

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

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Nan Pao Resins Chemical Co., Ltd.

Cheng-Hsien Wu
Chairman

March 14, 2025

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Authenticity of Revenue Recognition

As stated in Notes 4-o and 26, the Group'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 consolidated financial statements as well as the regulations in the auditing standards regarding the presumed significant risk in revenue recognition, and thus deemed the authenticity of revenue recognition of the 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 subsidiaries included in the consolidated financial statements of the Group, the financial statements of some of the subsidiaries were not audited by us, but were audited by other auditors. Our opinion, insofar as it relates to the amounts and related information included for these subsidiaries, is based solely on the report of other auditors. The total assets of these subsidiaries were NT\$4,381,358 thousand and NT\$5,418,155 thousand as of December 31, 2024 and 2023, respectively, representing 16% and 23% of the consolidated total assets, respectively. The amounts of operating revenue were NT\$4,610,306 thousand and NT\$6,261,112 thousand, respectively, representing 20% and 30% of the consolidated operating revenue, respectively.

We have also audited the parent company only financial statements of Nan Pao Resins Chemical Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 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)	\$ 6,910,148	25	\$ 4,574,565	19
Financial assets at amortized cost - current (Notes 4, 9, 10, 34 and 36)	581,146	2	627,336	3
Notes receivable (Notes 4, 11 and 26)	344,349	1	343,899	2
Accounts receivable (Notes 4, 11 and 26)	4,724,866	17	4,056,979	17
Accounts receivable - related parties (Notes 4, 11, 26 and 35)	452,811	2	349,908	2
Other receivables (Note 4)	171,465	1	88,994	-
Current tax assets (Notes 4 and 28)	476	-	381	-
Inventories (Notes 4 and 12)	2,854,760	11	2,662,968	11
Other current assets (Note 20)	866,391	3	726,547	3
Total current assets	16,906,412	62	13,431,577	57
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 34)	131,474	1	121,929	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 34)	1,659,564	6	1,682,112	7
Financial assets at amortized cost - non-current (Notes 4, 9, 10, 34 and 36)	33,249	-	37,907	-
Investments accounted for using the equity method (Notes 4 and 14)	57,208	-	30,312	-
Property, plant and equipment (Notes 4, 15 and 36)	5,840,228	21	5,808,353	25
Right-of-use assets (Notes 4, 16 and 36)	1,417,530	6	1,324,936	6
Investment properties (Notes 4 and 17)	17,760	-	17,760	-
Goodwill (Notes 4, 18 and 31)	393,394	1	352,208	1
Other intangible assets (Notes 4 and 19)	426,989	2	456,917	2
Deferred tax assets (Notes 4 and 28)	213,933	1	294,970	1
Net defined benefit assets - non-current (Notes 4 and 24)	89,048	-	41,864	-
Other non-current assets (Note 20)	79,759	-	63,551	-
Total non-current assets	10,360,136	38	10,232,819	43
TOTAL	<u>\$ 27,266,548</u>	<u>100</u>	<u>\$ 23,664,396</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 36)	\$ 3,032,665	11	\$ 1,832,918	8
Contract liabilities - current (Notes 4 and 26)	28,778	-	29,380	-
Notes payable (Note 22)	197	-	344	-
Accounts payable (Notes 22 and 35)	2,291,845	8	2,176,712	9
Dividends payable	-	-	1,997	-
Other payables (Note 35)	1,325,330	5	1,355,367	6
Current tax liabilities (Notes 4 and 28)	554,183	2	566,780	2
Lease liabilities - current (Notes 4 and 16)	118,169	1	102,212	-
Current portion of long-term borrowings (Notes 21 and 36)	70,749	-	145,577	1
Other current liabilities (Notes 23 and 35)	218,523	1	181,147	1
Total current liabilities	7,640,439	28	6,392,434	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 21 and 36)	1,734,639	7	894,993	4
Deferred tax liabilities (Notes 4 and 28)	1,341,631	5	1,188,145	5
Lease liabilities - non-current (Notes 4 and 16)	601,977	2	632,576	3
Other non-current liabilities (Note 23)	11,430	-	9,569	-
Total non-current liabilities	3,689,677	14	2,725,283	12
Total liabilities	11,330,116	42	9,117,717	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Share capital - ordinary shares	1,205,707	4	1,205,707	5
Capital surplus	2,123,816	8	2,124,891	9
Retained earnings				
Legal reserve	1,808,236	7	1,565,289	6
Special reserve	313,321	1	313,321	1
Unappropriated earnings	7,601,313	28	7,029,050	30
Total retained earnings	9,722,870	36	8,907,660	37
Other equity	1,439,196	5	938,955	4
Total equity attributable to owners of the Company	14,491,589	53	13,177,213	55
NON-CONTROLLING INTERESTS	1,444,843	5	1,369,466	6
Total equity	15,936,432	58	14,546,679	61
TOTAL	<u>\$ 27,266,548</u>	<u>100</u>	<u>\$ 23,664,396</u>	<u>100</u>

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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, 26 and 35)	\$ 22,982,598	100	\$ 20,581,188	100
OPERATING COSTS (Notes 12, 24, 27 and 35)	<u>15,460,340</u>	<u>67</u>	<u>14,090,728</u>	<u>68</u>
GROSS PROFIT	<u>7,522,258</u>	<u>33</u>	<u>6,490,460</u>	<u>32</u>
OPERATING EXPENSES (Notes 11, 24 and 27)				
Selling and marketing expenses	2,157,870	10	1,998,296	10
General and administrative expenses	1,185,588	5	978,930	5
Research and development expenses	543,033	2	519,403	2
Expected credit loss	<u>43,018</u>	<u>-</u>	<u>29,449</u>	<u>-</u>
Total operating expenses	<u>3,929,509</u>	<u>17</u>	<u>3,526,078</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>3,592,749</u>	<u>16</u>	<u>2,964,382</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)				
Interest income	132,211	-	70,594	-
Other income	216,617	1	479,677	2
Other gains and losses	(10,164)	-	(7,657)	-
Finance costs	(123,340)	(1)	(104,261)	(1)
Share of loss of associates	<u>(51,223)</u>	<u>-</u>	<u>(8,974)</u>	<u>-</u>
Total non-operating income and expenses	<u>164,101</u>	<u>-</u>	<u>429,379</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,756,850	16	3,393,761	16
INCOME TAX EXPENSE (Notes 4 and 28)	<u>969,970</u>	<u>4</u>	<u>827,329</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>2,786,880</u>	<u>12</u>	<u>2,566,432</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	41,727	-	1,227	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(3,287)	-	(2,529,084)	(12)
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(8,365)</u>	<u>-</u>	<u>(236)</u>	<u>-</u>
	<u>30,075</u>	<u>-</u>	<u>(2,528,093)</u>	<u>(12)</u>

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 549,928	2	\$ (115,243)	-
Income tax related to items that may be reclassified subsequently to profit or loss	(102,604)	-	19,763	-
	<u>447,324</u>	<u>2</u>	<u>(95,480)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>477,399</u>	<u>2</u>	<u>(2,623,573)</u>	<u>(12)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 3,264,279</u>	<u>14</u>	<u>\$ (57,141)</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,684,261	12	\$ 2,428,215	12
Non-controlling interests	<u>102,619</u>	<u>-</u>	<u>138,217</u>	<u>-</u>
	<u>\$ 2,786,880</u>	<u>12</u>	<u>\$ 2,566,432</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,124,013	14	\$ (178,663)	(1)
Non-controlling interests	<u>140,266</u>	<u>-</u>	<u>121,522</u>	<u>1</u>
	<u>\$ 3,264,279</u>	<u>14</u>	<u>\$ (57,141)</u>	<u>-</u>
EARNINGS PER SHARE (Note 29)				
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 consolidated financial statements.

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

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										
	Retained Earnings					Other 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	Total Other Equity	Total	Non-controlling Interests	Total Equity
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	\$ 1,091,350	\$ 15,643,376
Appropriation of 2022 earnings (Note 25)											
Legal reserve	-	-	177,166	-	(177,166)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)	-	(1,205,708)
Net profit for the year ended December 31, 2023	-	-	-	-	2,428,215	-	-	-	2,428,215	138,217	2,566,432
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)	(16,695)	(2,623,573)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,429,473	(79,052)	(2,529,084)	(2,608,136)	(178,663)	121,522	(57,141)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	(195)	-	-	-	-	-	-	(195)	(122)	(317)
Changes in ownership interests in subsidiaries (Note 32)	-	6,618	-	-	-	-	-	-	6,618	67,628	74,246
Issuance of employee share options by subsidiaries (Note 30)	-	3,135	-	-	-	-	-	-	3,135	3,136	6,271
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	85,952	85,952
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	1,369,466	14,546,679
Appropriation of 2023 earnings (Note 25)											
Legal reserve	-	-	242,947	-	(242,947)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$15 per share	-	-	-	-	(1,808,562)	-	-	-	(1,808,562)	-	(1,808,562)
Net profit for the year ended December 31, 2024	-	-	-	-	2,684,261	-	-	-	2,684,261	102,619	2,786,880
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	37,647	477,399
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	2,716,883	410,417	(3,287)	407,130	3,124,013	140,266	3,264,279
Changes in ownership interests in subsidiaries (Note 32)	-	(5,691)	-	-	-	-	-	-	(5,691)	24,893	19,202
Issuance of employee share options by subsidiaries (Note 30)	-	4,616	-	-	-	-	-	-	4,616	4,704	9,320
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(93,111)	-	93,111	93,111	-	-	-
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(94,486)	(94,486)
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>	<u>\$ 1,444,843</u>	<u>\$ 15,936,432</u>

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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	\$ 3,756,850	\$ 3,393,761
Adjustments for:		
Depreciation expenses	644,842	586,801
Amortization expenses	89,573	68,010
Expected credit loss recognized on accounts receivable	43,018	29,449
Net gain on fair value changes of financial assets at fair value through profit or loss	(13,355)	(18,327)
Finance costs	123,340	104,261
Interest income	(132,211)	(70,594)
Dividend income	(111,075)	(390,075)
Compensation cost of employee share options	9,320	6,271
Share of loss of associates	51,223	8,974
Gain on disposal of property, plant and equipment	(27,064)	(1,996)
Write-down of inventories	-	16,191
Impairment loss recognized on goodwill	-	2,096
Loss (gain) on lease modification	639	(20)
Changes in operating assets and liabilities		
Notes receivable	1,906	(27,055)
Accounts receivable	(538,308)	225,845
Accounts receivable - related parties	(102,903)	(42,912)
Other receivables	(75,492)	15,223
Inventories	(113,593)	171,197
Other current assets	(139,470)	(13,563)
Other non-current assets	(1,293)	(20,283)
Contract liabilities	(602)	(5,604)
Notes payable	(156)	(120)
Accounts payable	60,593	(498,061)
Other payables	110,219	25,575
Other current liabilities	37,034	(24,082)
Net defined benefit plans	(5,896)	(18,478)
Other non-current liabilities	1,872	406
Cash generated from operations	3,669,011	3,522,890
Interest received	124,791	66,459
Interest paid	(121,551)	(104,349)
Income tax paid	(870,131)	(356,014)
Net cash generated from operating activities	2,802,120	3,128,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(4,738)
Proceeds from sale of financial assets at fair value through other comprehensive income	19,261	-

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NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

	2024	2023
Net decrease (increase) in financial assets at amortized cost	\$ 74,226	\$ (193,926)
Purchase of financial assets at fair value through profit or loss	-	(34,066)
Proceeds from disposal of financial assets at fair value through profit or loss	3,810	-
Acquisition of associates	(78,119)	-
Net cash outflow on acquisition of businesses and subsidiaries	(227,127)	(256,004)
Payments for property, plant and equipment	(510,639)	(557,738)
Proceeds from disposal of property, plant and equipment	72,018	7,851
Decrease (increase) in refundable deposits	5,087	(399)
Payments for intangible assets	(11,128)	(7,425)
Payments for right-of-use assets	(108,533)	(135,725)
Dividends received	111,075	390,075
Proceeds from disposal of right-of-use assets	<u>5,118</u>	<u>-</u>
Net cash used in investing activities	<u>(644,951)</u>	<u>(792,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	8,584,321	6,449,540
Repayments of short-term borrowings	(7,386,026)	(6,602,609)
Proceeds from long-term borrowings	3,119,128	1,735,373
Repayments of long-term borrowings	(2,376,292)	(2,056,964)
Refund of guarantee deposits received	(72)	(539)
Repayment of the principal portion of lease liabilities	(89,989)	(62,764)
Dividends paid	(1,901,289)	(1,264,062)
Changes in non-controlling interests	15,782	65,311
Payments for transaction costs attributable to the issue of ordinary shares	<u>(336)</u>	<u>(192)</u>
Net cash used in financing activities	<u>(34,773)</u>	<u>(1,736,906)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>213,187</u>	<u>(21,766)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,335,583	578,219
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,574,565</u>	<u>3,996,346</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 6,910,148</u></u>	<u><u>\$ 4,574,565</u></u>

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

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

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved 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 the 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 Group'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 Group 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 Group has assessed that the application of other standards and interpretations will not have a material impact on the Group'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"	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 Group 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 Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group 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 Group as a whole, the Group 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group'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 consolidated 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 consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit 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.

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 Group 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. Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 13 and Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. 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.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items 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 consolidated 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 attributed to the owners of the Company and non-controlling interests as appropriate.

g. Inventories

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

h. Investments in associates

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

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

i. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation 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. Goodwill

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

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

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

1. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 34.

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, other receivables (including related parties), 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 Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of financial assets

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

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 Group 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.

o. Revenue recognition

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

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

p. Leases

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

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

1) The Group as lessor

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

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

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

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for 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 comprises the initial measurement of lease liabilities adjusted for lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the 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 future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

q. Borrowing costs

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

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

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

r. Government grants

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

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

t. Share-based payment arrangements - employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

u. 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 and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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 Group do not involve material accounting judgements and estimation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 5,272	\$ 6,803
Checking accounts and demand deposits	4,109,648	3,494,434
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	<u>2,795,228</u>	<u>1,073,328</u>
	<u>\$ 6,910,148</u>	<u>\$ 4,574,565</u>

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

	December 31	
	2024	2023
Time deposits	0.63%-5.75%	0.63%-6.45%

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>1,661,816</u>
	<u>\$ 1,659,564</u>	<u>\$ 1,682,112</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 530,243	\$ 591,251
Pledged time deposits (a)	31,404	32,281
Restricted demand deposits	19,155	-
Refundable deposits	<u>344</u>	<u>3,804</u>
	<u>\$ 581,146</u>	<u>\$ 627,336</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 12 months (a)	\$ -	\$ 4,327
Pledged time deposits (a)	5,342	4,827
Refundable deposits	<u>27,907</u>	<u>28,753</u>
	<u>\$ 33,249</u>	<u>\$ 37,907</u>

- The ranges of interest rates for time deposits were approximately 1.30%-6.25% and 0.63%-8.60% per annum as of December 31, 2024 and 2023, respectively.
- Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

	December 31	
	2024	2023
Financial assets at amortized cost - current	\$ 581,146	\$ 627,336
Financial assets at amortized cost - non-current	<u>33,249</u>	<u>37,907</u>
	<u>\$ 614,395</u>	<u>\$ 665,243</u>

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Group considers the historical default loss rates, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Group did not make any provision for expected credit losses with respect to financial assets at amortized cost as of December 31, 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	\$ 344,349	\$ 343,899
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 5,289,982	\$ 4,498,986
Less: Allowance for impairment loss	112,305	92,099
	<u>\$ 5,177,677</u>	<u>\$ 4,406,887</u>

a. Notes receivable

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

b. Accounts receivable (including related parties)

The average credit period of sales of goods was 15 days to 180 days, and no interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the customers' past default experience, and current financial positions, economic conditions of the industry in which the customer operates, and the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off 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 Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group'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	0.02%-0.79%	0.12%-13%	6%-23%	23%-47%	41%-100%	100%	
Gross carrying amount	\$ 4,322,110	\$ 785,163	\$ 77,584	\$ 24,915	\$ 17,576	\$ 62,634	\$ 5,289,982
Loss allowance (Lifetime ECLs)	<u>(4,508)</u>	<u>(13,352)</u>	<u>(11,133)</u>	<u>(7,983)</u>	<u>(12,695)</u>	<u>(62,634)</u>	<u>(112,305)</u>
Amortized cost	<u>\$ 4,317,602</u>	<u>\$ 771,811</u>	<u>\$ 66,451</u>	<u>\$ 16,932</u>	<u>\$ 4,881</u>	<u>\$ -</u>	<u>\$ 5,177,677</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	0.02%-0.34%	0.12%-8%	2%-21%	6%-47%	23%-100%	100%	
Gross carrying amount	\$ 3,746,988	\$ 560,086	\$ 82,277	\$ 47,415	\$ 10,777	\$ 51,443	\$ 4,498,986
Loss allowance (Lifetime ECLs)	<u>(2,600)</u>	<u>(6,826)</u>	<u>(9,161)</u>	<u>(13,974)</u>	<u>(8,095)</u>	<u>(51,443)</u>	<u>(92,099)</u>
Amortized cost	<u>\$ 3,744,388</u>	<u>\$ 553,260</u>	<u>\$ 73,116</u>	<u>\$ 33,441</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ 4,406,887</u>

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

	For the Years Ended December 31	
	2024	2023
Balance at January 1	\$ 92,099	\$ 65,521
Net remeasurement of loss allowance	43,018	29,449
Amounts written off	(26,053)	(3,069)
Acquisitions through business combinations	-	1,510
Foreign exchange gains and losses	<u>3,241</u>	<u>(1,312)</u>
Balance at December 31	<u>\$ 112,305</u>	<u>\$ 92,099</u>

12. INVENTORIES

	December 31	
	2024	2023
Goods	\$ 241,111	\$ 162,098
Finished goods and semi-finished goods	1,050,955	981,713
Work in progress	150,603	125,934
Raw materials and supplies	1,176,675	1,146,493
Inventory in transit	<u>235,416</u>	<u>246,730</u>
	<u>\$ 2,854,760</u>	<u>\$ 2,662,968</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was \$15,487,404 thousand and \$14,092,724 thousand, respectively. The cost of goods sold included inventory write-downs of \$16,191 thousand for the year ended December 31, 2023.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2024	2023	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	Trading of chemical substances	100	100	
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100	
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	49.53	49.53	
	Phymed Bio-Tec Co., Ltd.	R&D and trading of health food	100	100	
	Biorich Biotechnology Co., Ltd.	R&D, production, trading of new high protein business and health food	57.1	57.1	
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	
	Thai Nan Pao Investment Ltd.	General investment	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	
	Nan Pao Overseas Holdings Ltd.	General investment	100	100	
	Profit Land Limited	General investment	73.75	73.75	a.
	All Saints Enterprises Ltd.	General investment	54.53	54.53	a.
	Ongoing Profits Ltd.	General investment	32.18	32.18	a.
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	67.5	49	b.
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	
	Earnest Wealth Co., Ltd.	General investment	51.11	51.11	
	FlexUP Technologies Corp.	Trading of chemicals	100	100	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100	
	Nan Pao Resins International Ltd.	Trading of chemicals and related products	100	100	
	Nan Pao Resins (HK) Ltd.	Production and trading of adhesives	100	100	
	Nan Pao Materials Resins India Private Limited	Trading of adhesives	100	100	
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	General investment	100	100	
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Production and trading of construction materials	100	100	
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100	
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100	
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	General investment	100	100	
Earnest Wealth Co., Ltd.	Apex Polytech Co., Ltd.	Production and trading of adhesives	100	100	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2024	2023	
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	100	100	
	Profit Land Limited	General investment	26.25	26.25	a.
	Nan Pao Resins (Holdings) Ltd.	General investment	100	100	
	All Saints Enterprises Ltd.	General investment	45.47	45.47	a.
	NP Australia Pty Ltd.	General investment	100	100	
	Ongoing Profits Ltd.	General investment	67.82	67.82	a.
	Treasure Wealth (HK) Ltd.	General investment	100	100	
	Goldford Investments Ltd.	General investment	100	100	
	Nan Pao Resins Chemical Philippines, Inc.	Trading of adhesives	100	100	
	Nan Pao Advanced Investment Co., Ltd.	General investment	100	100	
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	59.58	59.58	
Profit Land Limited	Giant Profit Development Ltd.	General investment	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	
Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	-	51	c.
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89	
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	100	100	
Nan Pao Resins Development Ltd.	Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100	
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100	
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100	
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	
	Australasian Tiling Adhesives Pty Ltd.	Production and trading of construction materials and chemical substances	100	-	d.
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	-	18.5	b.
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	
Nan Pao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	100	100	
	Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	94	90.91	e.
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	100	100	
	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	96.41	100	f.
	Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemical substances	70	70	
	Yu Po Chemical Co., Ltd.	Production and trading of adhesives and chemical substances	100	-	g.

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. The Group acquired the share of PT. Indo Nan Pao Resins Chemical Co., Ltd. which was held by Goldford Investments Ltd. in August 2024, and the shareholding totaled 67.5% after acquisition.
- c. Goaden Nan Pao Materials Technology Co., Ltd. has completed its liquidation in November 2024.
- d. The Group invested in and established Australasian Tiling Adhesives Pty Ltd. in July 2024, and have invested capital in the subsidiary in September.
- e. In March, April, July and November 2024, Nanpao New Materials Technology (Huaian) Co., Ltd. processed a cash capital increase, which was subscribed by the Group, resulting in an increase in shareholding from 90.91% to 94% (refer to Note 32).
- f. In March, May, September and December 2024, Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. processed a cash capital increase, the Group did not subscribe share proportionately, resulting in a decrease in shareholding from 100% to 96.41% (refer to Note 32).
- g. The Group acquired Yu Po Chemical Co., Ltd. in November 2024, and the shareholding ratio was 100% (refer to Note 31).

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	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 Years Ended December 31	
	2024	2023
The Group's share of:		
Total net loss and comprehensive loss for the year	\$ <u>(51,223)</u>	\$ <u>(8,974)</u>

In December 2024, Contact Biosolutions Pty Ltd conducted a cash capital increase. The Group did not subscribe in proportion to its shareholding, resulting in an increase in its shareholding from 17.16% to 31.6%, which gives it significant influence over the company. As a result, the investment was reclassified from financial assets measured at fair value through other comprehensive income to an investment under the equity method.

15. PROPERTY, PLANT AND EQUIPMENT

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

Land improvements	4-20 years
Buildings	1-60 years
Machinery	2-30 years
Transportation equipment	2-20 years
Miscellaneous equipment	2-20 years

Refer to Table 11 for the detailed information of changes in property, plant and equipment.

Impairment assessment was not performed for the years ended December 31, 2024 and 2023 as there were no indications of impairment.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land (Note)	\$ 950,399	\$ 851,891
Buildings	426,986	426,454
Transportation equipment	37,977	43,492
Miscellaneous equipment	<u>2,168</u>	<u>3,099</u>
	<u>\$ 1,417,530</u>	<u>\$ 1,324,936</u>
	For the Years Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 192,139</u>	<u>\$ 198,980</u>
Depreciation charge for right-of-use assets		
Land	\$ 23,495	\$ 21,829
Buildings	74,977	61,953
Machinery	-	4
Transportation equipment	18,727	18,413
Miscellaneous equipment	<u>898</u>	<u>858</u>
	<u>\$ 118,097</u>	<u>\$ 103,057</u>

Note: The land use rights of subsidiaries in Vietnam pledged as collateral for bank borrowings are set out in Note 36.

Except for the aforementioned additions and recognized depreciation, there was no significant sublease or impairment of right-of-use assets of the Group for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ 118,169	\$ 102,212
Non-current	<u>\$ 601,977</u>	<u>\$ 632,576</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Land	1.56%	1.56%
Buildings	0.77%-5.53%	0.77%-5.53%
Transportation equipment	1.3%-5.37%	1.3%-5.37%
Miscellaneous equipment	5.37%-11.2%	5.37%-11.2%

c. Material leasing activities and terms

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

d. Other lease information

	For the Years Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ 44,002	\$ 38,162
Expenses relating to low-value asset leases	\$ 2,335	\$ 2,523
Total cash outflow for leases	\$ 156,495	\$ 121,994

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

17. INVESTMENT PROPERTIES

	Land
Balance at December 31, 2024 and 2023	\$ 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 Group's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Group's investment properties.

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

18. GOODWILL

	For the Years Ended December 31	
	2024	2023
<u>Cost</u>		
Balance at January 1	\$ 357,407	\$ 249,679
Additional amounts recognized from business combinations that occurred during the year (Note 31)	43,978	108,642
Effects of foreign currency exchange differences	<u>(2,582)</u>	<u>(914)</u>
Balance at December 31	<u>\$ 398,803</u>	<u>\$ 357,407</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 5,199	\$ 3,104
Impairment losses recognized	-	2,096
Effects of foreign currency exchange differences	<u>210</u>	<u>(1)</u>
Balance at December 31	<u>\$ 5,409</u>	<u>\$ 5,199</u>
Carrying amount at December 31	<u>\$ 393,394</u>	<u>\$ 352,208</u>

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

Due to the production capacity efficiency of the subsidiaries of the Group was not as good as expected, the Group assessed recoverable amount of goodwill at December 31, 2023, and goodwill impairment losses of \$2,096 thousand were recognized and presented in other gains and losses.

The recoverable amount was determined based on a value-in-use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period, and calculated by using the weighted average cost of capital ratio. The assumptions was based on the past operating conditions of the cash-generating unit and management's expectations of the market.

19. OTHER INTANGIBLE ASSETS

	Client relationships	Non-patented technology	Trademark	Others	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 240,092	\$ 97,977	\$ 149,082	\$ 189,464	\$ 676,615
Additions	-	-	-	11,128	11,128
Acquisitions through business combinations	15,652	10,870	10,218	-	36,740
Disposals	-	-	-	(267)	(267)
Effects of foreign currency exchange differences	1,656	4,424	5,250	2,404	13,734
Balance at December 31, 2024	<u>\$ 257,400</u>	<u>\$ 113,271</u>	<u>\$ 164,550</u>	<u>\$ 202,729</u>	<u>\$ 737,950</u>

(Continued)

	Client relationships	Non-patented technology	Trademark	Others	Total
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2024	\$ 83,360	\$ 6,532	\$ 22,722	\$ 107,084	\$ 219,698
Amortization expenses	20,228	10,485	29,400	29,460	89,573
Disposals	-	-	-	(267)	(267)
Effects of foreign currency exchange differences	(2,091)	444	877	2,727	1,957
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2024	<u>\$ 101,497</u>	<u>\$ 17,461</u>	<u>\$ 52,999</u>	<u>\$ 139,004</u>	<u>\$ 310,961</u>
Carrying amount at December 31, 2024	<u>\$ 155,903</u>	<u>\$ 95,810</u>	<u>\$ 111,551</u>	<u>\$ 63,725</u>	<u>\$ 426,989</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 122,158	\$ -	\$ 23,195	\$ 129,136	\$ 274,489
Additions	-	-	-	7,425	7,425
Acquisitions through business combinations	119,870	100,336	128,748	53,705	402,659
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	1,280	1,280
Effects of foreign currency exchange differences	(1,936)	(2,359)	(2,861)	(1,145)	(8,301)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2023	<u>\$ 240,092</u>	<u>\$ 97,977</u>	<u>\$ 149,082</u>	<u>\$ 189,464</u>	<u>\$ 676,615</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 65,922	\$ -	\$ 3,626	\$ 82,908	\$ 152,456
Amortization expenses	16,950	6,666	19,381	25,013	68,010
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	263	263
Effects of foreign currency exchange differences	488	(134)	(285)	(163)	(94)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2023	<u>\$ 83,360</u>	<u>\$ 6,532</u>	<u>\$ 22,722</u>	<u>\$ 107,084</u>	<u>\$ 219,698</u>
Carrying amount at December 31, 2023	<u>\$ 156,732</u>	<u>\$ 91,445</u>	<u>\$ 126,360</u>	<u>\$ 82,380</u>	<u>\$ 456,917</u>
					(Concluded)

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

Client relationships	8-12years
Non-patented technology	10-12years
Trademark	5-10years
Others	2-15years

20. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Input tax	\$ 293,066	\$ 254,349
Prepayments	133,459	106,313
Prepaid expenses	82,483	80,279
Overpaid tax retained for offsetting the future tax payable	333,367	261,288
Others	<u>24,016</u>	<u>24,318</u>
	<u>\$ 866,391</u>	<u>\$ 726,547</u>
<u>Non-Current</u>		
Prepayments for equipment	\$ 51,242	\$ 36,327
Others	<u>28,517</u>	<u>27,224</u>
	<u>\$ 79,759</u>	<u>\$ 63,551</u>

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
Secured bank loans (Note 36)	\$ 75,608	\$ 71,185
Unsecured bank loans	<u>2,957,057</u>	<u>1,761,733</u>
	<u>\$ 3,032,665</u>	<u>\$ 1,832,918</u>

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

	December 31	
	2024	2023
Secured bank loans	2.02%-3.25%	2.02%-3.85%
Unsecured bank loans	1.744%-6.878%	1.60%-6.78%

b. Long-term borrowings

	December 31	
	2024	2023
Secured bank loans (1)	\$ 267,270	\$ 299,492
Unsecured bank loans (2)	<u>1,538,118</u>	<u>741,078</u>
	1,805,388	1,040,570
Less: Current portion	<u>70,749</u>	<u>145,577</u>
	<u>\$ 1,734,639</u>	<u>\$ 894,993</u>

- 1) As of December 31, 2024 and 2023, the range of weighted average effective interest rates of the bank borrowings secured by the Group's freehold land, buildings, and deposit certificates (see Note 36), was 2.328%-2.433% and 2.203%-2.308% per annum, respectively. Long-term borrowings mentioned above will expire in June 2035, and payments of interest and principal are made on schedule.
- 2) As of December 31, 2024 and 2023, the range of weighted average effective interest rates of credit bank loans was 1.5%-4.1% and 1.15%-4.5% per annum, respectively. Long-term borrowings mentioned above will expire in October 2030, and payments of interest and principal are made on schedule.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2024	2023
<u>Notes Payable</u>		
Operating	\$ <u>197</u>	\$ <u>344</u>
<u>Accounts Payable</u>		
Operating	\$ <u>2,291,845</u>	\$ <u>2,176,712</u>

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

23. OTHER LIABILITIES

	December 31	
	2024	2023
<u>Current</u>		
Other liabilities		
Refund liabilities	\$ 164,944	\$ 153,080
Others	<u>53,579</u>	<u>28,067</u>
	\$ <u>218,523</u>	\$ <u>181,147</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	\$ 2,081	\$ 2,092
Others	<u>9,349</u>	<u>7,477</u>
	\$ <u>11,430</u>	\$ <u>9,569</u>

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

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

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards 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 Group contribute amounts equal to 2% to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

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

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 283,550	\$ 309,091
Fair value of plan assets	<u>(372,598)</u>	<u>(350,955)</u>
Net defined benefit assets	<u>\$ (89,048)</u>	<u>\$ (41,864)</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	\$ 339,876	\$ (361,939)	\$ (22,063)
Service cost			
Past service cost and gain on settlements	(1,310)	-	(1,310)
Current service cost	3,807	-	3,807
Net interest expense (income)	<u>5,076</u>	<u>(4,593)</u>	<u>483</u>
Recognized in profit or loss	<u>7,573</u>	<u>(4,593)</u>	<u>2,980</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,043)	(3,043)
Actuarial loss - changes in financial assumptions	1,343	-	1,343
Actuarial loss - experience adjustments	18	-	18
Actuarial loss - others	<u>455</u>	<u>-</u>	<u>455</u>
Recognized in other comprehensive income	<u>1,816</u>	<u>(3,043)</u>	<u>(1,227)</u>
Contributions from the employer	<u>-</u>	<u>(15,749)</u>	<u>(15,749)</u>
Benefits paid	<u>(40,077)</u>	<u>34,369</u>	<u>(5,708)</u>
Exchange differences on foreign plans	<u>(97)</u>	<u>-</u>	<u>(97)</u>
Balance at December 31, 2023	<u>309,091</u>	<u>(350,955)</u>	<u>(41,864)</u>
Service cost			
Past service cost and gain on settlements	207	-	207
Current service cost	3,405	-	3,405
Net interest expense (income)	<u>4,649</u>	<u>(4,275)</u>	<u>374</u>
Recognized in profit or loss	<u>8,261</u>	<u>(4,275)</u>	<u>3,986</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(32,557)	(32,557)
Actuarial gain - changes in financial assumptions	(7,175)	-	(7,175)
Actuarial gain - experience adjustments	(1,002)	-	(1,002)
Actuarial gain - others	<u>(993)</u>	<u>-</u>	<u>(993)</u>
Recognized in other comprehensive income	<u>(9,170)</u>	<u>(32,557)</u>	<u>(41,727)</u>
Contributions from the employer	<u>-</u>	<u>(6,936)</u>	<u>(6,936)</u>
Benefits paid	<u>(25,080)</u>	<u>22,125</u>	<u>(2,955)</u>
Exchange differences on foreign plans	<u>448</u>	<u>-</u>	<u>448</u>
Balance at December 31, 2024	<u>\$ 283,550</u>	<u>\$ (372,598)</u>	<u>\$ (89,048)</u>

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

	For the Years Ended December 31	
	2024	2023
Operating costs	\$ 1,881	\$ 1,130
Selling and marketing expenses	1,108	1,073
General and administrative expenses	939	843
Research and development expenses	<u>58</u>	<u>(66)</u>
	<u>\$ 3,986</u>	<u>\$ 2,980</u>

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

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

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

	December 31	
	2024	2023
Discount rates	1.6%-7.13%	1.2%-6.74%
Expected rates of salary increase	2%-10%	2%-10%

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

	December 31	
	2024	2023
Discount rates		
0.25% increase	\$ <u>(5,976)</u>	\$ <u>(6,959)</u>
0.25% decrease	\$ <u>6,553</u>	\$ <u>7,588</u>
Expected rates of salary increase		
0.25% increase	\$ <u>6,482</u>	\$ <u>7,485</u>
0.25% decrease	\$ <u>(5,957)</u>	\$ <u>(6,916)</u>

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	\$ <u>16,080</u>	\$ <u>16,956</u>
Average duration of the defined benefit obligation	6 to 14.23 years	7 to 13.78 years

25. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,570</u>	<u>120,570</u>
Shares issued	\$ <u>1,205,707</u>	\$ <u>1,205,707</u>

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

b. Capital surplus

	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)	<u>28,735</u>	<u>29,810</u>
	\$ <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 27-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 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:

	Appropriations 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 Years 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	<u>410,417</u>	<u>(79,052)</u>
Balance at December 31	<u>\$ (8,934)</u>	<u>\$ (419,351)</u>

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

	For the Years Ended December 31	
	2024	2023
Balance at January 1	\$ 1,358,306	\$ 3,887,390
Recognized for the year		
Unrealized loss - equity instruments	(3,287)	(2,529,084)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>93,111</u>	<u>-</u>
Balance at December 31	<u>\$ 1,448,130</u>	<u>\$ 1,358,306</u>

f. Non-controlling interests

	For the Years Ended December 31	
	2024	2023
Balance at January 1	\$ 1,369,466	\$ 1,091,350
Share in profit for the year	102,619	138,217
Other comprehensive income or loss during the year		
Exchange differences on the translation of the financial statements of foreign operations	36,907	(16,428)
Remeasurement of defined benefit plans	933	(337)
Related income tax	(193)	70
Changes in ownership interests in subsidiaries (Note 32)	24,893	67,506
Increase cash capital by subsidiaries	7,312	-
Issuance of employee share options by subsidiaries (Note 30)	4,704	3,136
Repatriation of share capital from liquidation of subsidiaries	(11,068)	(8,810)
Dividend payout from subsidiaries	(90,730)	(56,319)
Non-controlling interests arising from acquisition of subsidiaries (Note 31)	<u>-</u>	<u>151,081</u>
Balance at December 31	<u>\$ 1,444,843</u>	<u>\$ 1,369,466</u>

26. REVENUE

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

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable (Note 11)	<u>\$ 344,349</u>	<u>\$ 343,899</u>	<u>\$ 310,864</u>
Accounts receivable (including related parties) (Note 11)	<u>\$ 5,177,677</u>	<u>\$ 4,406,887</u>	<u>\$ 4,568,115</u>
Contract liabilities - current			
Sale of goods	<u>\$ 28,778</u>	<u>\$ 29,380</u>	<u>\$ 34,241</u>

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

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:

	<u>For the Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 29,380</u>	<u>\$ 34,241</u>

27. NET PROFIT

- a. Interest income

	<u>For the Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Bank deposits	<u>\$ 132,211</u>	<u>\$ 70,594</u>

- b. Other income

	<u>For the Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Dividend income	\$ 111,075	\$ 390,075
Grant income	55,839	53,179
Rental income	1,662	1,678
Others	<u>48,041</u>	<u>34,745</u>
	<u>\$ 216,617</u>	<u>\$ 479,677</u>

c. Other gains and losses

	For the Years Ended December 31	
	2024	2023
Net foreign exchange gains (losses)	\$ 29,228	\$ (10,582)
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	13,355	18,327
Impairment loss recognized on goodwill	-	(2,096)
Others	<u>(52,747)</u>	<u>(13,306)</u>
	<u>\$ (10,164)</u>	<u>\$ (7,657)</u>

d. Finance costs

	For the Years Ended December 31	
	2024	2023
Interest on bank loans	\$ 103,171	\$ 85,716
Interest on lease liabilities	<u>20,169</u>	<u>18,545</u>
	<u>\$ 123,340</u>	<u>\$ 104,261</u>

e. Depreciation and amortization

	For the Years Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 438,773	\$ 398,654
Operating expenses	<u>206,069</u>	<u>188,147</u>
	<u>\$ 644,842</u>	<u>\$ 586,801</u>
An analysis of amortization by function		
Operating costs	\$ 1,454	\$ 1,321
Operating expenses	<u>88,119</u>	<u>66,689</u>
	<u>\$ 89,573</u>	<u>\$ 68,010</u>

f. Employee benefits expense

	For the Years Ended December 31	
	2024	2023
Short-term employee benefits		
Salaries	\$ 2,455,762	\$ 2,217,561
Labor and health insurance	185,745	166,824
Others	<u>232,390</u>	<u>174,236</u>
	<u>2,873,897</u>	<u>2,558,621</u>

(Continued)

	For the Years Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 139,330	\$ 120,781
Defined benefit plans (see Note 24)	<u>3,986</u>	<u>2,980</u>
	<u>143,316</u>	<u>123,761</u>
	<u>\$ 3,017,213</u>	<u>\$ 2,682,382</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,107,830	\$ 977,191
Operating expenses	<u>1,909,383</u>	<u>1,705,191</u>
	<u>\$ 3,017,213</u>	<u>\$ 2,682,382</u>
		(Concluded)

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 Years Ended December 31	
	2024	2023
Compensation of employees	2.43%	2.25%
Remuneration of directors	1.03%	0.95%

Amount

	For the Years 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 Years Ended December 31	
	2024	2023
Foreign exchange gains	\$ 306,845	\$ 271,240
Foreign exchange losses	<u>(277,617)</u>	<u>(281,822)</u>
	<u>\$ 29,228</u>	<u>\$ (10,582)</u>

28. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Years Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 948,215	\$ 663,392
Income tax on unappropriated earnings	6,577	10,388
Adjustments for prior years	<u>(92,404)</u>	<u>(28,884)</u>
	<u>862,388</u>	<u>644,896</u>
Deferred tax		
In respect of the current year	<u>107,582</u>	<u>182,433</u>
	<u>\$ 969,970</u>	<u>\$ 827,329</u>

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

	For the Years Ended December 31	
	2024	2023
Profit before income tax	<u>\$ 3,756,850</u>	<u>\$ 3,393,761</u>
Income tax expense calculated at the statutory rate	\$ 1,155,527	\$ 1,000,610
Non-deductible expenses in determining taxable income	2,903	2,728
Tax-exempt income	(21,885)	(78,015)
Temporary differences	(12,142)	(26,532)
Permanent differences	(3,551)	(9,965)
Income tax on unappropriated earnings	6,577	10,388
Adjustments for prior years	(92,404)	(28,884)
Tax relief	(65,055)	(44,241)
Repatriation of overseas funds	<u>-</u>	<u>1,240</u>
	<u>\$ 969,970</u>	<u>\$ 827,329</u>

b. Income tax recognized in other comprehensive income

	For the Years 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>(8,365)</u>	<u>(236)</u>
	<u>\$ (110,969)</u>	<u>\$ 19,527</u>

c. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	<u>\$ 476</u>	<u>\$ 381</u>
Current tax liabilities		
Income tax payable	<u>\$ 554,183</u>	<u>\$ 566,780</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, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Acquisitions through Business Combinations	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>						
Temporary differences						
Exchange differences on translating the financial statements of foreign operations	\$ 104,837	\$ -	\$ (102,604)	\$ -	\$ -	\$ 2,233
Defined benefit obligations	3,815	(5)	(219)	-	99	3,690
Write-downs of inventories	36,594	(1,502)	-	-	409	35,501
Allowance for impairment loss	12,727	3,165	-	-	423	16,315
Payables for annual leave	4,747	71	-	-	-	4,818
Unrealized gross profit	59,396	24,098	-	-	-	83,494
Others	<u>51,049</u>	<u>12,281</u>	<u>-</u>	<u>-</u>	<u>(1,203)</u>	<u>62,127</u>
	273,165	38,108	(102,823)	-	(272)	208,178
Carryforwards	<u>21,805</u>	<u>(16,441)</u>	<u>-</u>	<u>-</u>	<u>391</u>	<u>5,755</u>
	<u>\$ 294,970</u>	<u>\$ 21,667</u>	<u>\$ (102,823)</u>	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 213,933</u>
<u>Deferred Tax Liabilities</u>						
Temporary differences						
Foreign investment income	\$ 838,244	\$ 144,723	\$ -	\$ -	\$ 134	\$ 983,101
Defined benefit obligations	10,886	1,176	8,146	-	-	20,208
Provision for land appreciation tax	235,087	-	-	-	-	235,087
Others	<u>103,928</u>	<u>(16,650)</u>	<u>-</u>	<u>11,022</u>	<u>4,935</u>	<u>103,235</u>
	<u>\$ 1,188,145</u>	<u>\$ 129,249</u>	<u>\$ 8,146</u>	<u>\$ 11,022</u>	<u>\$ 5,069</u>	<u>\$ 1,341,631</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Acquisitions through Business Combinations	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>						
Temporary differences						
Exchange differences on translating the financial statements of foreign operations	\$ 85,074	\$ -	\$ 19,763	\$ -	\$ -	\$ 104,837
Defined benefit obligations	3,880	(67)	100	-	(98)	3,815
Write-downs of inventories	34,586	2,117	-	-	(109)	36,594
Allowance for impairment loss	10,252	2,690	-	-	(215)	12,727
Payables for annual leave	5,056	(309)	-	-	-	4,747
Unrealized gross profit	46,491	12,905	-	-	-	59,396
Others	31,701	18,922	-	145	281	51,049
	217,040	36,258	19,863	145	(141)	273,165
Carryforwards	39,244	(17,484)	-	-	45	21,805
	<u>\$ 256,284</u>	<u>\$ 18,774</u>	<u>\$ 19,863</u>	<u>\$ 145</u>	<u>\$ (96)</u>	<u>\$ 294,970</u>
<u>Deferred Tax Liabilities</u>						
Temporary differences						
Foreign investment income	\$ 630,415	\$ 207,872	\$ -	\$ -	\$ (43)	\$ 838,244
Defined benefit obligations	7,336	3,214	336	-	-	10,886
Provision for land appreciation tax	235,087	-	-	-	-	235,087
Others	3,477	(9,879)	-	113,142	(2,812)	103,928
	<u>\$ 876,315</u>	<u>\$ 201,207</u>	<u>\$ 336</u>	<u>\$ 113,142</u>	<u>\$ (2,855)</u>	<u>\$ 1,188,145</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 were both of \$202,248 thousand.

- f. Unused loss carryforwards

Loss carryforwards as of December 31, 2024 comprised:

Unused Amount	Expiry Year
\$ 10,837	2025
60,689	2026
138,459	2027
47,807	2028
182,567	2029
26,602	2030
6,349	2031
3,629	2032
4,045	2033
4,509	2034
<u>68,671</u>	Note
<u>\$ 554,164</u>	

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

- g. Income tax assessments

The income tax returns of domestic subsidiary Biorich Biotechnology Co., Ltd. through 2023 have been assessed by the tax authorities. The income tax returns of the Company and other domestic subsidiaries through 2022 have been assessed by the tax authorities.

29. 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

	<u>For the Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Profit for the year attributable to owners 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:

	<u>For the Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
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 Group may settle the compensation of employees in cash or shares; therefore, the Group 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.

30. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company's subsidiary, Prince Pharmaceutical Co., Ltd. were granted 2,000 units of share options in September 2022. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of Prince Pharmaceutical Co., Ltd. The options granted are exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options was as follows:

	For the Years Ended December 31			
	2024		2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,588	\$ 24.85	2,000	\$ 25
Options forfeited	(403)	-	-	-
Options exercised	-	-	(412)	24.85
Balance at December 31	<u>1,185</u>	24.60	<u>1,588</u>	24.85
Options exercisable, end of the year	<u>581</u>	-	<u>188</u>	-

Options granted in September 2022 were priced using the Black-Scholes pricing model, and the inputs to the model were as follows:

Grant-date share price (NT\$)	\$ 32.5
Exercise price (NT\$)	\$ 25
Expected volatility	34.85%-42.95%
Expected life (in years)	3 years and one month
Risk-free interest rate	1.31%-1.41%

Expected volatility is based on the volatility of stock returns over the expected life. Expected life of the options shall be in accordance with the regulations of each issuance by Prince Pharmaceutical Co., Ltd. The risk-free interest rate is based on the government yield rates of the bonds provided by the TPEX. The determination of fair value does not take into account the services and non-market performance conditions included in the transaction.

In June 2023, Prince Pharmaceutical Co., Ltd. adjusted the exercise price of employee share options granted in September 2022 from NT\$25 to NT\$24.85 in accordance with the regulations governing employee share options, and the amendment did not generate incremental fair value. In June 2024, Prince Pharmaceutical Co., Ltd. adjusted the exercise price of employee share options granted in September 2022 from NT\$24.85 to NT\$24.60 in accordance with the regulations governing employee share options, and the amendment did not generate incremental fair value.

Compensation costs recognized were \$9,320 thousand and \$6,271 thousand for the years ended December 31, 2024 and 2023, respectively.

31. BUSINESS COMBINATIONS

Acquisition of business

	Principal Operating Activities	Date of Acquisition
A.C.N. 154 228 207 Pty Ltd. (previously known as Australasian Tiling Adhesives Pty Ltd) (A.C.N.)	Manufacturing and sales of adhesives, primers, sealants, and masonry mixtures.	September 2, 2024

The Group acquired the business and asset portfolio from A.C.N. (established in Australia), a non-related party, in September 2024. The acquisition includes the processes involved in the input and handling of resources, with the ability to generate output, meeting the definition of a business. Therefore, the acquisition is accounted for under IFRS 3. The purpose of the acquisition was to expand the business and strengthen the product portfolio.

a. Consideration transferred

	Amount
Cash	\$ 85,910
Contingent consideration agreement (Note)	<u>10,653</u>
	<u><u>\$ 96,563</u></u>

Note: According to contingent consideration arrangement, the Group is required to make an additional payment to the seller if the agreed-upon conditions are met. The fair value of this obligation was estimated to be \$10,653 thousand as of the acquisition date.

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

	Amount
Current assets	
Inventories	\$ 16,343
Non-current assets	
Intangible assets	36,740
Property, plant and equipment	21,249
Right-of-use assets	13,237
Current liabilities	
Lease liabilities - current	(2,776)
Non-current liabilities	
Lease liabilities - non-current	(10,461)
Deferred tax liabilities	<u>(11,022)</u>
	<u><u>\$ 63,310</u></u>

c. Goodwill recognized on acquisitions

	Amount
Consideration transferred	\$ 96,563
Less: Fair value of identifiable net assets acquired	<u>(63,310)</u>
Goodwill recognized on acquisitions	<u><u>\$ 33,253</u></u>

The goodwill arising from the acquisition of A.C.N.'s operations and asset portfolio primarily stems from a control premium.

Subsidiaries acquired

2024

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Yu Po Chemical Co., Ltd.	Epoxy resin production and sales	November 8, 2024	100.00%	<u>\$ 17,905</u>

The Group acquired Yu Po Chemical Co., Ltd. in November 2024. The purpose of the acquisition was to expand the business and strengthen the product portfolio.

- a. Consideration transferred in the total amount of \$17,905 thousand.
- b. Assets acquired and liabilities assumed at the date of acquisition

	Amount
Current assets	
Cash and cash equivalents	\$ 22,088
Accounts receivable and other receivables	13,067
Other current assets	374
Non-current assets	
Property, plant and equipment	829
Current liabilities	
Accounts payable and other payables	(10,469)
Other current liabilities	(342)
Non-current liabilities	
Long-term borrowings	<u>(18,367)</u>
	<u>\$ 7,180</u>

- c. Goodwill recognized on acquisitions

	Amount
Consideration transferred	\$ 17,905
Less: Fair value of identifiable net assets acquired	<u>(7,180)</u>
Goodwill recognized on acquisitions	<u>\$ 10,725</u>

The goodwill arising from the acquisition of Yu Po Chemical Co., Ltd. is primarily due to the control premium. In addition, the consideration paid in the acquisition includes expected synergies, revenue growth, and future market development. However, these benefits do not meet the recognition criteria for identifiable intangible assets and, therefore, are not recognized separately.

d. Net cash inflow on acquisition of subsidiaries

	Amount
Consideration paid in cash	\$ 17,905
Less: Cash and cash equivalents acquired	<u>(22,088)</u>
	<u>\$ (4,183)</u>

e. Impact of acquisitions on the results of the Group

Had the Company concluded the acquisition at the beginning of 2024, the Group's consolidated revenue and profit for the year ended December 31, 2024 would have been as follows:

	For The Year Ended December 31, 2024
Revenue	<u>\$ 23,013,769</u>
Profit	<u>\$ 2,787,152</u>

2023

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Changshu Yu Bo Polymer Materials Co., Ltd.	Epoxy resin production and sales	April 21, 2023	70.00%	<u>\$461,164</u>

The Group acquired Changshu Yu Bo Polymer Materials Co., Ltd. in April 2023. The purpose of the acquisition was to expand the business and strengthen the product portfolio.

- a. Consideration transferred in the total amount of \$461,164 thousand.
- b. Assets acquired and liabilities assumed at the date of acquisition

	Amount
Current assets	
Cash and cash equivalents	\$ 51,439
Accounts receivable and other receivables	88,310
Inventories	44,673
Other current assets	7,313
Non-current assets	
Property, plant and equipment	217,528
Right-of-use assets	75,857
Other intangible assets	402,659
Deferred tax assets	145
Other non-current assets	89
	(Continued)

	Amount
Current liabilities	
Short-term borrowings	\$ (136,285)
Accounts payable and other payables	(128,790)
Current tax liabilities	(2,841)
Other current liabilities	(3,352)
Non-current liabilities	
Deferred tax liabilities	<u>(113,142)</u>
	<u>\$ 503,603</u>
	(Concluded)

c. Non-controlling interests

The non-controlling interest of Changshu Yu Bo Polymer Materials Co., Ltd. recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$151,081 thousand. This fair value was estimated by applying adjustment for market price and the lack of control or lack of marketability that market participants would consider.

d. Goodwill recognized on acquisitions

	Amount
Consideration transferred	\$ 461,164
Add: Non-controlling interests	151,081
Less: Fair value of identifiable net assets acquired	<u>(503,603)</u>
Goodwill recognized on acquisitions	<u>\$ 108,642</u>

The goodwill recognized in the acquisition of Changshu Yu Bo Polymer Materials Co., Ltd. mainly represents the control premium included in the cost of the combination.

e. Net cash outflow on acquisition of subsidiaries

	Amount
Consideration paid in cash	\$ 461,164
Less: Cash and cash equivalents acquired	(51,439)
Less: Other payables	<u>(153,721)</u>
	<u>\$ 256,004</u>

f. Impact of acquisitions on the results of the Group

Had the Company concluded the acquisition at the beginning of 2023, the Group's consolidated revenue and profit for the year ended December 31, 2023 would have been as follows:

	For The Year Ended December 31, 2023
Revenue	<u>\$ 20,632,881</u>
Profit	<u>\$ 2,561,472</u>

This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023, nor is it intended to be a projection of future results.

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2024

	Nan Pao New Materials (Huaian) Co., Ltd. (a)	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. (b)
Consideration received	\$ 3,523	\$ 16,015
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(8,740)	(16,153)
	<hr/>	<hr/>
Differences recognized from equity transactions	<u>\$ (5,217)</u>	<u>\$ (138)</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ (5,217)</u>	<u>\$ (138)</u>
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For the year ended December 31, 2023

	Nan Pao New Materials (Huaian) Co., Ltd. (a)	Prince Pharmaceutical Co., Ltd. (c)	FlexUP Technologies Corp. (d)
Consideration received (paid)	\$ 15,117	\$ 59,321	\$ (317)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (from) to non-controlling interests	(10,539)	(57,089)	122
	<hr/>	<hr/>	<hr/>
Differences recognized from equity transactions	<u>\$ 4,578</u>	<u>\$ 2,232</u>	<u>\$ (195)</u>

Line items adjusted for equity transactions

Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ -	\$ -	\$ (195)
Capital surplus - changes in percentage of ownership interests in subsidiaries	4,578	2,232	-
	<hr/>	<hr/>	<hr/>
	<u>\$ 4,578</u>	<u>\$ 2,232</u>	<u>\$ (195)</u>

- 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 Group, resulting in an increase in shareholding from 90.91% to 94%. In February 2023, the Group 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 Group 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 Group 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 Group 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 Group did not cease to have control over these subsidiaries.

33. CAPITAL MANAGEMENT

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

34. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ _____ -	\$ _____ -	\$ <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>1,661,816</u>	<u>1,661,816</u>
	<u>\$ 20,296</u>	<u>\$ -</u>	<u>\$ 1,661,816</u>	<u>\$ 1,682,112</u>

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

Financial assets at FVTPL

	<u>For the Years 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
Capital reduction	<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 Years Ended December 31</u>	
	2024	2023
Balance at January 1	\$ 1,661,816	\$ 4,192,508
Recognized in other comprehensive loss (included in unrealized valuation loss on financial assets at FVTOCI)	(7,168)	(2,530,692)
Disposals	<u>(19,261)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,635,387</u>	<u>\$ 1,661,816</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)	\$ 13,218,034	\$ 10,079,588
Financial assets at FVTPL - Mandatorily classified as at FVTPL	131,474	121,929
Financial assets at FVTOCI - Equity instruments	1,659,564	1,682,112
<u>Financial liabilities</u>		
Amortized cost (2)	8,457,506	6,408,003

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, long-term borrowings (including current portion of long-term borrowings) and refund of guarantee deposits (included in non-current liabilities).

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	USD Impact	
	For the Years Ended December 31	
	2024	2023
Profit or loss	\$ 5,354	\$ 9,520 i

	VND Impact	
	For the Years Ended December 31	
	2024	2023
Profit or loss	\$ 11,498	\$ 9,414 ii

- i. This was mainly attributable to the exposure on outstanding foreign monetary items in USD that were not hedged at the end of the year. The Group's sensitivity to foreign currency decreased during the current year mainly due to the increase of other payables in USD.
- ii. This was mainly attributable to the exposure on outstanding foreign monetary items in VND that were not hedged at the end of the year. The Group's sensitivity to foreign currency no significant changes.

b) Interest rate risk

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

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

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 3,390,468	\$ 1,738,571
Financial liabilities	2,241,601	2,035,444
Cash flow interest rate risk		
Financial assets	4,092,249	3,253,873
Financial liabilities	3,316,598	1,572,832

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would decrease/increase by \$8,291 thousand and \$3,932 thousand, respectively, which was mainly a result of variable-rate borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The equity investments are not held for trading purposes but are strategic investments, and the group 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 31, 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 31, 2024 and 2023 increased/decreased by \$49,787 thousand and \$50,463 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 Group'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 Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

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

	December 31			
	2024		2023	
	Amount	%	Amount	%
Group A	\$ 452,811	9	\$ 340,684	8

3) Liquidity risk

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

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

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

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

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

December 31, 2024

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,782,316	\$ 2,081	\$ -
Lease liabilities	136,705	314,201	384,521
Fixed interest rate liabilities	1,476,400	68,243	-
Variable interest rate liabilities	<u>1,665,592</u>	<u>1,554,649</u>	<u>209,034</u>
	<u>\$ 7,061,013</u>	<u>\$ 1,939,174</u>	<u>\$ 593,555</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 136,705</u>	<u>\$ 314,201</u>	<u>\$ 240,269</u>	<u>\$ 50,150</u>	<u>\$ 94,102</u>

December 31, 2023

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,687,500	\$ 2,092	\$ -
Lease liabilities	120,452	296,224	447,853
Fixed interest rate liabilities	1,311,015	8,334	-
Variable interest rate liabilities	<u>696,186</u>	<u>738,434</u>	<u>204,261</u>
	<u>\$ 5,815,153</u>	<u>\$ 1,045,084</u>	<u>\$ 652,114</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 120,452</u>	<u>\$ 296,224</u>	<u>\$ 268,668</u>	<u>\$ 82,246</u>	<u>\$ 96,939</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	\$ 4,631,329	\$ 2,613,186
Amount unused	<u>9,095,647</u>	<u>8,401,212</u>
	<u>\$ 13,726,976</u>	<u>\$ 11,014,398</u>
Secured bank overdraft facilities:		
Amount used	\$ 378,016	\$ 405,258
Amount unused	<u>66,819</u>	<u>632,915</u>
	<u>\$ 444,835</u>	<u>\$ 1,038,173</u>

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Pou Chen Corporation and Subsidiaries	Investors with significant influence
Opulence Optonics Co., Ltd.	Other related party
Apogee Optocom Co., Ltd.	Other related party
Shenglin Investment Co., Ltd.	Other related party
Kang Ming Senior High School, Tainan	Other related party
Nan Pao Resins Private Welfare Charity Foundation	Other related party
Yu Po Chemical Co., Ltd. (Note)	Other related party

Note: The Group acquired Yu Po Chemical Co., Ltd., obtaining a 70% controlling interest in November 2024, thereby making it a subsidiary. For further details, please refer to Notes 13 and 31.

b. Sales of goods

Related Party Category	For the Years Ended December 31	
	2024	2023
Investors with significant influence	\$ 1,549,017	\$ 1,224,164
Other related party	<u>26,985</u>	<u>14,680</u>
	<u>\$ 1,576,002</u>	<u>\$ 1,238,844</u>

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

c. Purchases of goods

Related Party Category	For the Years Ended December 31	
	2024	2023
Other related party	\$ <u>-</u>	\$ <u>5,985</u>

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

d. Receivables from related parties

Line Item	Related Party Category	December 31	
		2024	2023
Accounts receivable - related parties	Investors with significant influence	\$ 452,811	\$ 340,684
	Other related party	<u>-</u>	<u>9,224</u>
		<u>\$ 452,811</u>	<u>\$ 349,908</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2024	2023
Accounts payable	Other related party	<u>\$ -</u>	<u>\$ 4,500</u>
Other payables	Investors with significant influence	<u>\$ 135</u>	<u>\$ -</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>\$ 74,949</u>	<u>\$ 71,539</u>

g. Lease arrangements - the Group is lessee

Line Item	Related Party Category	For the Years Ended December 31	
		2024	2023
Lease expense	Other related party	<u>\$ 1,834</u>	<u>\$ 1,829</u>

The Group leased the buildings from related parties, and the rental is based on similar asset's market rates and fixed lease payments are paid monthly.

h. Remuneration of key management personnel

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

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.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2024	2023
Property, plant and equipment, net	\$ 639,426	\$ 658,677
Pledged deposits (classified as financial assets at amortized cost)	36,746	37,108
Right-of-use assets	<u>4,634</u>	<u>4,686</u>
	<u>\$ 680,806</u>	<u>\$ 700,471</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group 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 \$133,094 thousand and \$141,263 thousand, respectively.
- b. Unrecognized commitments were as follows:

	December 31	
	2024	2023
Acquisition of property, plant and equipment	\$ 275,036	\$ 42,151
Acquisition of raw materials	<u>92,333</u>	<u>75,454</u>
	<u>\$ 367,369</u>	<u>\$ 117,605</u>

- c. Material lawsuits

The Company had won the bid for land, plant, and machinery equipment owned by He Kui Chemical Company from Changhua District Court in 2007 and sold the above assets to its subsidiary, Nan Pao Chemical Co., Ltd., for production purposes. On January 31, 2008, third-party Fu-Chien Management Consulting Company claimed to be the mortgagee of the aforementioned machinery equipment at Taiwan Changhua District Court and seized the batch of machinery equipment. Nan Pao Chemical Co., Ltd. has filed for Third Party of Dissent Action arguing that Fu-Chien Management Consulting Company's claims over the above-mentioned machinery equipment were false. Nevertheless, a fire broke out in Nan Pao Chemical Co., Ltd. in January 2010, with all plants and machinery burnt down. Therefore, the content of litigation was changed to confirming whether the machinery had belonged to Nan Pao Chemical Co., Ltd. If the court believed that machinery was not the property of Nan Pao Chemical Co., Ltd., but was destroyed due to its negligence, Nan Pao Chemical Co., Ltd. would be liable for damage. In June 2017, the Supreme Court of Taiwan ruled in a civil lawsuit that machinery and equipment did not belong to Nan Pao Chemical Co., Ltd.

Based on the ruling of the Changhua District Court, He Kui Chemical Company argued for ownership of machinery equipment in the plant. Based on the aforementioned litigation, He Kui Chemical Company filed for an indemnity lawsuit against Nan Pao Chemical Co., Ltd. for damage caused by use

of machinery equipment, and sought for indemnity of \$53,102 thousand. Nevertheless, the amount that He Kui Chemical Company claimed for was based on the purchase price of machinery equipment, and did not factor in depreciation based on the useful life of property, plant, and equipment. The batch of machinery was purchased in the 1990s and early 2000s, with surplus value under \$53,102 thousand. The Company has appropriated a liability reserve of \$38,445 thousand based on the remaining value. (recognized as other non-current liabilities). On May 18, 2022, the Changhua District Court ruled Nan Pao Chemical Co., Ltd. should compensate He Kui Chemical Company \$15,267 thousand plus 5% interest of \$7,979 thousand from March 8, 2012 to the date of settlement, which was a total of \$23,246 thousand. On June 27, 2022, Nan Pao Chemical Co., Ltd. appealed the second trial and withdrew the aforementioned compensation amount in July 2022, and reversed the provision of \$15,199 thousand (recognized as other income) in accordance with the ruling of the first trial. On January 24, 2024, Taiwan High Court Taichung Branch Court ruled Nan Pao Chemical Co., Ltd. should compensate He Kui Chemical Company \$12,892 thousand plus 5% interest from March 8, 2012 to the date of settlement. Nan Pao Chemical Co., Ltd. has filed an appeal against the ruling of Taiwan High Court Taichung Branch Court. After the Supreme Court remanded the case, the confirmed amount for Nan Pao Chemical Co., Ltd. was \$4,067 thousand, but the Supreme Court also pointed out the issue of missing documents for He Kui Chemical Company.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,986	32.79 (USD:NTD)	\$ 2,097,769
USD	13,809	7.1884 (USD:CNY)	452,697
USD	13,718	16,150 (USD:IDR)	449,732
USD	5,893	7.7654 (USD:HKD)	193,205
VND	1,108,754,587	0.000039 (VND:USD)	1,432,842
<u>Financial liabilities</u>			
Monetary items			
USD	54,808	32.77 (USD:NTD)	1,796,231
USD	2,409	7.1884 (USD:CNY)	78,934
USD	5,459	7.7653 (USD:HKD)	178,987

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
USD	\$ 16,592	16,150 (USD:IDR)	\$ 543,981
USD	1,811	4.5027 (USD:MYR)	59,840
VND	219,321,256	0.000039 (VND:USD)	283,088
			(Concluded)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 53,459	30.71 (USD:NTD)	\$ 1,641,471
USD	6,677	7.0827 (USD:CNY)	205,024
USD	12,211	15,508 (USD:IDR)	374,947
USD	7,783	7.8149 (USD:HKD)	238,991
VND	973,097,805	0.000041 (VND:USD)	1,229,739

Financial liabilities

Monetary items			
USD	26,352	30.72 (USD:NTD)	809,409
USD	2,438	7.0827 (USD:CNY)	74,859
USD	7,480	7.815 (USD:HKD)	229,681
USD	10,733	15,508 (USD:IDR)	329,567
USD	2,099	4.6323 (USD:MYR)	64,920
VND	227,648,607	0.000041 (VND:USD)	288,335

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Years Ended December 31			
	2024		2023	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.112(USD:NTD)	\$ (63,153)	31.155(USD:NTD)	\$ (22,577)
NTD	1(NTD:NTD)	69,189	1(NTD:NTD)	(1,463)
CNY	4.454(CNY:NTD)	13,058	4.396(CNY:NTD)	2,640
AUD	21.19(AUD:NTD)	(546)	20.69(AUD:NTD)	(432)
IDR	0.00205(IDR:NTD)	3,210	0.00205(IDR:NTD)	1,084
VND	0.0013(VND:NTD)	8,659	0.0013(VND:NTD)	7,489
Others		<u>(1,189)</u>		<u>2,677</u>
		<u>\$ 29,228</u>		<u>\$ (10,582)</u>

39. 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)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

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 10)

40. SEGMENT INFORMATION

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

a. Segment revenue and results

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

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-Off	Total
<u>For the year ended December 31, 2024</u>							
Revenue							
Revenue from external customers	\$ 3,887,597	\$ 6,884,222	\$ 6,159,177	\$ 3,182,416	\$ 2,869,186	\$ -	\$ 22,982,598
Inter-segment revenue	<u>4,544,501</u>	<u>1,008,080</u>	<u>1,410,027</u>	<u>1,315</u>	<u>30,538</u>	<u>(6,994,461)</u>	<u>-</u>
Total revenue	<u>\$ 8,432,098</u>	<u>\$ 7,892,302</u>	<u>\$ 7,569,204</u>	<u>\$ 3,183,731</u>	<u>\$ 2,899,724</u>	<u>\$ (6,994,461)</u>	<u>\$ 22,982,598</u>
Segment income	<u>\$ 1,803,132</u>	<u>\$ 538,037</u>	<u>\$ 859,520</u>	<u>\$ 230,622</u>	<u>\$ 317,335</u>	<u>\$ (155,897)</u>	\$ 3,592,749
Interest income							132,211
Other income							216,617
Other gains and losses							(10,164)
Finance costs							(123,340)
Share of loss of associates accounted for using the equity method							(51,223)
Profit before tax							<u>\$ 3,756,850</u>

(Continued)

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-Off	Total
<u>For the year ended December 31, 2023</u>							
Revenue							
Revenue from external customers	\$ 3,787,685	\$ 5,964,084	\$ 5,486,284	\$ 3,098,026	\$ 2,245,109	\$ -	\$ 20,581,188
Inter-segment revenue	<u>3,673,643</u>	<u>788,255</u>	<u>1,186,668</u>	<u>1,367</u>	<u>33,224</u>	<u>(5,683,157)</u>	<u>-</u>
Total revenue	<u>\$ 7,461,328</u>	<u>\$ 6,752,339</u>	<u>\$ 6,672,952</u>	<u>\$ 3,099,393</u>	<u>\$ 2,278,333</u>	<u>\$ (5,683,157)</u>	<u>\$ 20,581,188</u>
Segment income	\$ 1,241,974	\$ 386,093	\$ 970,306	\$ 172,006	\$ 270,940	\$ (76,937)	\$ 2,964,382
Interest income							70,594
Other income							479,677
Other gains and losses							(7,657)
Finance costs							(104,261)
Share of loss of associates accounted for using the equity method							(8,974)
Profit before tax							<u>\$ 3,393,761</u>

(Concluded)

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

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

b. Revenue from major products and services

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

	<u>For the Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Adhesives	\$ 16,877,046	\$ 14,502,300
Construction materials	3,654,045	3,551,678
Coatings	1,528,637	1,456,431
Others	<u>922,870</u>	<u>1,070,779</u>
	<u>\$ 22,982,598</u>	<u>\$ 20,581,188</u>

c. Geographical information

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

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

	<u>Revenue from External Customers</u>	
	<u>For the Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Asia	\$ 16,075,911	\$ 14,048,980
Taiwan	3,210,772	2,950,418
Oceania	3,172,252	3,096,596
Europe	312,657	302,455
Africa	130,911	86,164
America	<u>80,095</u>	<u>96,575</u>
	<u>\$ 22,982,598</u>	<u>\$ 20,581,188</u>

		Non-current Assets	
		December 31	
		2024	2023
Taiwan	\$	4,023,568	\$ 4,064,967
Mainland China		1,765,446	1,582,068
Southeast Asia		1,402,393	1,388,677
Australia		<u>1,041,461</u>	<u>1,018,325</u>
	\$	<u>8,232,868</u>	<u>\$ 8,054,037</u>

Non-current assets exclude financial instruments (excluding investments accounted for using the equity method), net defined benefit assets and deferred tax assets.

d. Information on major customers

No other single customers contributed 10% or more to the Group's revenue for both 2024 and 2023.

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)

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)**

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. PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	\$ 863,283	2.41	\$ -	Not applicable	\$ 263,977	\$ -
		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
	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)	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	46,426	46,426	1,560,000	32.18	192,917	216,672	68,744	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No.44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	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, Ultara, 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			Ending Balance (Note)	% to Total	
							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. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMEBR 31, 2024
(Amounts in Thousands of New Taiwan Dollars)**

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	1	Accounts receivable - related parties	\$ 863,283		3
				Sales revenue	1,071,236	Calculated based on general transaction prices, telegraphic transfer within 90 days	7
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	59,516		-
				Sales revenue	257,596	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	387,516		1
				Sales revenue	885,578	Calculated based on general transaction prices, telegraphic transfer within 90 days	4
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	58,568		-
				Sales revenue	449,136	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	19,938		-
				Sales revenue	77,152	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	85,037		-
				Sales revenue	444,562	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		Nan Pao Resins (HK) Ltd.	1	Accounts receivable - related parties	19,512		-
				Sales revenue	102,810	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable - related parties	23,010		-
				Sales revenue	69,884	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Nan Pao Group Holdings Ltd.	1	Other payables - related parties	688,485		3
		Nan Pao Resins Chemical Philippines, Inc.	1	Sales revenue	22,613	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Overseas Holdings Ltd.	1	Other payables - related parties	950,765		3
		Nan Pao Resins (Dongguan) Co., Ltd.	1	Sales revenue	15,534	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Thai Nanpao Resins Chemical Co., Ltd.	1	Sales revenue	14,032	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	23,234		-
				Sales revenue	98,439	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	21,269		-
				Sales revenue	64,358	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	48,358		-
2	Nan Pao Resins (Foshan) Co., Ltd.			Sales revenue	93,720	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	28,076		-
				Sales revenue	100,567	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
3	Nan Pao Resins (HK) Ltd.	Nan Pao Resins (China) Co., Ltd.	3	Sales revenue	15,186	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (Dongguan) Co., Ltd.	3	Other payables - related parties	88,603		-
				Processing fee	345,624	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	2
		Nan Pao Philippines Export Inc.	3	Accounts receivable - related parties	13,256		-
				Sales revenue	55,692	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	17,138		-
				Sales revenue	59,195	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	25,547		-
				Sales revenue	80,020	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	18,005		-
				Sales revenue	55,842	Calculated based on general transaction prices, telegraphic transfer within 90 days	-

(Continued)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
3	Nan Pao Resins (HK) Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Sales revenue	\$ 20,311	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
4	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	34,649		-
				Sales revenue	146,784	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	26,199		-
				Sales revenue	117,241	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Accounts receivable - related parties	40,092		-
				Sales revenue	263,132	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	26,175		-
5	Foshan Nan Pao Advanced Materials Co., Ltd.			Sales revenue	88,376	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	14,696		-
				Sales revenue	44,042	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts receivable - related parties	21,036		-
				Sales revenue	70,793	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	23,768	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
6	Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	128,884		-
				Sales revenue	378,939	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
7	Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Materials Vietnam Co., Ltd.	3	Sales revenue	96,534	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts receivable - related parties	13,542		-
				Sales revenue	40,452	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (China) Co., Ltd.	3	Accounts receivable - related parties	13,296		-
				Sales revenue	45,073	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
8	Nan Pao Resins (China) Co., Ltd.	Changshu Yu Bo Polymer Materials Co., Ltd.	3	Sales revenue	15,540	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
9	FlexUP Technologies Corp.	Nan Pao Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	45,994		-
				Sales revenue	161,941	Calculated based on general transaction prices, telegraphic transfer within 60 days	1
		Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Sales revenue	17,263	Calculated based on general transaction prices, telegraphic transfer within 60 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	13,336	Calculated based on general transaction prices, telegraphic transfer within 60 days	-
10	Nan Pao Fine Materials Co., Ltd.	Nan Pao Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	10,740		-
				Sales revenue	72,156	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	37,109		-
				Sales revenue	84,035	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
11	Thai Nanpao Resins Chemical Co., Ltd.	Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	32,269	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		RLA Polymers Pty Ltd.	3	Sales revenue	15,857	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
12	Nan Pao Chemical Co., Ltd.	Nan Pao Resins Chemical Co., Ltd.	2	Sales revenue	19,363	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
13	Prince Pharmaceutical Co., Ltd.	Nan Pao Resins Chemical Co., Ltd.	2	Sales revenue	14,016	Calculated based on general transaction prices, telegraphic transfer within 90 days	-

Note 1: Relationship with counterparty can be specified using the following three categories:

(1) Parent Company to Subsidiaries.

(2) Subsidiaries to Parent Company.

(3) Between Subsidiaries.

Note 2: The amounts were eliminated during the preparation of the consolidated financial statements.

TABLE 10**NAN PAO RESINS CHEMICAL CO., LTD.****II 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 11**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, 2024	\$ 1,185,389	\$ 26,256	\$ 3,725,688	\$ 3,637,838	\$ 277,876	\$ 1,340,966	\$ 32,397	\$ 10,226,410
Acquisitions through business combinations	-	-	-	18,596	5,482	1,869	-	25,947
Additions	-	1,306	23,822	139,831	40,519	104,222	178,791	488,491
Disposals	-	-	(48,354)	(56,334)	(25,367)	(15,551)	(1,053)	(146,659)
Reclassification	-	-	-	41,774	-	3,626	(45,400)	-
Effects of foreign currency exchange differences	<u>707</u>	<u>50</u>	<u>89,984</u>	<u>68,094</u>	<u>5,391</u>	<u>10,787</u>	<u>2,541</u>	<u>177,554</u>
Balance at December 31, 2024	<u>\$ 1,186,096</u>	<u>\$ 27,612</u>	<u>\$ 3,791,140</u>	<u>\$ 3,849,799</u>	<u>\$ 303,901</u>	<u>\$ 1,445,919</u>	<u>\$ 167,276</u>	<u>\$ 10,771,743</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 13,064	\$ 1,063,203	\$ 2,301,491	\$ 209,810	\$ 830,489	\$ -	\$ 4,418,057
Acquisitions through business combinations	-	-	-	1,405	2,156	308	-	3,869
Depreciation expenses	-	2,784	116,880	260,608	25,546	120,927	-	526,745
Disposals	-	-	(19,673)	(51,646)	(24,139)	(14,185)	-	(109,643)
Effects of foreign currency exchange differences	<u>-</u>	<u>6</u>	<u>36,565</u>	<u>45,185</u>	<u>3,742</u>	<u>6,989</u>	<u>-</u>	<u>92,487</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 15,854</u>	<u>\$ 1,196,975</u>	<u>\$ 2,557,043</u>	<u>\$ 217,115</u>	<u>\$ 944,528</u>	<u>\$ -</u>	<u>\$ 4,931,515</u>
Carrying amount at December 31, 2024	<u>\$ 1,186,096</u>	<u>\$ 11,758</u>	<u>\$ 2,594,165</u>	<u>\$ 1,292,756</u>	<u>\$ 86,786</u>	<u>\$ 501,391</u>	<u>\$ 167,276</u>	<u>\$ 5,840,228</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,185,300	\$ 24,935	\$ 3,365,622	\$ 3,302,847	\$ 267,481	\$ 1,203,596	\$ 134,096	\$ 9,483,877
Acquisitions through business combinations	-	-	181,658	36,334	2,193	21,255	-	241,440
Additions	-	1,364	211,606	328,865	20,583	137,051	(101,371)	598,098
Disposals	-	-	(11,096)	(13,770)	(10,167)	(16,277)	-	(51,310)
Reclassification	-	-	-	-	-	(1,280)	-	(1,280)
Effects of foreign currency exchange differences	<u>89</u>	<u>(43)</u>	<u>(22,102)</u>	<u>(16,438)</u>	<u>(2,214)</u>	<u>(3,379)</u>	<u>(328)</u>	<u>(44,415)</u>
Balance at December 31, 2023	<u>\$ 1,185,389</u>	<u>\$ 26,256</u>	<u>\$ 3,725,688</u>	<u>\$ 3,637,838</u>	<u>\$ 277,876</u>	<u>\$ 1,340,966</u>	<u>\$ 32,397</u>	<u>\$ 10,226,410</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 10,378	\$ 954,552	\$ 2,087,363	\$ 196,460	\$ 727,440	\$ -	\$ 3,976,193
Acquisitions through business combinations	-	-	12,254	6,134	738	4,786	-	23,912
Depreciation expenses	-	2,689	110,804	230,439	23,573	116,239	-	483,744
Disposals	-	-	(7,339)	(12,977)	(9,579)	(15,560)	-	(45,455)
Reclassification	-	-	-	-	-	(263)	-	(263)
Effects of foreign currency exchange differences	<u>-</u>	<u>(3)</u>	<u>(7,068)</u>	<u>(9,468)</u>	<u>(1,382)</u>	<u>(2,153)</u>	<u>-</u>	<u>(20,074)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 13,064</u>	<u>\$ 1,063,203</u>	<u>\$ 2,301,491</u>	<u>\$ 209,810</u>	<u>\$ 830,489</u>	<u>\$ -</u>	<u>\$ 4,418,057</u>
Carrying amount at December 31, 2023	<u>\$ 1,185,389</u>	<u>\$ 13,192</u>	<u>\$ 2,662,485</u>	<u>\$ 1,336,347</u>	<u>\$ 68,066</u>	<u>\$ 510,477</u>	<u>\$ 32,397</u>	<u>\$ 5,808,353</u>