as follows:

- According to the Company's Article No.17, when the directors of the Company do business, it was authorized to the board of directors that they determine the remuneration based on their devoted time and contribution to the Company's operations with not exceeding the highest level (industry standard) of the Company's compensation policy. In addition, according to the Company's Article No.25, if the Company makes a profit in the year, the board of directors could decide no more than 3% of the profit as the remuneration of directors.
- According to the Company's Article No.23, the Company's managers process business based on the orders of the board of directors, and their compensation is determined with the Article 29 of "Company Act". The compensation is based on their performance and contribution to the Company's operations with market standard.
- For the directors and managers listed above, the policies, regulations, standards and structures of salary, and remuneration all are approved by the Salary and Compensation Committee in accordance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".
- Employee benefits include basic fixed salary, bonus and compensation of employees. It is determined by their performance, contribution, the market value of their duty and considering the future operation risk of the Company. It is positively related to business performance of the Company. According to the Company's Article, if the Company makes a profit in the year, the Company accrued the compensation of employees at rates of 2% to 6%.