

**NAN YA PLASTICS CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## **Representation Letter**

The entities that are required to be included in the consolidated financial statements of NAN YA PLASTICS CORPORATION as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NAN YA PLASTICS CORPORATION and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: NAN YA PLASTICS CORPORATION  
Chairman: Wu, Chia-Chau  
Date: March 11, 2026



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## Independent Auditors' Report

To the Board of Directors of NAN YA PLASTICS CORPORATION:

### Opinion

We have audited the consolidated financial statements of NAN YA PLASTICS CORPORATION and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, 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 a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group's financial statements are stated as follows:

#### 1. Accuracy of the timing of revenue recognition

Please refer to note 4(p) "Revenue recognition" for accounting policy related to revenue recognition, and note 6(t) "Revenue" for information related to revenue recognition of the consolidated financial statements.

#### How the matter was addressed in our audit

The operating performance of the Group has an effect on the distribution to its shareholders and stock price. Thus, their financial performance will have an impact on the users of financial statements. Therefore, the accuracy of the timing of revenue recognition is a key matter when conducting our audit.

Our principal audit procedures included the following:

- (1) Obtaining an understanding of major revenue streams, contractual terms, and transaction conditions, in order to assess the appropriateness of revenue recognition timing; examining key customer sales contracts.
- (2) Testing the Group's internal controls over shipping activities and revenue recognition processes.
- (3) Selecting shipments occurring shortly before and after the balance sheet date and tracing them to supporting documents and related records to evaluate whether sales revenue was recognized in the appropriate reporting period.

#### 2. Valuation of inventories

Please refer to note 4(h) "Inventories" for accounting policy related to valuation of inventories, and note 6(f) "Inventories" for information related to valuation of inventories of the consolidated financial statements.

#### How the matter was addressed in our audit

The amount of inventories shall be disclosed by using the lower of cost or net realizable values. Since the net realizable value is influenced by the international raw material pricing, there is a risk that the cost will exceed the net realizable value. Therefore, the valuation of inventories is a key matter when conducting our audit.

Our principal audit procedures included the following:

- (1) Assessing the appropriateness of inventory valuation policies.
- (2) Ensuring the process of inventory valuation is in conformity with the accounting policies.
- (3) Understanding the net realizable value used by the management, and the variation of the prices in a period after the reporting date, to ensure the appropriateness of the valuation price.
- (4) Assessing whether the disclosure of provision for inventory valuation is appropriate.

#### **Other Matter**

We did not audit the financial statements for the year ended December 31, 2024 of certain subsidiaries and investee companies, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain subsidiaries and investee companies, is based solely on the report of other auditors. The financial statements of the aforementioned subsidiaries reflect the total assets constituting 12.78% of the consolidated total assets as at December 31, 2024; and the total revenues constituting 14.78% of the consolidated total revenues for the years ended December 31, 2024. The investment in aforementioned investee companies accounted for using the equity method constituted 12.39% of the consolidated total assets as at December 31, 2024, and the related share of profit of associated and joint ventures accounted for using the equity method constituted (36.57)% of consolidated total comprehensive income for the years ended December 31, 2024.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 auditor's 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 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 appropriate audit evidence regarding the financial information of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Hsin-Yi and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2026

#### **Notes to Readers**

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

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

## NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (notes 6(a) and (w))	\$ 46,149,879	8	66,445,373	11	2100	Short-term borrowings (notes 6(l), (w), (z) and 8)	\$ 35,241,700	6	22,975,600	4
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (w))	1,849,655	-	1,846,201	-	2110	Short-term notes and bills payable (notes 6(k), (w) and (z))	17,928,175	3	42,850,386	7
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (w) and 8)	16,124,456	3	14,407,700	2	2170	Notes and trade payables (note 6(w))	9,092,911	1	7,689,760	1
1150	Notes receivable, net (notes 6(d) and (w))	3,587,126	1	2,853,793	1	2180	Trade payables to related parties (notes 6(w) and 7)	4,133,441	1	7,363,533	1
1170	Trade receivables, net (notes 6(d) and (w))	41,587,652	7	37,190,281	6	2200	Other payables (including related parties) (note 7)	24,690,856	4	25,078,374	4
1180	Trade receivables due from related parties (notes 6(d), (w) and 7)	1,168,785	-	1,807,747	-	2280	Current lease liabilities (notes 6(o), (w), (z) and 7)	129,865	-	110,121	-
1200	Other receivables (notes 6(e) and (w))	2,204,201	-	2,633,824	1	2321	Current portion of bonds payable (notes 6(n), (w) and (z))	7,296,648	1	10,619,603	2
1210	Other receivables due from related parties (notes 6(e), (w) and 7)	105,107	-	194,530	-	2322	Current portion of long-term borrowings (notes 6(m), (w) and (z))	32,858,930	5	20,747,315	3
130X	Inventories (note 6(f))	51,303,252	8	51,696,294	8	2399	Other current liabilities	3,327,778	1	3,236,381	1
1470	Other current assets (note 8)	13,755,508	2	6,425,853	1		<b>Total current liabilities</b>	134,700,304	22	140,671,073	23
	<b>Total current assets</b>	177,835,621	29	185,501,596	30		<b>Non-Current liabilities:</b>				
	<b>Non-current assets:</b>					2530	Bonds payable (notes 6(n), (w) and (z))	51,354,376	9	45,862,803	7
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (w))	624,655	-	664,863	-	2540	Long-term borrowings (notes 6(m), (w), (z) and 8)	27,982,677	4	37,286,905	6
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (w))	20,657,674	3	20,801,552	3	2570	Deferred tax liabilities (note 6(q))	12,035,870	2	14,932,132	2
1550	Investments accounted for using equity method (notes 6(g), 7 and 8)	184,104,266	30	170,622,891	28	2580	Non-current lease liabilities (notes 6(o), (w), (z) and 7)	421,582	-	185,803	-
1600	Property, plant and equipment (notes 6(h), 7 and 8)	206,477,647	34	218,272,850	35	2640	Net defined benefit liability-non-current (note 6(p))	7,954,008	1	9,367,835	2
1755	Right-of-use assets (notes 6(i) and 7)	1,091,721	-	877,666	-	2645	Guarantee deposits	1,004,561	-	988,280	-
1782	Intangible assets (note 6(j))	1,134,727	-	1,327,871	-	2670	Other non-current liabilities	3,346,122	1	5,575,361	1
1812	Technology development expense	1,965	-	6,680	-		<b>Total non-current liabilities</b>	104,099,196	17	114,199,119	18
1840	Deferred tax assets (note 6(q))	2,416,916	1	2,465,461	1		<b>Total liabilities</b>	238,799,500	39	254,870,192	41
1915	Prepayments for purchase of equipment	3,466,815	1	2,903,091	1		<b>Equity attributable to owners of parent (note 6(r)):</b>				
1937	Overdue receivables (note 6(d))	-	-	-	-	3110	Ordinary shares	79,308,216	13	79,308,216	13
1975	Net defined benefit asset-non-current (note 6(p))	118,762	-	103,896	-	3200	Capital surplus	27,130,602	4	27,042,992	4
1990	Other non-current assets (note 8)	12,667,696	2	13,925,080	2	3300	Retained earnings	230,145,038	38	229,117,977	37
	<b>Total non-current assets</b>	432,762,844	71	431,971,901	70	3400	Others	19,081,982	3	11,114,038	2
	<b>Total assets</b>	\$ 610,598,465	100	617,473,497	100		<b>Total equity attributable to owners of parent:</b>	355,665,838	58	346,583,223	56
						36XX	Non-controlling interests	16,133,127	3	16,020,082	3
							<b>Total equity</b>	371,798,965	61	362,603,305	59
							<b>Total liabilities and equity</b>	\$ 610,598,465	100	617,473,497	100

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statement of Comprehensive Income**  
**For the years ended December 31, 2025 and 2024**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<u>2025</u>		<u>2024</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenues</b> (notes 6(t) and 7)	\$ 259,911,744	100	259,608,483	100
5000	<b>Operating costs</b> (notes 6(f), (p), (u), 7 and 12)	<u>238,324,664</u>	<u>92</u>	<u>241,033,392</u>	<u>93</u>
	<b>Gross profit from operations</b>	21,587,080	8	18,575,091	7
5910	Less: Unrealized profit from affiliated companies (note 7)	<u>(12,141)</u>	<u>-</u>	<u>1,054</u>	<u>-</u>
	<b>Total gross profit from operations</b>	<u>21,599,221</u>	<u>8</u>	<u>18,574,037</u>	<u>7</u>
	<b>Operating expenses</b> (notes 6(d), (o), (p), (u), 7 and 12):				
6100	Selling expenses	8,538,664	3	9,043,323	3
6200	Administrative expenses	9,368,714	4	9,184,638	4
6450	Impairment gains and reversal of impairment losses determined in accordance with IFRS 9	<u>(11,736)</u>	<u>-</u>	<u>(101,458)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>17,895,642</u>	<u>7</u>	<u>18,126,503</u>	<u>7</u>
	<b>Net Operating income</b>	<u>3,703,579</u>	<u>1</u>	<u>447,534</u>	<u>-</u>
	<b>Non-operating income and expenses</b> (notes 6(g), (v) and 7):				
7010	Other income	2,600,382	1	3,299,244	1
7020	Other gains and losses	(978,398)	-	1,425,016	1
7050	Finance costs	(4,267,378)	(2)	(4,347,851)	(2)
7060	Shares of profit of associates and joint ventures accounted for using equity method	3,589,543	1	1,414,229	1
7100	Interest income	<u>1,811,166</u>	<u>1</u>	<u>2,285,298</u>	<u>1</u>
	<b>Total non-operating income and expenses</b>	<u>2,755,315</u>	<u>1</u>	<u>4,075,936</u>	<u>2</u>
	<b>Profit before tax</b>	6,458,894	2	4,523,470	2
7950	Less: Income tax expenses (note 6(q))	<u>1,393,254</u>	<u>-</u>	<u>1,216,300</u>	<u>-</u>
	<b>Profit</b>	<u>5,065,640</u>	<u>2</u>	<u>3,307,170</u>	<u>2</u>
8300	<b>Other comprehensive income (loss)</b> (notes 6(g), (q) and (r)):				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains on remeasurements of defined benefit plans	423,972	-	504,928	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	1,637,546	1	(16,711,217)	(7)
8320	Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	14,703,633	6	(6,130,476)	(2)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>84,987</u>	<u>-</u>	<u>101,138</u>	<u>-</u>
	<b>Total items that may not be reclassified subsequently to profit and loss</b>	<u>16,680,164</u>	<u>7</u>	<u>(22,437,903)</u>	<u>(9)</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	(6,876,731)	(3)	12,070,200	4
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	17,656	-	(28,921)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit and loss</b>	<u>(6,859,075)</u>	<u>(3)</u>	<u>12,041,279</u>	<u>4</u>
8300	<b>Other comprehensive income (loss)</b>	<u>9,821,089</u>	<u>4</u>	<u>(10,396,624)</u>	<u>(5)</u>
8500	<b>Total comprehensive income (loss)</b>	<u>\$ 14,886,729</u>	<u>6</u>	<u>(7,089,454)</u>	<u>(3)</u>
	<b>Profit, attributable to:</b>				
8610	Owners of parent	\$ 4,518,598	2	3,340,129	2
8620	Non-controlling interests	<u>547,042</u>	<u>-</u>	<u>(32,959)</u>	<u>-</u>
		<u>\$ 5,065,640</u>	<u>2</u>	<u>3,307,170</u>	<u>2</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 14,546,580	6	(7,350,918)	(3)
8720	Non-controlling interests	<u>340,149</u>	<u>-</u>	<u>261,464</u>	<u>-</u>
		<u>\$ 14,886,729</u>	<u>6</u>	<u>(7,089,454)</u>	<u>(3)</u>
	<b>Basic earnings per share</b> (note 6(s)):	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
9710	Income from continuing operations	\$ 0.82	0.64	0.57	0.42
	Income from non-controlling equity	<u>(0.22)</u>	<u>(0.07)</u>	<u>(0.08)</u>	<u>-</u>
9750	Income attributable to shareholders of the parent	<u>\$ 0.60</u>	<u>0.57</u>	<u>0.49</u>	<u>0.42</u>

See accompanying notes to Consolidated financial statements.

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

## NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

## Consolidated Statement of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Items of other equity interest					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total equity attributable to owners of parent	Non-controlling interests	
<b>Balance at January 1, 2024</b>	\$ 79,308,216	27,733,533	84,845,185	117,477,138	28,479,327	(8,713,581)	31,006,389	8,072	360,144,279	16,939,780	377,084,059
Profit	-	-	-	-	3,340,129	-	-	-	3,340,129	(32,959)	3,307,170
Other comprehensive income (loss)	-	-	-	-	468,308	11,752,674	(22,883,108)	(28,921)	(10,691,047)	294,423	(10,396,624)
Total comprehensive income (loss)	-	-	-	-	3,808,437	11,752,674	(22,883,108)	(28,921)	(7,350,918)	261,464	(7,089,454)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	709,330	-	(709,330)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	402,607	(402,607)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,551,575)	-	-	-	(5,551,575)	-	(5,551,575)
Reversal of special reserve	-	-	-	(6,068)	6,068	-	-	-	-	-	-
Other changes in capital surplus:											
Other changes in capital surplus	-	(690,541)	-	-	31,978	-	-	-	(658,563)	(10)	(658,573)
Disposal of investments accounted for using equity method	-	-	-	-	27,487	-	(27,487)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,181,152)	(1,181,152)
<b>Balance at December 31, 2024</b>	<u>79,308,216</u>	<u>27,042,992</u>	<u>85,554,515</u>	<u>117,873,677</u>	<u>25,689,785</u>	<u>3,039,093</u>	<u>8,095,794</u>	<u>(20,849)</u>	<u>346,583,223</u>	<u>16,020,082</u>	<u>362,603,305</u>
Profit	-	-	-	-	4,518,598	-	-	-	4,518,598	547,042	5,065,640
Other comprehensive income (loss)	-	-	-	-	488,966	(6,710,446)	16,231,806	17,656	10,027,982	(206,893)	9,821,089
Total comprehensive income (loss)	-	-	-	-	5,007,564	(6,710,446)	16,231,806	17,656	14,546,580	340,149	14,886,729
Appropriation and distribution of retained earnings:											
Cash dividends of ordinary share	-	-	-	-	(5,551,575)	-	-	-	(5,551,575)	-	(5,551,575)
Reversal of special reserve	-	-	-	(3,007)	3,007	-	-	-	-	-	-
Other changes in capital surplus:											
Other changes in capital surplus	-	87,610	-	-	-	-	-	-	87,610	(11)	87,599
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,571,072	-	(1,571,072)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(227,093)	(227,093)
<b>Balance at December 31, 2025</b>	<u>\$ 79,308,216</u>	<u>27,130,602</u>	<u>85,554,515</u>	<u>117,870,670</u>	<u>26,719,853</u>	<u>(3,671,353)</u>	<u>22,756,528</u>	<u>(3,193)</u>	<u>355,665,838</u>	<u>16,133,127</u>	<u>371,798,965</u>

See accompanying notes to Consolidated financial statements.

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

## NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 6,458,894	4,523,470
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	21,932,503	22,031,941
Amortization expense	585,041	669,761
Impairment gains and reversal of impairment losses determined in accordance with IFRS 9	(11,736)	(101,458)
Gains (losses) on disposal of investments accounted for using equity method	33,775	(3,934)
Net losses (gains) on financial assets at fair value through profit or loss	9,394	(160,546)
Interest expense	4,267,378	4,347,851
Interest income	(1,811,166)	(2,285,298)
Dividend income	(569,478)	(778,116)
Shares of profit of associates and joint ventures accounted for using equity method	(3,589,543)	(1,414,229)
(Profit) loss on disposal of property, plant and equipment	(23,583)	22,531
Property, plant and equipment transferred to expenses	144,800	62,863
Gains from lease modifications	-	(6,846)
Unrealized profit from affiliated companies	(12,141)	1,054
Unrealized foreign exchange (gains) losses	(351,972)	(281,731)
Other revenue, overdue dividends and compensation of board and directors	1,051	50,663
Reversal of impairment losses of property, plant and equipment	-	(75)
<b>Total adjustments to reconcile profit (loss)</b>	<u>20,604,323</u>	<u>22,154,431</u>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	(733,442)	562,046
Trade receivables (including related parties)	(3,580,286)	(3,819,420)
Other receivables	987,734	1,355,609
Inventories	393,042	(2,690,249)
Other current assets	(7,933,900)	(1,251,060)
<b>Total changes in operating assets</b>	<u>(10,866,852)</u>	<u>(5,843,074)</u>
Notes and trade payables (including related parties)	(1,826,500)	(1,343,390)
Other payable	(181,486)	(209,457)
Other current liabilities	91,397	316,143
Net defined benefit liability	(959,588)	(1,386,343)
<b>Total changes in operating liabilities</b>	<u>(2,876,177)</u>	<u>(2,623,047)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(13,743,029)</u>	<u>(8,466,121)</u>
<b>Total adjustments</b>	<u>6,861,294</u>	<u>13,688,310</u>
Cash inflow generated from operations	13,320,188	18,211,780
Interest received	1,254,372	1,772,389
Dividends received	2,433,694	6,382,933
Interest paid	(4,035,129)	(4,482,686)
Income taxes paid	(4,323,759)	(3,098,584)
<b>Net cash flows from operating activities</b>	<u>8,649,366</u>	<u>18,785,832</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	19,561	3,484
Acquisition of investments accounted for using equity method	-	(2,569,646)
Proceeds from disposal of investments accounted for using equity method	-	3,934
Proceeds from capital reduction of investments accounted for using equity method	935,478	-
Acquisition of property, plant and equipment	(11,329,334)	(12,640,451)
Proceeds from disposal of property, plant and equipment	161,513	193,115
(Increase) decrease in refundable deposits	(22,373)	74,969
Decrease in other receivables due from related parties	89,423	3,104,795
Increase in other non-current assets	(1,186,731)	(6,070,372)
<b>Net cash flows used in investing activities</b>	<u>(11,332,463)</u>	<u>(17,900,172)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	12,266,100	(8,827,449)
(Decrease) increase in short-term notes and bills payable	(25,050,000)	6,600,000
Proceeds from issuing bonds	12,778,940	-
Repayments of bonds	(10,625,000)	(9,275,000)
Proceeds from long-term borrowings	55,778,600	33,975,860
Repayments of long-term borrowings	(53,750,000)	(34,242,570)
Increase in guarantee deposits	16,281	46,916
Increase in other payables to related parties	15,654	300,000
Payments of lease liabilities	(135,908)	(136,088)
Decrease in other non-current liabilities	(2,256,554)	(1,757,232)
Cash dividends paid	(5,562,126)	(5,615,258)
Changes in non-controlling interests	(227,093)	(1,181,152)
<b>Net cash flows used in financing activities</b>	<u>(16,751,106)</u>	<u>(20,111,973)</u>
Effect of exchange rate changes on cash and cash equivalents	(861,291)	5,370,500
Net decrease in cash and cash equivalents	(20,295,494)	(13,855,813)
Cash and cash equivalents at beginning of period	66,445,373	80,301,186
Cash and cash equivalents at end of period	<u>\$ 46,149,879</u>	<u>66,445,373</u>

See accompanying notes to Consolidated financial statements.

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

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Nan Ya Plastics Corporation ("the Company") was incorporated on August 22, 1958, and established its factories in Kaohsiung City. The Company and its subsidiaries ("the Group") engages in the manufacture and sale of plastic products, polyester fibers, petrochemical products, and electronic materials. It has gone through several capital increases and established many divisions. Currently, the Company has the following divisions: plastics, fiber, petrochemical, electronics, and engineering. It also has 10 manufacturing plants across Taiwan, 1 branch office in Mai-Liao and 1 branch office in Sen-Kong.

**(2) Approval date and procedures of the consolidated financial statements**

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 11, 2026.

**(3) New standards, amendments and interpretations adopted**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

**(4) Summary of material accounting policies**

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (i) Financial instruments at fair value through profit or loss are measured at fair value;
- (ii) Fair value through other comprehensive income (Available-for-sale) financial assets are measured at fair value;
- (iii) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(r).

Functional and presentation currency

The functional currency of each the Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Basis of consolidation

(i) Principle of preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements:

Investor	The name of subsidiaries	Business activity	Shareholding		Note
			December 31, 2025	December 31, 2024	
The Company	Nan Ya Plastics Corporation U.S.A	production of chemical products	100.00 %	100.00 %	
The Company	Nan Ya Plastics Corporation America	production of plastic, polyester and chemical products	100.00 %	100.00 %	
The Company	Formosa Plastics Group Investment Corp.	investment	100.00 %	100.00 %	Note 1
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	plastics and electronic products trading, investment	100.00 %	100.00 %	
The Company	Superior World Wide Trading Co., Ltd.	plastics trading, investment	100.00 %	100.00 %	
The Company	Nan Ya PCB Corporation	production of printed circuit board	66.97 %	66.97 %	
The Company	Wen Fung Industrial Co., Ltd.	production of electronic components	100.00 %	100.00 %	
The Company	Nan Chung Petrochemical Corporation	production of chemical products	50.00 %	50.00 %	
The Company	PFG Fiber Glass Corporation	production of glass fiber	100.00 %	100.00 %	
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited	investment	100.00 %	100.00 %	
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	retargeting	100.00 %	100.00 %	
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	electronic materials trading, investment	100.00 %	100.00 %	
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	production of printed circuit board	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	production of plastic products, steam and electricity	100.00 %	100.00 %	

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Investor	The name of subsidiaries	Business activity	Shareholding		Note
			December 31, 2025	December 31, 2024	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	China Nantong Huafeng Co., Ltd.	trading	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nantong Huafu Plastics Co., Ltd.	trading	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of copper clad laminate, glass fabrics, steam and electricity, copper clad, epoxy	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	production of fiber	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	production of plastics products	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Huizhou) Co., Ltd.	production of plastics products	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials, glass fabrics	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Trading (Huizhou) Co., Ltd.	trading	- %	100.00 %	Note 2
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Xiamen) Co., Ltd.	production of plastic products	85.00 %	85.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	production of plastic products and plasticizer	100.00 %	100.00 %	
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	production of electronic components	100.00 %	100.00 %	
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	production of chemical products	100.00 %	100.00 %	
PFG Fiber Glass (Hong Kong) Corporation Limited	PFG Fiber Glass (Kunshan) Co., Ltd.	production of glass fiber	100.00 %	100.00 %	

Note 1: The liquidation process of Formosa Plastics Group Investment Corp. was still in progress as of December 31, 2025.

Note 2: Nan Ya Trading (Huizhou) Co., Ltd. completed its liquidation in December 2025.

The Company holds over fifty-percent voting shares of Nan Chung Petrochemical Corporation (Nan Chung) and the general manager of Nan Chung has been designated by the Company. As the Company has control over the operations of Nan Chung, hence, the Company included Nan Chung as one of its subsidiaries in its consolidated financial statements.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if there is a breach of contract.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full. The Group measures its loss allowances at an amount equal to lifetime expected credit loss.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than one year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after six months.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. See Note 6(f) for further details.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to its investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription of the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of its related assets or liabilities.

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(j) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics:

- (i) the parties are bound by a contractual arrangement; and
- (ii) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard. Please refer to note 4(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss. Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are considered as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated as the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

- 1) Buildings: 25 to 50 years.
- 2) Machinery and transportation equipment: 7 to 15 years.
- 3) Miscellaneous equipment: 7 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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(m) Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group determines whether the lease is a finance lease or an operating lease at commencement date of the contract. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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(n) Intangible assets and technical cooperation fee

(i) Intangible assets and technical cooperation fee

Other intangible assets, including intangible assets and technical cooperation fee, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated as the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Trademark	15 years
2) Technical cooperation fee	5~15 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(o) Impairment – Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties, measured at fair value) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group any has objective evidence that all criteria for acceptance have been satisfied.

2) Financing components

The Group expects all customer contracts will transfer goods or services to customers at intervals of no more than one year, as well as payment by the customer. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Contract costs

(i) Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract with a customer as an asset if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when the amortization period of the asset is in one year.

(ii) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(r) provision

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation in the future.

Carbon fees levied in accordance with Taiwan's Climate Change Response Act and Regulations Governing the Collection of Carbon Fees are estimated when the annual greenhouse gas emissions are probably to exceed the threshold, and the amount is estimated based on the proportion of annual greenhouse gas emissions that are anticipated to occur as of the reporting date divided by the total annual greenhouse gas emissions.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(t) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that the global minimum top-up tax is an income tax where the Group is required to pay based on IAS 12 Pillar Two. Therefore, the Group has applied the deferred tax accounting based on the temporary mandatory relief policy. Due to the impacts of the top-up tax, the income tax incurred by the Group during the year will be recognized as current tax.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax asset are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

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(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

(a) Judgment of whether the Group has substantive control over its investees-Nanya Technology Corporation

The Group holds 29.28% of the outstanding voting shares of Nanya Technology Corporation, which has a total number of 12 directors in its board, including 3 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Nanya Technology Corporation.

(b) Judgment of whether the Group has substantive control over its investees-Nan YA Photonics Incorporation

The Group holds 29.01% of the outstanding voting shares of Nan YA Photonics Incorporation, which has a total number of 6 directors in its board, including 2 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Nan YA Photonics Incorporation.

(c) Judgment of whether the Group has substantive control over its investees-Formosa Automobile Sales Corporation

The Group holds 45.00% of the outstanding voting shares of Formosa Automobile Sales Corporation, which has a total number of 5 directors, including 2 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Formosa Automobile Sales Corporation.

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- (d) Judgment of whether the Group has substantive control over its investees-Formosa Plastics Transport Corporation

The Group holds 33.33% of the outstanding voting shares of Formosa Plastics Transport Corporation, which has a total number of 7 directors, including 2 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Formosa Plastics Transport Corporation.

- (e) Judgment of whether the Group has substantive control over its investees-Formosa Environmental Technology Corporation

The Group holds 26.99% of the outstanding voting shares of Formosa Environmental Technology Corporation, which has a total number of 5 directors, including 1 seat representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Formosa Environmental Technology Corporation.

- (f) Judgment of whether the Group has substantive control over its investees-Hwa Ya Technology Park Management Consulting Corporation

The Group holds 34.00% of the outstanding voting shares of Hwa Ya Technology Park Management Consulting Corporation, which has a total number of 3 directors, including 1 seat representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Hwa Ya Technology Park Management Consulting Corporation.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

- (a) Evaluation of inventories

Because inventories are measured at the lower of cost and net realizable value, the Group evaluates the amount of normal waste, obsolete, and inventories without market price as of the reporting date, and reduces the book value to net realizable value. Such evaluation method depends on the demand of merchandise for a particular period of time in the future; therefore, there might be significant change due to the rapid industry transformation. Please refer to note 6(f) for further description of the evaluation of inventories.

- (b) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to note 6(p) for further description of the actuarial assumptions and sensitivity analysis.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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(c) Measurement of fair value

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group establishes a measurement and review mechanism for measuring fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- (iii) Level 3: inputs for the assets or liability that are not based on observable market data. Please refer to note 6(w), financial instruments, for assumptions used in measuring fair value.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash on hand	\$ 3,859	1,668
Cash in banks	3,756,886	7,750,983
Time deposits	30,872,631	43,690,288
Cash equivalents	<u>11,516,503</u>	<u>15,002,434</u>
Cash and cash equivalents	<u><b>\$ 46,149,879</b></u>	<u><b>66,445,373</b></u>

Please refer to note 6(w) for the interest rate risk and fair value sensitivity analysis.

(b) Financial assets at fair value through profit or loss

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current financial assets designated as at fair value through profit or loss:		
Funds	<u><b>\$ 1,849,655</b></u>	<u><b>1,846,201</b></u>
Non-current financial assets designated as at fair value through profit or loss:		
Foreign Bonds	\$ 396,406	426,630
Foreign Stocks	<u>228,249</u>	<u>238,233</u>
Total	<u><b>\$ 624,655</b></u>	<u><b>664,863</b></u>

Remeasurement at fair value recognized in profit or loss is disclosed in note 6(v).

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Financial assets at fair value through other comprehensive income

Current financial assets at fair value through other comprehensive income

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Equity instruments at fair value through other comprehensive income:		
Shares of stocks of listed companies	<b>\$ <u>16,124,456</u></b>	<b><u>14,407,700</u></b>

Non-current financial assets at fair value through other comprehensive income

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Equity instruments at fair value through other comprehensive income:		
Shares of stocks of unlisted companies	<b>\$ <u>20,657,674</u></b>	<b><u>20,801,552</u></b>

(i) Equity investments at fair value through other comprehensive income

- 1) The Group designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Group intends to hold for long-term for strategic purposes.
- 2) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2025 and 2024.

(ii) For credit risk and market risk; please refer to note 6(w).

(iii) The financial assets at fair value through other comprehensive income of the Group had been pledged as collateral; please refer to note 8.

(d) Notes and trade receivables

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Notes receivable from operating activities	\$ 3,594,158	2,860,716
Trade receivables-measured as amortized cost	43,073,205	39,333,374
Trade receivables-fair value through profit or loss	8,350	2,383
Overdue receivables	906	1,504
Less: Loss allowance	<u>(333,056)</u>	<u>(346,156)</u>
	<b>\$ <u>46,343,563</u></b>	<b><u>41,851,821</u></b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2025 and 2024. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	<b>December 31, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 46,201,697	0.14%~0.59%	162,471
1 to 3 months past due	210,717	0.65%~66.03%	17,199
3 to 6 months past due	40,722	1.82%~72.38%	2,000
6 to 12 months past due	92,455	15.16%~85.03%	20,358
More than 1 year past due	<u>131,028</u>	100%	<u>131,028</u>
	<b><u>\$ 46,676,619</u></b>		<b><u>333,056</u></b>
	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 41,453,428	0.10%~0.67%	166,938
1 to 3 months past due	319,149	1.75%~13.55%	12,417
3 to 6 months past due	93,615	0.34%~57.72%	2,748
6 to 12 months past due	160,023	3.55%~75%	32,509
More than 1 year past due	<u>171,762</u>	67.09%~100%	<u>131,544</u>
	<b><u>\$ 42,197,977</u></b>		<b><u>346,156</u></b>

The movements in the allowance for notes and trade receivables were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1, 2025 and 2024	\$ 346,156	434,262
Impairment losses (reversal) recognized	(11,736)	(101,458)
Foreign exchange (gains) losses	(1,364)	13,352
Balance at December 31, 2025 and 2024	<b><u>\$ 333,056</u></b>	<b><u>346,156</u></b>

As of December 31, 2025 and 2024, notes and accounts receivable which were overdue or under legal proceedings amounted to \$906 and \$1,504. Such receivables were reclassified to overdue receivables under other assets and provided with a full impairment loss provision.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group signed without-recourse factoring and financing contracts with financial institutions. According to these contracts, the net accounts receivable that have matured but are still uncollected will be paid by the financial institutions, except for those affected by trade disputes. As of December 31, 2025 and 2024, the outstanding accounts receivable factoring transactions between the Group and the financial institutions were as follows:

December 31, 2025					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
EXPAFOL S.L.	\$ <u>8,350</u>	USD <u>500</u>	<u>-</u>	<u>-</u>	None

  

December 31, 2024					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
EXPAFOL S.L.	\$ <u>2,383</u>	USD <u>500</u>	<u>-</u>	<u>-</u>	None

(e) Other receivables

	December 31, 2025	December 31, 2024
Other receivables-other	\$ 2,204,201	2,633,824
Other receivables-loans to associates	105,107	194,530
Less: Loss allowance	<u>-</u>	<u>-</u>
Total	<u>\$ 2,309,308</u>	<u>2,828,354</u>

Other receivables are financial assets with low credit risk, thus the Group measured the loss allowance based on 12-month expected credit losses.

(f) Inventories

The components of inventories were as follows:

	December 31, 2025	December 31, 2024
Finished goods	\$ 14,148,750	14,439,719
Work in process	13,409,878	13,545,403
Machinery and accessories in process	4,872,033	5,736,759
Raw materials	14,125,740	14,230,828
Supplies	1,976,178	2,162,037
Consigned-out raw materials	294,868	260,925
Consigned-out finished goods	8,454	22,601
Goods in transit	<u>2,467,351</u>	<u>1,298,022</u>
Inventories, net	<u>\$ 51,303,252</u>	<u>51,696,294</u>

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The details of the operating costs were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Cost of goods sold	\$ 229,918,531	232,039,048
Write-downs of inventories (Reversal of write-downs)	117,372	(21,370)
Unallocated production overheads	8,288,761	9,015,714
	<b>\$ 238,324,664</b>	<b>241,033,392</b>

For the years ended December 31, 2025 and 2024, the amounts of inventories recovery benefit recognized due to changes in inventories prices and the loss of inventories decline recognized due to inventory write-down to net realizable value were recognized as cost of revenue.

As of December 31, 2025 and 2024, the Group did not provide any inventory as collateral for its loans.

(g) Investments accounted for using equity method

The components of the investments accounted for using equity method at the reporting date were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Associates	\$ 183,547,640	170,065,840
Joint ventures	556,626	557,051
	<b>\$ 184,104,266</b>	<b>170,622,891</b>

(i) Associates

The Group's share of net income of associates was as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
The Group's share of net income of associates	<b>\$ 3,562,187</b>	<b>1,399,157</b>

- 1) The unrealized translation gain or loss arising from the investment in foreign entities, which was based on exchange rates as of December 31, 2025 and 2024, were recognized in comprehensive income.
- 2) The unrealized sales profits from downstream transactions with investees under the equity method are treated as deductions from gross income. The realized sales profits from downstream sales are added to gross income. Details of these transactions please refer to note 7.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 3) The Group's equity-method investee, Formosa Group (Cayman) Limited, had completed its liquidation in 2025, resulting in the Group to receive a return of capital of \$935,478 (including liquidation dividends). After deducting the carrying amount of \$935,478 and reclassifying the cumulative translation adjustment of the foreign operation amounting to \$(33,775), the Group recognized a total loss on disposal of the investment of \$33,775.
- 4) In August 2024, the Group purchased the shares of Nanya Photonics Incorporation at an amount of \$69,646, resulting in its shareholding to increase from 23.02% to 29.01%.
- 5) In May 2024, the Group participated in the capital increase by cash of its associate company, Formosa Smart Energy Tech Corporation, with a total investment amounting to \$2,500,000. The shareholding ratio remained unchanged.
- 6) In March 2024, the Group disposed its holdings in Formosa Fairway Corporation, at the fair value and net disposal amounting to \$0 and \$3,934, respectively, resulting in the amount of \$3,934 to be recognized as gain on disposal of investment and the amount of \$27,487 to be reclassified from accumulated unrealized gains from financial assets measured at FVOCI using equity method to undistributed earnings.
- 7) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 183,547,640</b>	<b>170,065,840</b>
	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Attributable to the Group:		
Net income	\$ 3,562,187	1,399,157
Other comprehensive income (loss)	12,999,837	(3,824,125)
Total comprehensive income (loss)	<b>\$ 16,562,024</b>	<b>(2,424,968)</b>

(ii) Joint ventures

The Group's share of net income of joint venture was as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
The Group's share of net income of joint ventures	<b>\$ 27,356</b>	<b>15,072</b>

The Group's financial information on investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. This financial information is included in the consolidated financial statements.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
The carrying value of joint ventures that were not individually material	<b>\$ 556,626</b>	<b>557,051</b>
<b>For the years ended December 31</b>		
	<b>2025</b>	<b>2024</b>
Attributable to the Group:		
Net income	\$ 27,356	15,072
Other comprehensive income	-	-
Total comprehensive income	<b>\$ 27,356</b>	<b>15,072</b>
(iii) Collateral		

As of December 31, 2025 and 2024, the Group provide investment accounted for using equity method as collaterals to any financial institutions or court for its loans; please refer to note 8.

(h) Property, Plant and Equipment

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery and equipment</b>	<b>Transportation equipment</b>	<b>Other facilities</b>	<b>Construction in progress</b>	<b>Total</b>
Cost or deemed cost:							
Balance on January 1, 2025	\$ 19,263,082	81,940,139	464,145,239	1,693,612	18,910,000	32,532,008	618,484,080
Additions	-	97,731	2,711,417	9,985	210,548	8,299,653	11,329,334
Disposals	-	(4,385)	(5,951,166)	(41,688)	(218,409)	(121,086)	(6,336,734)
Reclassification	15	4,132,776	11,571,398	23,880	3,011,512	(18,278,583)	460,998
Effect of movements in exchange rates	(3,174)	(1,080,954)	(5,768,165)	(18,925)	(163,650)	(474,570)	(7,509,438)
Balance on December 31, 2025	<b>\$ 19,259,923</b>	<b>85,085,307</b>	<b>466,708,723</b>	<b>1,666,864</b>	<b>21,750,001</b>	<b>21,957,422</b>	<b>616,428,240</b>
Balance on January 1, 2024	\$ 19,255,598	78,610,727	443,259,505	1,655,767	17,754,798	30,712,051	591,248,446
Additions	-	-	1,676,779	10,563	270,239	10,682,870	12,640,451
Disposals	-	(31,845)	(5,027,591)	(42,300)	(402,172)	-	(5,503,908)
Reclassification	2,650	1,150,104	12,964,471	35,332	933,128	(9,572,672)	5,513,013
Effect of movements in exchange rates	4,834	2,211,153	11,272,075	34,250	354,007	709,759	14,586,078
Balance on December 31, 2024	<b>\$ 19,263,082</b>	<b>81,940,139</b>	<b>464,145,239</b>	<b>1,693,612</b>	<b>18,910,000</b>	<b>32,532,008</b>	<b>618,484,080</b>
Depreciation and impairment loss:							
Balance on January 1, 2025	\$ -	48,856,777	337,385,955	1,440,316	12,528,182	-	400,211,230
Depreciation for the period	-	2,375,452	18,201,954	62,592	1,120,342	-	21,760,340
Disposals	-	(3,537)	(5,786,586)	(41,687)	(222,194)	-	(6,054,004)
Reclassification	-	-	(1,717,013)	1,067	(1,221)	-	(1,717,167)
Effect of movements in exchange rates	-	(532,110)	(3,608,507)	(14,262)	(94,927)	-	(4,249,806)
Balance on December 31, 2025	<b>\$ -</b>	<b>50,696,582</b>	<b>344,475,803</b>	<b>1,448,026</b>	<b>13,330,182</b>	<b>-</b>	<b>409,950,593</b>
Balance on January 1, 2024	\$ -	45,229,310	316,824,433	1,414,703	11,566,735	-	375,035,181
Depreciation for the period	-	2,552,409	18,150,820	66,244	1,086,821	-	21,856,294
Reversal of impairment	-	-	(75)	-	-	-	(75)
Disposals	-	(21,591)	(4,784,210)	(41,740)	(377,858)	-	(5,225,399)
Reclassification	-	-	(6,007)	(25,543)	31,494	-	(56)
Effect of movements in exchange rates	-	1,096,649	7,200,994	26,652	220,990	-	8,545,285
Balance on December 31, 2024	<b>\$ -</b>	<b>48,856,777</b>	<b>337,385,955</b>	<b>1,440,316</b>	<b>12,528,182</b>	<b>-</b>	<b>400,211,230</b>
Carrying amounts:							
Balance on December 31, 2025	<b>\$ 19,259,923</b>	<b>34,388,725</b>	<b>122,232,920</b>	<b>218,838</b>	<b>8,419,819</b>	<b>21,957,422</b>	<b>206,477,647</b>
Balance on December 31, 2024	<b>\$ 19,263,082</b>	<b>33,083,362</b>	<b>126,759,284</b>	<b>253,296</b>	<b>6,381,818</b>	<b>32,532,008</b>	<b>218,272,850</b>

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(i) Collateral

Please refer to note 8 for the property, plant and equipment pledged to secure bank loans as of December 31, 2025 and 2024.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2025 and 2024, the capitalized interest on borrowings for the purchase of the property, plant and equipment of the Group amounted to \$248,030 and \$298,097, respectively. The capitalized interest rate ranged from 1.3750%~5.9360% and 1.3210%~6.8840% for the years ended December 31, 2025 and 2024, respectively.

(i) Right-of-use assets

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost :					
Balance on January 1, 2025	\$ 757,402	121,998	93,830	555,769	1,528,999
Additions	2,155	33,756	15,153	354,861	405,925
Disposal	(3,196)	(27,981)	(17,141)	(206,979)	(255,297)
Effect of movements in exchange rates	(14,314)	-	(1,031)	(21,373)	(36,718)
Balance on December 31, 2025	<u>\$ 742,047</u>	<u>127,773</u>	<u>90,811</u>	<u>682,278</u>	<u>1,642,909</u>
Balance on January 1, 2024	\$ 719,877	117,318	83,331	530,780	1,451,306
Additions	3,131	18,623	9,642	84,066	115,462
Disposal	(1,641)	(13,989)	(1,599)	(94,202)	(111,431)
Effect of movements in exchange rates	36,035	46	2,456	35,125	73,662
Balance on December 31, 2024	<u>\$ 757,402</u>	<u>121,998</u>	<u>93,830</u>	<u>555,769</u>	<u>1,528,999</u>
Accumulated depreciation:					
Balance on January 1, 2025	\$ 159,769	53,774	41,730	396,060	651,333
Depreciation for the period	28,489	19,191	12,554	105,533	165,767
Disposal	(3,196)	(26,330)	(17,141)	(199,574)	(246,241)
Effect of movements in exchange rates	(2,289)	-	(268)	(17,114)	(19,671)
Balance on December 31, 2025	<u>\$ 182,773</u>	<u>46,635</u>	<u>36,875</u>	<u>284,905</u>	<u>551,188</u>
Balance on January 1, 2024	\$ 125,499	41,070	29,751	343,873	540,193
Depreciation for the period	29,508	26,655	12,936	99,950	169,049
Disposal	(1,641)	(13,989)	(1,599)	(71,244)	(88,473)
Effect of movements in exchange rates	6,403	38	642	23,481	30,564
Balance on December 31, 2024	<u>\$ 159,769</u>	<u>53,774</u>	<u>41,730</u>	<u>396,060</u>	<u>651,333</u>
Carrying amount:					
Balance on December 31, 2025	<u>\$ 559,274</u>	<u>81,138</u>	<u>53,936</u>	<u>397,373</u>	<u>1,091,721</u>
Balance on December 31, 2024	<u>\$ 597,633</u>	<u>68,224</u>	<u>52,100</u>	<u>159,709</u>	<u>877,666</u>

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**Notes to the Consolidated Financial Statements**

## (j) Intangible assets

	<b>Trademark</b>
Costs :	
Balance at December 31, 2025 (same as balance at January 1, 2025)	\$ <u><u>2,897,172</u></u>
Balance at December 31, 2024 (same as balance at January 1, 2024)	\$ <u><u>2,897,172</u></u>
Accumulated amortization and impairment losses :	
Balance at January 1, 2025	\$ 1,569,301
Amortization for the period	<u>193,144</u>
Balance at December 31, 2025	\$ <u><u>1,762,445</u></u>
Balance at January 1, 2024	\$ 1,376,157
Amortization for the period	<u>193,144</u>
Balance at December 31, 2024	\$ <u><u>1,569,301</u></u>
Carrying value :	
Balance at December 31, 2025	\$ <u><u>1,134,727</u></u>
Balance at December 31, 2024	\$ <u><u>1,327,871</u></u>

The amortization expenses of intangible assets for the years ended December 31, 2025 and 2024 were recognized under ‘administrative expenses’ in the consolidated statements of comprehensive income.

## (k) Notes and bills payable

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Short-term notes and bills payable	\$ 17,950,000	43,000,000
Discount on short-term notes and bills payable	<u>(21,825)</u>	<u>(149,614)</u>
Total	\$ <u><u>17,928,175</u></u>	<u><u>42,850,386</u></u>
Range of interest rates	<u><u>1.51%~1.78%</u></u>	<u><u>1.68%~1.87%</u></u>

## (l) Short-term borrowings

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Secured short-term loans	\$ 2,000,000	-
Unsecured short-term borrowings	<u>33,241,700</u>	<u>22,975,600</u>
Total	\$ <u><u>35,241,700</u></u>	<u><u>22,975,600</u></u>
Unused short-term credit lines	\$ <u><u>163,244,385</u></u>	<u><u>146,415,358</u></u>
Range of interest rates	<u><u>1.75%~2.10%</u></u>	<u><u>1.75%~1.90%</u></u>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Issuance and Repayment of Borrowings

For the year ended December 31, 2025, the Group issuance short-term borrowing amounting to \$12,266,100, and there were no significant repaid on short-term borrowings. For the year ended December 31, 2024, the Group repaid short-term borrowing amounting to \$8,827,449, and there were no significant issuance on short-term borrowings. For information concerning interest expense, please refer to note 6 (v).

(ii) Pledged assets for bank loans

For the collateral for short-term borrowings, please refer to note 8.

(m) Long-term borrowings

	<b>December 31, 2025</b>			
	<b>Currency</b>	<b>Interest rate</b>	<b>Expiration</b>	<b>Amount</b>
Secured long-term loans	USD	5.0143%~5.9935%	2026	\$ 26,361,117
Secured long-term loans	TWD	1.7500%~1.9000%	2026~2027	9,500,000
Unsecured long-term loans	TWD	1.7900%~2.0500%	2026~2027	10,497,813
Commercial papers payable	TWD	1.8897%~2.0233%	2028~2030	14,482,677
Less: current portion				<u>(32,858,930)</u>
Total				<b><u>\$ 27,982,677</u></b>
Unused long-term credit lines				<b><u>\$ 11,030,080</u></b>
	<b>December 31, 2024</b>			
	<b>Currency</b>	<b>Interest rate</b>	<b>Expiration</b>	<b>Amount</b>
Secured long-term loans	USD	5.6771%~6.9602%	2026	\$ 24,786,905
Unsecured long-term loans	TWD	1.7500%~1.9310%	2025~2027	33,247,315
Less: current portion				<u>(20,747,315)</u>
Total				<b><u>\$ 37,286,905</u></b>
Unused long-term credit lines				<b><u>\$ 19,367,440</u></b>

(i) Please refer to note 6(w) for information on the Group's exposure to liquidity risk, and risk of changes in interest rates and liquidation risk.

(ii) Issuance and Repayment of Borrowings

For the year ended December 31, 2025, the Group issued and repaid long-term loans amounting to \$55,778,600 and \$53,750,000. For the year ended December 31, 2024, the Group issued and repaid long-term loans amounting to \$33,975,860 and \$34,242,570. For information on interest expenses, please refer to note 6(v).

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Pledged assets for bank loans

For the collateral for long-term borrowings, please refer to note 8.

(iv) Financial covenants of significant loans and borrowings

The Group entered into a syndicated credit agreement with different financial institutions, with Bank of Taiwan being the lead bank, wherein the Group shall maintain certain financial ratios on the balance sheet date. (i.e. current ratio, debt ratio, etc.) If, however, the Group breach the contract, it should enhance its performance by increasing its cash capital or other means during the improvement period. Otherwise, the loans will be considered due and the Group will be required to pay the remaining amount of loan immediately. As of December 31, 2025, the Group has not breached the financial covenants.

(v) Issuance of Revolving Commercial Paper

In 2025, the Group entered into agreements with several bills finance companies for the issuance of its unsecured commercial papers, with the total issuance periods ranging between 3 and 5 years, and being rolled over upon maturity, which has a maximum of 90 days.

On August 15, 2025, the Accounting Research and Development Foundation issued a Q&A which clarified that, as the revolving commercial paper issued by the entity does not have the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period, such liabilities shall be classified as current liabilities.

In response, the FSC issued transitional provisions stating that, entities with revolving commercial paper issued on or after January 1, 2026 shall apply the classification guidance in the Q&A, while those issued on or before December 31, 2025 need not comply. Accordingly, the commercial paper issued by the Group in 2025 is classified as a non-current liability. For revolving issuances made on or after January 1, 2026, classification will be adjusted and reported as current liabilities in accordance with the above-mentioned guidance.

(n) Bonds payable

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Domestic unsecured nonconvertible corporate bonds	\$ 58,700,000	56,525,000
Less: Costs of issuing bonds	(48,976)	(42,594)
Less: Current portion	<u>(7,296,648)</u>	<u>(10,619,603)</u>
Total	<b><u>\$ 51,354,376</u></b>	<b><u>45,862,803</u></b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The terms of domestic corporate bonds as of December 31, 2025 were as follows:

	<b>The first domestic unsecured nonconvertible corporate bond in 2014</b>	<b>The first domestic unsecured nonconvertible corporate bond in 2018</b>	<b>The first domestic unsecured nonconvertible corporate bond in 2019</b>	<b>The second domestic unsecured nonconvertible corporate bond in 2019</b>	<b>The first domestic unsecured nonconvertible corporate bond in 2020</b>
Issued amount	TWD10,000,000	TWD10,500,000	TWD6,300,000	TWD5,100,000	TWD10,000,000
Balance, end of year	9,994,101	2,199,083	3,198,745	1,949,134	6,796,389
Current portion	-	-	1,399,451	1,249,445	1,898,991
Issuance date	June 24, 2014	September 6, 2018	June 17, 2019	October 15, 2019	September 24, 2020
Issuance period	14 years and 15 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years
Coupon rate	2.04%	0.83%, 0.91% and 1.07%	0.74%, 0.82% and 0.91%	0.71%, 0.75% and 0.84%	0.49%, 0.58% and 0.62%
Interest payment date	June 24	September 6	June 17	October 15	September 24
Repayment method	Payable in 2 equal installments for each coupon rate in 2028 and 2029, respectively.	Payable in 2 equal installments for each coupon rate in 2022~2023, 2024~2025, and 2027~2028, respectively.	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029, respectively.	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029, respectively.	Payable in 2 equal installments for each coupon rate in 2024~2025, 2026~2027, and 2029~2030, respectively.

  

	<b>The first domestic unsecured nonconvertible corporate bond in 2021</b>	<b>The first domestic unsecured nonconvertible corporate bond in 2023</b>	<b>The first domestic unsecured nonconvertible corporate bond in 2025</b>	<b>The second domestic unsecured nonconvertible corporate bond in 2025</b>
Issued amount	TWD11,500,000	TWD13,000,000	TWD5,400,000	TWD7,400,000
Balance, end of year	8,746,058	12,986,845	5,391,963	7,388,706
Current portion	2,748,761	-	-	-
Issuance date	June 3, 2021	October 5, 2023	May 20, 2025	September 19, 2025
Issuance period	5 years, 7 years and 10 years	5 years and 10 years	5 years	5 years and 10 years
Coupon rate	0.45% and 0.53%	1.57% and 1.77%	2.08%	1.9% and 2.03%
Interest payment date	June 3	October 5	May 20	September 19
Repayment method	Payable in 2 equal installments for each coupon rate in 2025~2026 and 2027~2028, respectively.	Payable in 2 equal installments for each coupon rate in 2027~2028 and 2032~2033, respectively.	Payable in 2 equal installments for each coupon rate in 2029~2030, respectively.	Payable in 2 equal installments for each coupon rate in 2029~2030, and 2034~2035, respectively.

(o) Lease liabilities

The carrying values of lease liabilities were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current	<b>\$ 129,865</b>	<b>\$ 110,121</b>
Non-current	<b>\$ 421,582</b>	<b>\$ 185,803</b>

For information on the maturity analysis, please refer to note 6(w).

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amounts recognized in profit or loss were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	<u>\$ 19,685</u>	<u>10,152</u>
Expenses relating to short-term leases	<u>\$ 192,283</u>	<u>187,616</u>

The amounts recognized in the statement of cash flows were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	<u>\$ 347,876</u>	<u>333,856</u>

(i) Real estate leases

The Group leases land and buildings for its office space and plants. The leases of land typically run for a period of 4 to 20 years, of office space for 2 to 20 years, and of plants for 3 years. Besides, the rights-of-use for land in mainland China typically run for 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

(ii) Other leases

The Group leases transportation equipment, with lease terms of 2 to 7 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group leases machinery and equipment for a period of 3 to 8 years, with an option to extend the lease for the same duration as the original contract upon expiration.

The Group also leases buildings with contract terms of one year or less. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Employee Benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Present value of defined benefit obligation	\$ 23,286,197	24,562,216
Fair value of plan assets	<u>(15,450,951)</u>	<u>(15,298,277)</u>
Net defined benefit liabilities	<b><u>\$ 7,835,246</u></b>	<b><u>9,263,939</u></b>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$15,216,327 as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance, beginning of year	\$ 24,562,216	25,539,115
Current service cost and interest expense	486,813	480,970
Remeasurements of the net defined benefit liabilities:		
Actuarial losses (gains) arising from changes in financial assumptions	(3,551)	3,532
Experience adjustments	692,065	915,903
Benefits paid from plan assets	(2,450,169)	(2,422,158)
Increase from transfer of related party employees	5,538	34,426
Effect of movements in exchange rates	<u>(6,715)</u>	<u>10,428</u>
Balance, end of year	<b><u>\$ 23,286,197</u></b>	<b><u>24,562,216</u></b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Movements in the fair value of the plan assets

The movements in the fair value of the plan assets were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance, beginning of year	\$ 15,298,277	14,383,906
Interest income	224,511	178,559
Remeasurements of the net defined benefit liabilities:		
Return on plan assets	1,112,485	1,424,363
Contributions from employer	690,429	1,040,339
Benefits paid	(1,863,838)	(1,744,815)
Effect of movements in exchange rates	<u>(10,913)</u>	<u>15,925</u>
Balance, end of year	<b><u>\$ 15,450,951</u></b>	<b><u>15,298,277</u></b>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Current service cost	\$ 139,311	168,288
Net interest expense of net defined benefit liabilities	122,991	134,123
Settlement losses	<u>351</u>	<u>328</u>
	<b><u>\$ 262,653</u></b>	<b><u>302,739</u></b>

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Operating Costs	\$ 204,982	231,983
Selling expenses	10,217	12,981
Administrative expenses	<u>47,454</u>	<u>57,775</u>
	<b><u>\$ 262,653</u></b>	<b><u>302,739</u></b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Accumulated amount at January 1	\$ (4,114,140)	(4,619,068)
Recognized during the period	423,971	504,928
Accumulated amount at December 31	<b>\$ (3,690,169)</b>	<b>(4,114,140)</b>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Discount rate	1.25%~5.31%	1.25%~5.42%
Future salary increase rate	2.85%~9.48%	2.85%~9.48%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$327,594.

The weighted average lifetime of the defined benefits plans is 4.6~15 years.

- 7) Sensitivity analysis

As the principle actuarial assumptions change, the present value of the defined benefit obligation of the Company, Nan Ya PCB Corp., Nan Chung Petrochemical Corp., Wellink Technology Corp., and PFG Fiber Glass Corporation would increase (decrease) as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2025		
Discount rate( 0.25% variation)	\$ (177,372)	182,205
Future salary increasing rate( 1.00% variation)	779,271	(717,711)
December 31, 2024		
Discount rate( 0.25% variation)	(211,483)	217,465
Future salary increasing rate( 1.00% variation)	944,469	(866,384)

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As the principle actuarial assumptions change, the present value of the defined benefit obligation of Nan Ya Plastics Corporation U.S.A. would increase (decrease) as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2025		
Discount rate( 1.00% variation)	\$ (8,835)	10,454
Future salary increasing rate( 1.50% variation)	3,008	(2,525)
December 31, 2024		
Discount rate( 1.00% variation)	(9,696)	11,421
Future salary increasing rate( 1.50% variation)	3,387	(2,912)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plan

The Labor Pension Act (“The Act”) prescribes a defined contribution plan. Pursuant to the Act, the Company, and its subsidiaries namely, Nan Ya PCB Corp., Wen Fung Industrial Corp., Nan Chung Petrochemical Corp., Wellink Technology Corp. and PFG Fiber Glass Corporation have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.

Nan Ya Plastics Corporation America and Nan Ya PCB (U.S.A.) Corporation adopt a Defined Contribution Plan and periodically provide contributions thereon according to local law. Those contributions are recognized as an expense on an accrual basis.

Subsidiaries in China are governed by China laws and regulation. Based on China laws and regulation, those companies contribute for employees’ pension benefits at rates ranging from 6% to 20% of salary every month and remit those contributions to the related authority.

The Group’s pension costs under the defined contribution pension plan amounted to \$1,633,393 and \$1,591,320 for the years ended December 31, 2025 and 2024, respectively.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (q) Income taxes

## (i) Income tax expenses

The components of income tax expenses were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current income tax expenses		
Current period	\$ 4,061,437	3,978,477
Adjustment for prior periods	(71,647)	515,278
Deferred tax expenses		
Origination and reversal of temporary differences	<u>(2,596,536)</u>	<u>(3,277,455)</u>
Total income tax expense	<b><u>\$ 1,393,254</u></b>	<b><u>1,216,300</u></b>

The amount of income tax recognized in other comprehensive income for 2025 and 2024 were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	<b><u>\$ 84,987</u></b>	<b><u>101,138</u></b>

Reconciliation of income tax and profit before tax for 2025 and 2024 were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Income tax using the Company's domestic tax rate	\$ 1,306,227	904,694
Effect of tax rate in foreign jurisdiction	538,603	215,040
Tax effect on tax-exempt dividend income	(107,851)	(143,654)
Tax-exempt income	(42,677)	(92,567)
Tax effect on unrecognized deferred assets of tax losses	43,840	149,106
Tax effect on unrecognized temporary differences	(369)	235
Income tax expense arising from investment income in joint ventures	435,255	182,692
Tax effect on investment income recognized under equity method	(1,242,385)	(213,413)
Differences between estimated and actual income tax and income tax adjustments on prior years	(71,647)	515,278
Other income tax adjustments	<u>534,258</u>	<u>(301,111)</u>
Income tax expense	<b><u>\$ 1,393,254</u></b>	<b><u>1,216,300</u></b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
The carryforward of unused tax losses	\$ 168,357	55,575
Tax effect of deductible temporary differences	206	595
	<b>\$ 168,563</b>	<b>56,170</b>

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2025, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

<b>Occurrence year</b>	<b>Unutilized creditable amount</b>	<b>Expiry date</b>
2017	\$ 3,148	2027
2022	17,893	2032
2023	374,591	2033
2024	224,941	2034
2025	221,211	2035
	<b>\$ 841,784</b>	

2) Recognized deferred tax assets and liabilities

Movement in the deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred tax liabilities:

	<b>Foreign investment income recognized under equity method</b>	<b>Defined benefit plans</b>	<b>Others</b>	<b>Total</b>
Balance on January 1, 2025	\$ 8,938,888	7,209	5,986,035	14,932,132
Recognized in profit or loss	(2,299,637)	-	(390,671)	(2,690,308)
Recognized in other comprehensive income	-	4,352	-	4,352
Foreign currency translation differences for foreign operations	-	(240)	(210,066)	(210,306)
Balance on December 31, 2025	<b>\$ 6,639,251</b>	<b>11,321</b>	<b>5,385,298</b>	<b>12,035,870</b>
Balance on January 1, 2024	\$ 12,460,022	4,217	5,698,782	18,163,021
Recognized in profit or loss	(3,521,134)	(246)	(34,950)	(3,556,330)
Recognized in other comprehensive income	-	3,073	-	3,073
Foreign currency translation differences for foreign operations	-	165	322,203	322,368
Balance on December 31, 2024	<b>\$ 8,938,888</b>	<b>7,209</b>	<b>5,986,035</b>	<b>14,932,132</b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Deferred tax assets:

	<b>Defined benefit plans</b>	<b>Idle capacity</b>	<b>Loss carryforward</b>	<b>Others</b>	<b>Total</b>
Balance on January 1, 2025	\$ 1,860,218	108,144	172,182	324,917	2,465,461
Recognized in profit or loss	(201,765)	(756)	84,593	24,156	(93,772)
Recognized in other comprehensive income	(80,635)	-	-	-	(80,635)
Foreign currency translation differences for foreign operations	(1)	-	-	125,863	125,862
Balance on December 31, 2025	<u>\$ 1,577,817</u>	<u>107,388</u>	<u>256,775</u>	<u>474,936</u>	<u>2,416,916</u>
Balance on January 1, 2024	\$ 2,235,012	125,991	125,888	595,851	3,082,742
Recognized in profit or loss	(276,729)	(17,847)	46,294	(30,593)	(278,875)
Recognized in other comprehensive income	(98,065)	-	-	-	(98,065)
Foreign currency translation differences for foreign operations	-	-	-	(240,341)	(240,341)
Balance on December 31, 2024	<u>\$ 1,860,218</u>	<u>108,144</u>	<u>172,182</u>	<u>324,917</u>	<u>2,465,461</u>

(iii) Assessment of tax

The Corporation's income tax return for the year 2023 had been examined by the tax authorities.

(iv) Global minimum top-up tax

As of December 31, 2025, the Group is subject to the global minimum top-up tax under Pillar Two tax legislation. During the year 2025, the Group's subsidiary operating in Hong Kong enacted and implemented income inclusion rules in accordance with Pillar Two requirements, with the domestic minimum top-up tax becoming effective on January 1 of the same year. Based on an analysis of Hong Kong's tax regime and the applicable effective tax rates, the Group does not expect the top-up tax will have a material impact. The Group will continue to closely monitor and assess legislative developments in the jurisdictions where its subsidiaries operate. Any impact arising from the top-up tax will be recognized as current income tax expense, as appropriate.

The Group has applied the deferred tax accounting based on the temporary mandatory relief policy. Due to the impacts of the top-up tax, the income tax incurred by the Group during the year will be recognized as current tax. For the accounting policy, please refer to note 4(t) of the consolidated financial statement for the year ended December 31, 2025.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) Capital and other equity

As of December 31, 2025 and 2024, the Group's government registered total authorized capital and issued capital stock both amounted to \$79,308,216, divided into 7,930,822 thousand shares of stock with \$10 par value per share.

(i) Capital surplus

The components of capital surplus were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Paid-in capital from conversion of corporate bond to common stock in excess of par value	\$ 8,997,136	8,997,136
Gains on acquisition of Taiwan Plasticizer Corporation	74,474	74,474
Other	<u>18,058,992</u>	<u>17,971,382</u>
Total	<u>\$ 27,130,602</u>	<u>27,042,992</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

1) Legal reserve

If the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of \$6,277,052, which were previously recognized in shareholders' equity were reclassified to retained earnings. According to Ruling by FSC, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, these special reserves can be reverted to distributable earnings proportionately. As the amount appropriated exceeds the increase in retained earnings arising from the adoption of IFRSs, only \$6,243,060 is appropriated in compliance to the IFRSs as endorsed by the FSC. The balance of special reserve amounted to \$6,096,058 and \$6,099,065 as of December 31, 2025 and 2024, respectively.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Pursuant to the Regulatory Permit mentioned above, the Company is also required to set aside an additional special reserve from current-period earnings and undistributed prior-period earnings during earnings distribution. The amount to be set aside should be equal to the difference between net current-period reduction of the other stockholders' equity and the amount of above-mentioned special reserve. The accumulated prior-period reduction of the other stockholders' equity shall be set aside as an additional special reserve, which does not qualify for earnings distribution, from undistributed prior-period earnings. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company's Articles of Association, the Company's annual net earnings, after providing for income tax and covering the losses of previous years, should first be set aside for legal reserve at the rate of 10% thereof. However, this is not the case when the accumulated legal reserve has reached the amount of paid-in capital of the Group. If necessary, may set aside a special reserve. If there is any unappropriated earnings in the current year, the Board of Directors shall prepare a proposal for the distribution of dividends to shareholders, of which the proposal for cash dividends is authorized to be distributed by the Board of Directors with the attendance of at least two-thirds of the directors and the resolution of a majority of the directors who attend the meeting, and shall be reported to the shareholders' meeting; the proposal for stock dividends shall be submitted to the shareholders' meeting for resolution. Special reserve referred to in the preceding paragraph includes reserve for special purposes, the profit accounted for using equity method, and net appraisal profit recognized for financial instruments transactions. However, when the accumulated amount decreases, special reserve shall be reduced by the same amount, limited to the amount listed in this item, and other special reserve set aside in accordance with laws.

The Company belongs to a mature industry, in which the annual profit is stable. It adopts three kinds of dividend distribution policies, which are cash dividends, capitalization of earnings, and capital surplus. The net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

The amounts of cash dividends for the 2025 earnings distribution had been approved at the board meeting held on March 11, 2026, as follows:

	<b>2025</b>	
	<b>Dividends per share (in dollars)</b>	<b>Amount</b>
Cash dividends distributed to ordinary shareholders	\$ 0.80	<b>6,344,657</b>

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amounts of cash dividends for the 2024 and 2023 earnings distribution had been approved at the shareholders' meeting held on June 12, 2025 and June 19, 2024, respectively, as follows:

	2024		2023	
	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)	Amount
Cash dividends distributed to				
ordinary shareholders	\$ 0.70	5,551,575	0.70	5,551,575

The aforementioned earnings distributions did not differ from those proposed by the board of directors and those estimated and accrued amount in the financial statements. The related information can be obtained from the Market Observation Post System website.

(iii) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2025	\$ 3,039,093	8,095,794	(20,849)	11,114,038
Exchange differences arising on translation of foreign operations	(4,936,911)	-	-	(4,936,911)
Reclassification of gains or losses on disposal of foreign operations to profit or loss	33,775	-	-	33,775
Exchange differences on associates / joint ventures accounts for using equity method	(1,807,310)	-	-	(1,807,310)
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	1,620,345	-	1,620,345
Disposal of equity instruments measured at fair value through other comprehensive income under equity method	-	(1,571,072)	-	(1,571,072)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	14,611,461	-	14,611,461
Share of cash flow hedge of associates / joint ventures	-	-	17,656	17,656
Balance at December 31, 2025	\$ (3,671,353)	22,756,528	(3,193)	19,081,982
Balance at January 1, 2024	\$ (8,713,581)	31,006,389	8,072	22,300,880
Exchange differences arising on translation of foreign operations	9,244,188	-	-	9,244,188
Exchange differences on associates / joint ventures accounted for using equity method	2,508,486	-	-	2,508,486
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	(16,654,006)	-	(16,654,006)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(6,229,102)	-	(6,229,102)
Share of cash flow hedge of associates / joint ventures	-	-	(28,921)	(28,921)
Disposal of investments accounted for using equity method	-	(27,487)	-	(27,487)
Balance at December 31, 2024	\$ 3,039,093	8,095,794	(20,849)	11,114,038

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Earnings Per Share

The basic earnings per share for the years ended December 31, 2025 and 2024 were calculated on profit attributable to ordinary shareholders of the Company of \$4,518,598 and \$3,340,129, respectively, and weighted average number of outstanding shares of stock were 7,930,822 thousand ordinary shares, were calculated as follows:

(i) Profit attributable to ordinary shareholders

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
	Profit attributable to ordinary shareholders	<b>\$ 4,518,598</b>

(ii) Weighted average number of outstanding ordinary shares

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
	Shares outstanding as of January 1 is the same as weighted average number of common stock outstanding as of December 31	<b>7,930,822</b>

(t) Revenue from contracts with customers

	<b>For the years ended December 31, 2025</b>					
	<b>Plastics industry</b>	<b>Chemical industry</b>	<b>Electronic industry</b>	<b>Polyester industry</b>	<b>Other industries</b>	<b>Total</b>
Primary geographical markets						
Taiwan	\$ 16,811,126	12,607,850	25,242,583	8,940,617	3,563,268	67,165,444
China	8,594,621	18,859,517	69,645,332	2,643,530	563,983	100,306,983
U.S.A.	6,949,819	13,514,841	2,530,112	22,694,257	499,857	46,188,886
Other	3,895,534	11,683,076	23,200,235	7,419,124	52,462	46,250,431
	<b>\$ 36,251,100</b>	<b>56,665,284</b>	<b>120,618,262</b>	<b>41,697,528</b>	<b>4,679,570</b>	<b>259,911,744</b>
Major Products						
PVC sheet	\$ 3,957,559	-	-	-	-	3,957,559
Rigid sheet	6,157,089	-	-	-	-	6,157,089
Pipes	6,187,284	-	-	-	-	6,187,284
Phthalate Plasticizers	-	7,864,659	-	-	-	7,864,659
BPA	-	8,895,641	-	-	-	8,895,641
EG	-	24,705,271	-	-	-	24,705,271
CCL	-	-	28,352,599	-	-	28,352,599
Epoxy	-	-	21,574,157	-	-	21,574,157
PCB	-	-	40,171,966	-	-	40,171,966
Polyester Staple Fiber	-	-	-	7,075,199	-	7,075,199
PET Resin	-	-	-	19,005,219	-	19,005,219
DTY	-	-	-	9,536,310	-	9,536,310
Machinery and Switchgear	-	-	-	-	4,328,667	4,328,667
Others	19,949,168	15,199,713	30,519,540	6,080,800	350,903	72,100,124
	<b>\$ 36,251,100</b>	<b>56,665,284</b>	<b>120,618,262</b>	<b>41,697,528</b>	<b>4,679,570</b>	<b>259,911,744</b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2024						
	<u>Plastics industry</u>	<u>Chemical industry</u>	<u>Electronic industry</u>	<u>Polyester industry</u>	<u>Other industries</u>	<u>Total</u>
Primary geographical markets						
Taiwan	\$ 17,828,427	19,354,276	20,293,628	10,622,027	4,398,191	72,496,549
China	8,246,677	16,669,987	64,257,155	3,016,126	570,062	92,760,007
U.S.A.	8,073,316	8,227,184	2,873,428	25,665,773	55,493	44,895,194
Other	5,089,117	14,111,852	20,940,310	9,205,645	109,809	49,456,733
	<u>\$ 39,237,537</u>	<u>58,363,299</u>	<u>108,364,521</u>	<u>48,509,571</u>	<u>5,133,555</u>	<u>259,608,483</u>
Major Products						
PVC sheet	\$ 4,802,884	-	-	-	-	4,802,884
Rigid sheet	6,450,712	-	-	-	-	6,450,712
Pipes	6,607,665	-	-	-	-	6,607,665
Phthalate Plasticizers	-	8,762,685	-	-	-	8,762,685
BPA	-	14,714,025	-	-	-	14,714,025
EG	-	14,529,040	-	-	-	14,529,040
CCL	-	-	27,172,144	-	-	27,172,144
Epoxy	-	-	21,553,688	-	-	21,553,688
PCB	-	-	32,282,706	-	-	32,282,706
Polyester Staple Fiber	-	-	-	8,097,740	-	8,097,740
PET Resin	-	-	-	23,162,827	-	23,162,827
DTY	-	-	-	11,071,329	-	11,071,329
Machinery and Switchgear	-	-	-	-	4,707,155	4,707,155
Others	21,376,276	20,357,549	27,355,983	6,177,675	426,400	75,693,883
	<u>\$ 39,237,537</u>	<u>58,363,299</u>	<u>108,364,521</u>	<u>48,509,571</u>	<u>5,133,555</u>	<u>259,608,483</u>

(u) Remunerations to employees

According to the Articles of Incorporation, once the Company has annual profit, 0.05% to 0.5% of the earnings before tax should be appropriated to employees as remuneration. Among this amount, 0.02% to 0.2% of the profit before deducting remuneration to employees should be appropriated to entry-level employees. However, certain amounts of the earnings should be reserved if there is an accumulated loss from the operations in the previous years in advance of the appropriation of the remuneration.

The estimated remuneration to employees amounted to \$4,750 and \$3,896, respectively, for the years ended December 31, 2025 and 2024, respectively. These amounts were calculated using the Company's pre-tax income for each period before deducting the remunerations of employees, multiplied by the proposed percentage of remunerations of employees as stated in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2024 and 2023, the remunerations to employees amounted to \$3,896 and \$5,743, respectively, which were paid in cash. There was no difference from the actual distribution. The information is available on the Market Observation Post System website.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest income from bank deposits	\$ 1,464,070	1,964,348
Other interest income	347,096	320,950
	<b>\$ 1,811,166</b>	<b>2,285,298</b>

(ii) Other income

The details of other income were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Dividend income	569,478	778,116
Other income	2,030,904	2,521,128
	<b>\$ 2,600,382</b>	<b>3,299,244</b>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Gains (losses) on disposal of property, plant and equipment	\$ 23,583	(22,531)
(Losses) gains on disposal of investment	(33,775)	3,934
Gains from lease modifications	-	6,846
Foreign currency exchange (losses) gains	(637,907)	1,746,664
(Losses) gains on financial assets at fair value through profit or loss	(9,394)	160,546
Reversal of impairment losses on plant, property, and equipment	-	75
Disaster losses	-	(241,332)
Others	(320,905)	(229,186)
	<b>\$ (978,398)</b>	<b>1,425,016</b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iv) Finance costs

The details of finance costs were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest expense	\$ 4,515,408	4,645,948
Less: interest capitalized	(248,030)	(298,097)
	<b>\$ 4,267,378</b>	<b>4,347,851</b>

## (w) Financial instruments

## (i) Credit Risk

## 1) Credit risk exposure

The Group is exposed to credit risk primarily from cash and cash equivalents, deposits, and trade receivables.

## 2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. Also, the Group mitigates its exposure by evaluating the customers' financial situation regularly.

## (ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
<b>December 31, 2025</b>							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 17,928,175	17,950,000	17,950,000	-	-	-	-
Notes and trade payables	9,092,911	9,092,911	9,092,911	-	-	-	-
Trade payables to related parties	4,133,441	4,133,441	4,133,441	-	-	-	-
Short-term borrowings	35,241,700	35,953,389	35,335,989	617,400	-	-	-
Long-term borrowings (including current portion)	60,841,607	68,246,966	7,069,457	39,569,287	7,108,222	14,500,000	-
Bonds payable (including current portion)	58,651,024	62,356,015	4,538,355	3,590,485	10,334,590	33,911,785	9,980,800
Lease liabilities	551,447	629,583	76,706	73,063	128,644	212,684	138,486
	<b>\$ 186,440,305</b>	<b>198,362,305</b>	<b>78,196,859</b>	<b>43,850,235</b>	<b>17,571,456</b>	<b>48,624,469</b>	<b>10,119,286</b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2024</b>							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 42,850,386	43,000,000	43,000,000	-	-	-	-
Notes and trade payables	7,689,760	7,689,760	7,689,760	-	-	-	-
Trade payables to related parties	7,363,533	7,363,533	7,363,533	-	-	-	-
Short-term borrowings	22,975,600	23,332,371	23,023,671	308,700	-	-	-
Long-term borrowings (including current portion)	58,034,220	61,505,367	4,891,179	21,528,292	22,468,204	12,617,692	-
Bonds payable (including current portion)	56,482,406	59,337,148	4,449,890	6,845,108	7,871,370	32,395,975	7,774,805
Lease liabilities	295,924	323,549	75,042	48,116	63,183	79,641	57,567
	<u>\$ 195,691,829</u>	<u>202,551,728</u>	<u>90,493,075</u>	<u>28,730,216</u>	<u>30,402,757</u>	<u>45,093,308</u>	<u>7,832,372</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<b>December 31, 2025</b>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	649,811	31.4380
JPY		573,503	0.1997
EUR		2,460	36.6957
HKD		411	4.0305
CNY		981,769	4.4726
<u>Non-monetary items</u>			
USD		75,311	31.4380
CNY		60,446	4.4726
IDR		165,631,916	0.0019
VND		3,889,933,808	0.0012
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD		40,308	31.4380
JPY		1,008,580	0.1997
EUR		1,668	36.6957
CNY		26,376	4.4726

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2024</b>			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 907,747	32.7810	29,756,854
JPY	781,324	0.2087	163,062
EUR	2,583	34.0652	87,990
HKD	956	4.2027	4,018
CNY	53,305	4.5603	243,087
<u>Non-monetary items</u>			
USD	112,327	32.7810	3,682,191
CNY	63,782	4.5603	290,865
IDR	154,459,272	0.0021	324,364
VND	3,937,174,287	0.0013	5,118,327
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	47,990	32.7810	1,573,160
JPY	1,018,920	0.2087	212,649
EUR	3,103	34.0652	105,704
CNY	11,909	4.5603	54,309

2) Sensitivity analysis

The Group's exposure to exchange rate risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are dominated in foreign currency. The overall effects to net income before tax for the years ended December 31, 2025 and 2024 assuming the TWD depreciated or appreciated by 1% against the USD, JPY, EUR, HKD and CNY as of December 31, 2025 and 2024 were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<u>2025</u>	<u>2024</u>
Appreciation in value of 1%	\$ 233,864	283,085
Depreciation in value of 1%	(233,864)	(283,085)

The analysis is performed on the same basis for the two periods.

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2025 and 2024, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to loss \$(637,907) and gain \$1,746,664, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by management to be a reasonable possible change in interest rate.

An increase or decrease of 1% in interest rates mainly from loans with floating interest rates at the reporting date would have increased or decreased net income by \$505,681 and \$608,579 for the years ended December 31, 2025 and 2024, respectively.

(v) Other market price risks

For the years ended December 31, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the comprehensive income as illustrated below:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Prices of securities at the reporting date</b>	<b>Other comprehensive income before tax</b>	<b>Other comprehensive income before tax</b>
Increasing 1%	<b>\$ 161,245</b>	<b>144,077</b>
Decreasing 1%	<b>\$ (161,245)</b>	<b>(144,077)</b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2025				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 2,474,310	-	1,849,655	624,655	2,474,310
Trade receivables	8,350	-	-	-	-
Total	<u>\$ 2,482,660</u>	<u>-</u>	<u>1,849,655</u>	<u>624,655</u>	<u>2,474,310</u>
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 16,124,456	16,124,456	-	-	16,124,456
Unquoted equity instruments	20,657,674	-	-	20,657,674	20,657,674
Total	<u>\$ 36,782,130</u>	<u>16,124,456</u>	<u>-</u>	<u>20,657,674</u>	<u>36,782,130</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 46,149,879	-	-	-	-
Notes and trade receivables (including related parties)	46,335,213	-	-	-	-
Other receivables (including related parties)	2,309,308	-	-	-	-
Total	<u>\$ 94,794,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 35,241,700	-	-	-	-
Short-term notes and bills payable	17,928,175	-	-	-	-
Notes and trade payables (including related parties)	13,226,352	-	-	-	-
Bonds payable (including due within one year)	58,651,024	-	-	-	-
Long-term borrowings (including due within one year)	60,841,607	-	-	-	-
Lease liabilities	551,447	-	-	-	-
Total	<u>\$ 186,440,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 2,511,064	-	1,846,201	664,863	2,511,064
Trade receivables	2,383	-	-	-	-
Total	<u>\$ 2,513,447</u>	<u>-</u>	<u>1,846,201</u>	<u>664,863</u>	<u>2,511,064</u>
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 14,407,700	14,407,700	-	-	14,407,700
Unquoted equity instruments	20,801,552	-	-	20,801,552	20,801,552
Total	<u>\$ 35,209,252</u>	<u>14,407,700</u>	<u>-</u>	<u>20,801,552</u>	<u>35,209,252</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 66,445,373	-	-	-	-
Notes and trade receivables (including related parties)	41,849,438	-	-	-	-
Other receivables (including related parties)	2,828,354	-	-	-	-
Total	<u>\$ 111,123,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 22,975,600	-	-	-	-
Short-term notes and bills payable	42,850,386	-	-	-	-
Notes and trade payables (including related parties)	15,053,293	-	-	-	-
Bonds payable (including due within one year)	56,482,406	-	-	-	-
Long-term borrowings (including due within one year)	58,034,220	-	-	-	-
Lease liabilities	295,924	-	-	-	-
Total	<u>\$ 195,691,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data are used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

a) Non-derivative financial instruments

Financial instruments traded in active markets are measured at fair value based on the quoted market prices. Quoted prices are the prices announced by the main stock exchanges and over-the-counter markets. They are the basis for recognizing the fair value of the listed and over-the-counter equity instruments.

Financial instrument possesses a quoted price in the active markets if the trading prices fairly represent the frequent and orderly transactions for financial instrument, and are readily available from trade centers, security brokers, underwriters, trade unions, pricing service institutes or other related authorities. The market for the said financial instrument shall be seen as inactive should the aforementioned requirements have not been met. Large or significantly increasing gap between the purchase and the exit prices of a financial instrument, or low trade volume, are general indicators of an inactive market.

If the financial instrument of the Group possesses an active market, its fair value should be recognized according to different categories and characteristics as follows:

For listed and over-the-counter stocks with standard terms and are publicly traded in active markets, their fair value are calculated by the market's quoted prices.

Other financial instruments that are not traded in active markets are measured with fair values provided by using the valuation techniques via market approach or the discounted cash flow method or other available methods.

If the financial instruments held by the Group are not traded in active markets, the valuation of their fair value is categorized as follows:

Bond investments that has no quoted prices: Fair value is measured with the income approach by applying the discounted cash flow method that convert future cash flow amounts to a single current amount on the basis of the value indicated by current market expectations about those future amounts.

4) Transfers between levels of the fair value hierarchy

There were no transfers between levels of the fair value hierarchy for the years ended December 31, 2025 and 2024.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Reconciliation of Level 3 fair values

	<u>Fair value through profit and loss</u>	<u>Fair value through other comprehensive income</u>
	<u>Bond investment and others</u>	<u>Unquoted equity instruments</u>
Balance at January 1, 2025	\$ 664,863	20,801,552
Total gains and losses recognized:		
In profit or loss	(12,848)	-
In other comprehensive income	-	(120,803)
Return of capital from capital reduction	-	(19,562)
Effect of exchange rate changes	<u>(27,360)</u>	<u>(3,513)</u>
Balance at December 31, 2025	<u>\$ 624,655</u>	<u>20,657,674</u>
Balance at January 1, 2024	\$ 665,521	19,537,040
Total gains and losses recognized:		
In profit or loss	(44,057)	-
In other comprehensive income	-	1,262,644
Return of capital from capital reduction	-	(3,484)
Effect of exchange rate changes	<u>43,399</u>	<u>5,352</u>
Balance at December 31, 2024	<u>\$ 664,863</u>	<u>20,801,552</u>

6) The valuation procedures for fair value measurements being categorized within Level 3 is to ensure the valuation results are reasonable by applying independent information to make results close to the current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price. According to the Group's accounting policy, the analysis of value changes on remeasured or reevaluated assets and liabilities at the reporting date is performed to ensure the reasonability of the evaluation results.

7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Most of the Group's financial instruments that use Level 3 inputs involve only one significant unobservable input. Only equity investment with no-active markets involves multiple significant unobservable inputs.

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - unquoted equity instruments	Market Approach	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITDA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	Net Asset Value Method	Not applicable	Not applicable

- 8) Fair value measurement in Level 3 - sensitivity analysis of the possible alternative assumptions

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>December 31, 2025</b>				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITDA multiple, discount for lack of marketability	± 1%	\$ <u>178,670</u>	<u>(178,670)</u>
<b>December 31, 2024</b>				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITDA multiple, discount for lack of marketability	± 1%	\$ <u>179,282</u>	<u>(179,282)</u>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(x) Financial risk management

(i) The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

To maintain the credit quality of receivables, a credit risk management policy has been established. Under this policy, each customer is analyzed individually regarding customer's financial situation, external and internal credit rating, historical trading record, and current economic condition which may affect customer's payment ability. In addition, some methods are adopted to reduce the credit risk for specific customers, such as prepayment and insurance of accounts receivable.

The credit risk exposure on bank deposits and other financial instruments are measured and monitored by the Group's finance department. As the Group's transactions are done with the banks and other external parties with good credit standing, management is not aware of any noncompliance issues and is not expecting significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalents, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Market risk

Market risk is the risk that changes in the market, such as foreign exchange rates, interest rates, and equity prices, of that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk due to global transactions that are denominated in a currency other than the respective functional currency of the Group, primarily the New Taiwan Dollars (TWD). These transactions are primarily denominated in USD. The currency risk mainly arises from future business transactions and recognized assets and liabilities. Part of the currency risks arising from purchases and sales can be offset each other to achieve automatic hedge.

When the Group has foreign currency needs, the Group uses spot exchange contracts and forward exchange contracts if the exchange rate is advantageous to the Group to manage the risk. If necessary, the Group uses derivatives operated by prestigious international banks to manage its exposure to foreign currency exchange rate fluctuation risk, which monitor the exchange rate risks and adhere to acceptable levels by the Group.

2) Interest rate risk

The Group's interest rate risk mainly arises from long-term loans with variable interest rates, which bear cash flow risks to the Group. Part of the interest rate risks can be offset by cash and cash equivalents with variable interest rates held by the Group.

The Group manages interest rate risks by using derivatives when necessary, to lower the risk to acceptable levels.

3) Other market price risk

The Group is exposed to fair value change risk due to financial assets at fair value through other comprehensive income, which were measured at fair value.

(y) Capital Management

Although business operated by the Group has reached the stage of maturity, a sufficient amount of capital is still required to support the operation of investee companies, construction and expand its production facilities and equipment.

The Group's policy is to maintain sufficient financial resources and operating plan to meet future demands such as operating capital, capital expenditure, research and development expenditures, loan reimbursements, and dividend distributions.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group and other entities in the same industry use the debt-to-equity ratio to manage its capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The Group's debt-to-equity ratio at the end of the reporting period were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Total liabilities	\$ 238,799,500	254,870,192
Less: cash and cash equivalents	<u>(46,149,879)</u>	<u>(66,445,373)</u>
Net debt	<b><u>\$ 192,649,621</u></b>	<b><u>188,424,819</u></b>
Total equity	<b><u>\$ 371,798,965</u></b>	<b><u>362,603,305</u></b>
Debt-to-equity ratio	<b><u>34.13 %</u></b>	<b><u>34.20 %</u></b>

(z) Reconciliation of liabilities arising from financing activities

	<b>Short-term borrowings</b>	<b>Short-term notes and bills payable</b>	<b>Long-term borrowings (including current portion)</b>	<b>Bonds payable (including current portion)</b>	<b>Lease liabilities (including current portion)</b>	<b>Total liabilities arising from financing activities</b>
Balance as of January 1, 2025	\$ 22,975,600	42,850,386	58,034,220	56,482,406	295,924	180,638,536
Change in cash from financing activities	12,266,100	(25,050,000)	2,028,600	2,153,940	(135,908)	(8,737,268)
Non-cash changes	-	127,789	38,649	14,678	396,660	577,776
Foreign exchange movement	-	-	740,138	-	(5,229)	734,909
Balance as of December 31, 2025	<b><u>\$ 35,241,700</u></b>	<b><u>17,928,175</u></b>	<b><u>60,841,607</u></b>	<b><u>58,651,024</u></b>	<b><u>551,447</u></b>	<b><u>173,213,953</u></b>

	<b>Short-term borrowings</b>	<b>Short-term notes and bills payable</b>	<b>Long-term borrowings (including current portion)</b>	<b>Bonds payable (including current portion)</b>	<b>Lease liabilities (including current portion)</b>	<b>Total liabilities arising from financing activities</b>
Balance as of January 1, 2024	\$ 31,802,900	36,304,203	56,608,526	65,742,467	332,443	190,790,539
Change in cash from financing activities	(8,827,449)	6,600,000	(266,710)	(9,275,000)	(136,088)	(11,905,247)
Non-cash changes	-	(53,817)	71,968	14,939	85,658	118,748
Foreign exchange movement	149	-	1,620,436	-	13,911	1,634,496
Balance as of December 31, 2024	<b><u>\$ 22,975,600</u></b>	<b><u>42,850,386</u></b>	<b><u>58,034,220</u></b>	<b><u>56,482,406</u></b>	<b><u>295,924</u></b>	<b><u>180,638,536</u></b>

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group and its subsidiaries.

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Formosa Petrochemical Corporation	Associates
Nanya Technology Corporation	Associates
Formosa Resources Corporation	Associates
Formosa Heavy Industries Corporation	Associates
Formosa Heavy Industries (Ningbo) Co., Ltd.	Associates
Formosa Smart Energy Tech Corporation	Associates
Nan Ya Photonics Incorporation	Associates
Formosa Fairway Corporation	Associates (Note )
Formosa Industries Corporation	Associates
Formosa Group (Cayman) Limited	Associates (Note 1)
Formosa Environmental Technology Corporation	Associates
Formosa Advanced Technologies Co., Ltd.	Associates
Formosa Plastics Agricultural Products Trading (Kunshan) Co., Ltd	Associates
Nan Ya Photonics Trading (Kunshan) Co., Ltd	Associates
Formosa Steel IB Pty Ltd	Associates
Nan Ya Plastics (Zhengzhou) Co., Ltd.	Joint ventures
Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures
P.T. Indonesia Nanya Indah Plastics Co.	Joint ventures
Formosa Plastics Corporation	Other related parties
Formosa Chemicals and Fiber Corporation	Other related parties
Formosa Taffeta Co., Ltd	Other related parties
Formosa Taffeta Viet Nam Co., Ltd	Other related parties
Formosa Ha Tinh (Cayman) Ltd.	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties
China Man-made Fiber Corporation	Other related parties
Formosa Industries (Ningbo) Co., Ltd.	Other related parties
Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties
Xiamen Haicang Investment Group Co., Ltd.	Other related parties
Formosa Plastics Marine Corporation	Other related parties
Formosa Plastics Corporation U.S.A.	Other related parties
Formosa Industries Corporation, U.S.A.	Other related parties
Formosa Electronic (Ningbo) Co., Ltd.	Other related parties

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Group</u>
Formosa Ineos Chemicals Corporation	Other related parties
Ming Chi University Of Technology	Other related parties

Note: Formosa Fairway Corporation was previously an investee company accounted for by the Company using the equity method. However, the Company's entire equity shares in Formosa Fairway Corporation has been divested as of March 25, 2024. Hence, it is no longer considered as an affiliated of the Company thereafter.

Note 1: Formosa Group (Cayman) Limited, which had completed its liquidation in 2025, with the approval of its board, was previously an investee company accounted for by the Company using the equity method. However, after its liquidation, it became a non-related party of the Company.

(c) Significant related-party transactions

(i) Sales to related parties

The amounts of significant sales by the Group to related parties were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Associates and joint ventures	\$ 4,442,183	4,486,152
Other related parties	6,318,802	8,629,994
	<b>\$ 10,760,985</b>	<b>13,116,146</b>

The receivables from related parties were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Associates and joint ventures	\$ 716,995	1,036,691
Other related parties	451,790	771,056
	<b>\$ 1,168,785</b>	<b>1,807,747</b>

The selling prices and collection terms of sales to domestic related parties are not significantly different from those of third-party customers. The accounts receivable arising from sales of machinery and equipment, and machine parts are collected after the delivery inspection, and the accounts receivable arising from sales of other products are collected on the 30th day of the following month.

For those machinery sold to and engineering services provided to related parties in China and Vietnam, payment is made after the test run of machinery sold. However, for the other items sold to related parties in China and Vietnam, the selling prices are not materially different from those of third-party customers. Payments are collected 30 to 180 days after shipping of these other products.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Purchase from related parties

The amounts of significant purchases by the Group from related parties were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 17,908,794	16,905,926
Other associates and joint ventures	442,919	303,151
Other related parties		
Formosa Chemicals and Fiber Corporation	15,829,128	24,022,469
Other related parties	<u>28,887,755</u>	<u>26,428,329</u>
	<b><u>\$ 63,068,596</u></b>	<b><u>67,659,875</u></b>

The payables to related parties were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 1,117,629	1,885,543
Other associates and joint ventures	40,135	45,926
Other related parties		
Formosa Chemicals and Fiber Corporation	1,176,060	1,922,607
Formosa Plastics Corporation U.S.A.	805,311	1,731,793
Other related parties	<u>994,306</u>	<u>1,777,248</u>
	<b><u>\$ 4,133,441</u></b>	<b><u>7,363,117</u></b>

Purchase prices and payment terms of purchases from related parties are not materially different from those of non-related general suppliers. Payment shall be paid within 30 to 180 days of the month following the month of purchase with checks which are due and payable immediately.

(iii) Unrealized sales profit

Significant (realized) unrealized profits from sales to related parties were as follows:

<u>Investee</u>	<u>For the year ended December 31, 2025</u>			<u>For the year ended December 31, 2024</u>		
	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period
Associates and joint ventures	<u>\$ 48,565</u>	<u>(12,141)</u>	<u>36,424</u>	<u>47,511</u>	<u>1,054</u>	<u>48,565</u>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Construction

The Group contracted with associates to construct and expand the factory. The construction costs were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Associates and joint ventures		
Formosa Heavy Industries Corporation	\$ 208,456	601,688

The payables to related parties were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Formosa Heavy Industries Corporation	\$ -	416

(v) Utility expenses

Part of the utilities of the Group's Lin-Yuan plant and all of the utilities of the Group's Ren-Wu plant, including power, water and steam, are supplied by or paid on behalf of the Group by the utility plants of Formosa Plastics Corporation. The utilities of the Group's Mai Liao plant, including power, water and steam, are supplied by Formosa Petrochemical Corporation. The expenses for utilities were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 3,627,670	3,854,060
Other related parties	132,429	121,942
	\$ 3,760,099	3,976,002

The payables to related parties were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 105	56

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Property transactions

1) Acquisitions of financial assets

	<u>Financial Statement Account</u>	<u>Transaction Shares (in thousands)</u>	<u>Transaction Items</u>	<u>For the year ended December 31, 2024</u>
Associate - Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	250,000	Shares of stock of Formosa Smart Energy Tech Corporation	<u>\$ 2,500,000</u>

2) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Associates and other related parties	<u>\$ 165,511</u>	<u>232,775</u>

As of December 31, 2025 and 2024, there was no outstanding balance. For further description of the property, plant, and equipment, please refer to note 6(h).

3) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	<u>For the years ended December 31, 2025</u>		<u>For the years ended December 31, 2024</u>	
	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>
Nanya Technology Corporation	\$ -	-	350	43
P.T. Indonesia Nanya Indah Plastics Co	28,008	792	15,112	509
Formosa Petrochemical Corporation	-	-	34	34
Nanya Kyowa Plastics (Nantong) Co., Ltd.	1,353	25	-	-
	<u>\$ 29,361</u>	<u>817</u>	<u>15,496</u>	<u>586</u>

As of December 31, 2025, there was no outstanding balance. Please refer to note 6(h) for the details of property, plant and equipment.

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vii) Loans to related parties

1) The loans to related parties were as follows:

	<b>Other receivables from related parties</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Associates and joint ventures		
Other associates and joint ventures	\$ 29,072	117,004
Other related parties		
Other related parties	<u>76,035</u>	<u>77,526</u>
	<b><u>\$ 105,107</u></b>	<b><u>194,530</u></b>

2) The borrowings from related parties were as follows:

	<b>Other payable to related parties</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Associates and joint ventures		
Formosa Plastics Agricultural Products Trading (Kunshan) Co., Ltd	\$ 4,473	-
NanYa Photonics Trading (Kunshan) Co., Ltd	11,182	-
Other related parties		
China Man-made Fiber Corporation	<u>300,000</u>	<u>300,000</u>
	<b><u>\$ 315,655</u></b>	<b><u>300,000</u></b>

(viii) Endorsements and guarantees

The amounts of the Group's endorsements and guarantees for securing related parties' loans were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Associates and joint ventures		
Formosa Group (Cayman) Limited	<u>\$ -</u>	<u>8,195,250</u>

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**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ix) Leases

- 1) The rental income of the Group from leasing its plants to its related parties, recognized as other income, were as follows:

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Associates and joint ventures		
Nanya Technology Corporation	<b>\$ 494,807</b>	<b>463,813</b>

The rentals charged to related parties are determined based on the local market prices, and rents are collected monthly depending on the contract.

- 2) The rental expenses of the Group's offices and buildings leased its relate parties, recognized as operating costs and expenses, were as follows:

	<b>Financial Statement</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>Account</b>	<b>2025</b>	<b>2024</b>
Other related parties			
Formosa Plastics Corporation	Lease liabilities	\$ 828	1,367
Formosa Chemicals and Fiber Corporation	Lease liabilities	828	1,367
Ming Chi University Of Technology	Lease liabilities	48,426	51,795
Associates			
Formosa Petrochemical Corporation	Lease liabilities	828	1,367
		<b>\$ 50,910</b>	<b>55,896</b>

	<b>Interest expense</b>	
	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Other related parties		
Formosa Plastics Corporation	\$ 22	23
Formosa Chemicals and Fiber Corporation	22	23
Ming Chi University Of Technology	710	758
Associates		
Formosa Petrochemical Corporation	22	23
	<b>\$ 776</b>	<b>827</b>

The rentals charged to related parties are determined base on the local market prices.

- (d) Key management personnel compensation

	<b>For the years ended</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	<b>\$ 198,560</b>	<b>198,133</b>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets**

The carrying values of pledged assets were as follows

<u>Pledged assets</u>	<u>Object</u>	<u>Usage</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Current financial assets at fair value through other comprehensive income—shares of stocks of Formosa Plastics Corporation	Others	The collateral to provisional execution in litigation	\$ 496,704	452,128
Investment accounted for using equity method—stock of Formosa Petrochemical Corporation	Others	The collateral to provisional execution in litigation	61,448	-
Other current assets—time deposits	Others	The collateral to provisional execution in litigation	-	16,500
Other current assets—time deposits	Bank loans	Bank loans	1,523,450	-
Buildings	Bank loans	Bank loans	33,704,121	37,537,524
Other non current assets—cash in bank	Others	The collateral to provisional execution in litigation	73,602	73,602
Land	Bank loans	Bank loans	90,813	-
Land	Long-term Borrowing	Bank loans	4,548,313	-
Other non current assets—time deposits	Bank loans	Bank loans	-	1,639,050
Total			<u>\$ 40,498,451</u>	<u>39,718,804</u>

**(9) Significant Commitments and Contingencies**

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
(a) Outstanding standby letter of credit	\$ 292,864	288,484
(b) Endorsements and guarantees	-	8,195,250
(c) Bonding guarantees by banks	43,000	26,000
(d) Letters of credit guarantees by banks	20,520	39,500
(e) Formosa Ha Tinh (Cayman) Ltd. (the Company's investee) and Formosa Ha Tinh Steel Corporation (a subsidiary of Formosa Ha Tinh (Cayman) Ltd.), each separately signed a syndicated line of credit with a group of financial institutions amounting to USD 5,172,500 thousand and USD 2,887,500 thousand, respectively, for their operational needs. According to the requirement of the consortium, the Company has to offer a letter of undertaking or a letter of support based on its ownership of 11.432% and commit to monitor the operations of both companies to ensure they fulfill their financial obligations.		

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (f) Nan Ya Plastics Corporation America (the Company's subsidiary) and Nan Ya Plastics Corporation Texas (a subsidiary of Nan Ya Plastics Corporation America), signed a syndicated line of credit with a group of financial institutions amounting to USD 1,000,000 thousand for their investment and expansion needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its direct and indirect ownership of 100.00% and commit to monitor the operations of both companies to ensure they fulfill their financial obligations.
- (g) Formosa Industries Corporation, a Company's investee, signed a syndicated line of credit with a group of financial institutions amounting to USD 200,000 thousand for its operational needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its ownership of 42.50% and commit to monitor the operations of Formosa Industries Corporation to ensure that it completes its financial obligation.
- (h) Formosa Steel IB Pty Ltd. (a subsidiary of Formosa Resources Corporation), signed a syndicated line of credit with a group of financial institutions amounting to USD 1,435,000 thousand, for their operational needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its ownership of 25.00% and commit to monitor the operations of Formosa Steel IB Pty Ltd. to ensure that it completes its financial obligation.
- (i) Formosa Resources Corporation, a Company's investee company, signed a syndicated line of credit with various banks amounting to USD 555,000 thousand for its operational needs. According to the requirement of the banks, the Company has to offer a letter of support based on its 25.00% direct shareholding in Formosa Resources Corporation, and commit to monitor the operations of Formosa Resources Corporation to ensure that it completes its financial obligation.
- (j) Formosa Resources Australia Pty Ltd. (a subsidiary of Formosa Resources Corporation), signed a syndicated line of credit with various banks amounting to USD 550,000 thousand, for their operational needs. According to the requirement of the banks, the Company has to offer a letter of support based on its 25.00% indirect shareholding in Formosa Resources Australia Pty Ltd., and commit to monitor the operations of Formosa Resources Australia Pty Ltd. to ensure that it completes its financial obligation.
- (k) Litigation between the Company and DBTEL Incorporated (a)

DBTEL Incorporated (DBTEL), a customer of the Company, placed multiple orders for LCD monitors in May 2003. However, DBTEL unexpectedly cancelled partial orders in June 2004. Additionally, DBTEL repeatedly changed the delivery schedule, and even refused to accept some delivery made by the Company, leading to a stock up of both raw materials and finished goods, as well as uncollectible accounts receivable, resulting in the Company to file a lawsuit against DBTEL in the Taiwan High Court on April 6, 2006, demanding for the damage claims of USD 5,392,620 and TWD 100,846,141.

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

On November 20, 2025, the Supreme Court rendered its Ruling No. 113-TaiShang-1913, stating that the original verdict was overturned, and thus, the case was remanded to the Taiwan High Court for further proceedings on the following matters: (i) The portion dismissing the claims of the appellant, Nan Ya Plastics Corporation, for payment of the principal amounts (with interest) of USD 2,099,265, TWD 63,616,980, and TWD 27,229,161, listed in Schedules 2, 3, and 4, respectively, of the original judgment; (ii) The appeals filed by the appellant, DBTEL, against the first-instance order, which required it to pay the principal amounts (with interest) of USD 2,000,000 and TWD 10,000,000 (together with its claim for the return of TWD 79,472,838, paid under provisional execution), listed in Schedules 2 and 3, respectively, of the original judgment; as well as the corresponding portions concerning the litigation costs. The remainder of the appeal filed by DBTEL had been dismissed by the court, with DBTEL having to pay for the litigation costs in the third instance.

As for the Company's claims in this case, except for the portion involving the amount of USD 1,278,863 (principal and interest), for which the Company has already obtained a final and binding judgment, the remaining claims for the damages listed in Schedules 2, 3, and 4 have been remanded by the Supreme Court to the Taiwan High Court for a fourth round of appellate proceedings. The Company has engaged attorneys to defend its case.

(l) Litigation between the Company and DBTEL Incorporated (b)

DBTEL alleged that during the abovementioned transaction, the Company had delayed payment and had delivered defective goods, which led to losses from the inability to manufacture mobile phones for timely sale and increased customer returns.

As a result, the lawsuits filed by DBTEL to the Taipei District Court have all been dismissed on April 20, 2021. Dissatisfied with the court's decision, DBTEL filed an appeal to the Taiwan High Court, who subsequently revoked the case on February 25, 2025. Thereafter, DBTEL further appealed for a third-instance to the Supreme Court, who then dismissed the case on December 30, 2025, with Civil Ruling No. 114-TaiShang-1067. (Note: The Company received the notification from the Supreme Court Clerk's Office on January 6, 2026.)

**(10) Losses Due to Major Disasters**

On April 7, 2024, a fire broke out at the Company's Linkou plant, causing damage to its equipment and inventory amounting to \$241,332, recognized as "other gains and losses". Since the above assets were insured, the Company estimated the above recoverable claim to be \$217,199, recognized as "other income".

**(11) Subsequent events: None**

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Others**

A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

by function by item	For the years ended December 31,							
	2025				2024			
	Operating Costs	Operating expenses	Non-Operating expenses	Total	Operating Costs	Operating expenses	Non-Operating expenses	Total
Employee benefit								
Salaries	22,392,129	5,560,605	-	27,952,734	21,652,011	5,470,319	-	27,122,330
Labor and health insurance	2,494,545	408,273	-	2,902,818	2,297,740	420,642	-	2,718,382
Pension expenses	1,577,617	318,429	-	1,896,046	1,533,434	360,625	-	1,894,059
Remuneration of directors	-	37,614	-	37,614	-	38,502	-	38,502
Others personnel expenses	1,381,285	248,349	-	1,629,634	1,353,919	255,342	-	1,609,261
Depreciation	20,749,662	1,172,649	10,192	21,932,503	21,009,535	1,009,398	13,008	22,031,941
Amortization	293,930	291,111	-	585,041	393,601	276,160	-	669,761

**(13) Other disclosures**

(a) Information on significant transactions:

- (i) Loans to other parties: Please see attached Table 1.
- (ii) Guarantees and endorsements for other parties: Please see attached Table 2.
- (iii) Information regarding significant securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): Please see attached Table 3.
- (iv) Information regarding related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 4.
- (v) Information regarding receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 5.
- (vi) Significant transactions and business relationship between the Company and its subsidiaries: Please see attached Table 6.

(b) Information on investees: Please see attached Table 7.

(c) Information on investment in Mainland China: Please see attached Table 8.

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information**

(a) General Information

The Group's four reportable segments are: plastics products, plastic materials, electronic materials and fiber products. Plastic products department mainly engaged in the manufacture and sale of flexible PVC sheets and other plastics processing products; plastic materials department is mainly engaged in the manufacture and sale of ethylene glycol and other plastic petrochemical raw materials; electronic materials department is mainly engaged in the manufacture and sale of copper clad laminate; fiber products department is mainly engaged in the manufacture and sale of polyester products.

The Group's reportable segments are responsible for the Group's strategic business units, including the manufacturing and supplying of different products. As each strategic business unit requires different technology and marketing strategies, each unit is administered individually.

(b) Segment revenue and operating results

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any shares of profit (loss) of associates and joint ventures accounted for using equity method, income tax, extraordinary gains and losses, and foreign exchange gains and losses, because they are managed on a group basis, and hence they are not allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

There were no material differences between the accounting policies adopted for the Group's operating segments and those described in Note 4. The terms and conditions for the Group's intersegment sales and transfers are the same as those of third-party transactions, which are measured at market price.

Operating segments are combined and reconciled as follows:

	For the year ended December 31, 2025						Total
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	
Revenue :							
Net revenue from external customers	\$ 36,251,100	56,665,284	120,618,262	41,697,528	4,679,570	-	259,911,744
Net revenue from sales among intersegments	1,721,421	7,238,532	21,133,675	1,498,009	3,255,521	(34,847,158)	-
Interest revenue	122,019	50,501	704,282	1,038,476	5,444	(109,556)	1,811,166
Total revenue	<u>\$ 38,094,540</u>	<u>63,954,317</u>	<u>142,456,219</u>	<u>44,234,013</u>	<u>7,940,535</u>	<u>(34,956,714)</u>	<u>261,722,910</u>
Interest expense	\$ 276,199	206,059	417,187	164,774	3,332,669	(129,510)	4,267,378
Depreciation and amortization	1,974,755	5,994,518	11,874,685	1,782,385	891,201	-	22,517,544
Share of profit (loss) of associates and joint ventures accounted for using equity method							3,589,543
Reportable segment profit or loss	<u>\$ 3,230,218</u>	<u>(5,479,315)</u>	<u>5,941,862</u>	<u>(664,023)</u>	<u>5,626,464</u>	<u>(2,196,312)</u>	<u>6,458,894</u>
Reportable segment assets	<u>\$ 34,554,565</u>	<u>90,426,197</u>	<u>173,147,137</u>	<u>27,359,536</u>	<u>468,543,438</u>	<u>(183,432,408)</u>	<u>610,598,465</u>
Reportable segment liabilities	<u>\$ 6,857,629</u>	<u>40,165,365</u>	<u>39,823,170</u>	<u>8,449,191</u>	<u>150,479,955</u>	<u>(6,975,810)</u>	<u>238,799,500</u>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	For the year ended December 31, 2024						
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue :							
Net revenue from external customers	\$ 39,237,537	58,363,299	108,364,521	48,509,571	5,133,555	-	259,608,483
Net revenue from sales among intersegments	1,167,842	7,551,360	18,748,977	1,492,169	3,229,497	(32,189,845)	-
Interest revenue	175,010	102,611	1,089,719	3,815	997,799	(83,656)	2,285,298
Total revenue	<u>\$ 40,580,389</u>	<u>66,017,270</u>	<u>128,203,217</u>	<u>50,005,555</u>	<u>9,360,851</u>	<u>(32,273,501)</u>	<u>261,893,781</u>
Interest expense	\$ 201,703	149,606	357,394	181,756	3,462,654	(5,262)	4,347,851
Depreciation and amortization	1,977,746	6,346,442	11,837,638	1,777,710	762,166	-	22,701,702
Share of profit (loss) of associates and joint ventures accounted for using equity method							1,414,229
Reportable segment profit or loss	<u>\$ 3,389,975</u>	<u>(3,453,379)</u>	<u>1,938,218</u>	<u>(342,053)</u>	<u>3,969,587</u>	<u>(978,878)</u>	<u>4,523,470</u>
Reportable segment assets	<u>\$ 35,959,314</u>	<u>93,005,689</u>	<u>178,947,364</u>	<u>29,523,992</u>	<u>477,550,049</u>	<u>(197,512,911)</u>	<u>617,473,497</u>
Reportable segment liabilities	<u>\$ 7,275,703</u>	<u>34,725,739</u>	<u>39,659,625</u>	<u>8,726,924</u>	<u>171,945,501</u>	<u>(7,463,300)</u>	<u>254,870,192</u>

Further explanations of the significant reconciling items of reportable segment information exhibited above are described as follows:

The eliminations of the Group's intersegment revenue amounted to \$34,956,714 and \$32,273,501 in 2025 and 2024, respectively.

(c) Geographic information

The Group's revenues from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are as follows:

Geographic	For the years ended December 31	
	2025	2024
Net Revenue from External Customers:		
Taiwan	\$ 67,165,444	72,496,549
China and HK	100,306,983	95,348,266
U.S.A.	46,188,886	44,895,194
Others	46,250,431	46,868,474
	<u>\$ 259,911,744</u>	<u>259,608,483</u>
Geographic	December 31, 2025	December 31, 2024
Non-current Assets:		
Taiwan	\$ 123,196,570	124,564,893
China and HK	54,005,071	59,063,031
U.S.A.	47,638,930	53,685,314
	<u>\$ 224,840,571</u>	<u>237,313,238</u>

(Continued)

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Non-current assets include property, plant and equipment, intangible assets, technology development expense, prepayments for purchase of equipment and other assets, but do not include financial instruments, deferred tax assets, post-employment benefit assets, and non-current assets arising from insurance contracts.

(d) Information about major customers

There is no single customer's sale which exceeds 10% of the Group's revenues.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**LOANS TO OTHER PARTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(Expressed in thousands of New Taiwan Dollars)

TABLE 1

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing to Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Individual Funding Loan Limits (Note 3.4)	Maximum Limitation on Fund Financing (Note 3.4)
													Item	Value		
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 6)	Other receivables from related parties	YES	500,000	500,000	-	-	2	-	Operating capital	-	-	-	35,566,584	177,832,919
0	The Company	Formosa Plastics Group Investment Corp. (Note 6)	Other receivables from related parties	YES	100,000	-	-	-	2	-	Operating capital	-	-	-	35,566,584	177,832,919
0	The Company	Wellink Technology Corporation (Note 6)	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	-	35,566,584	177,832,919
0	The Company	PFG Fiber Glass Corporation (Note 6)	Other receivables from related parties	YES	500,000	500,000	-	-	2	-	Operating capital	-	-	-	35,566,584	177,832,919
0	The Company	Nan Chung Petrochemical Corporation (Note 6)	Other receivables from related parties	YES	600,000	300,000	300,000	2.9%~2.9%	2	-	Operating capital	-	-	-	88,916,460	177,832,919
0	The Company	Formosa Plastics Construction Corporation (Note 6)	Other receivables from related parties	YES	200,000	150,000	-	-	2	-	Operating capital	-	-	-	88,916,460	177,832,919
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	YES	7,600,000	5,700,000	-	-	2	-	Operating capital	-	-	-	88,916,460	177,832,919
0	The Company	Formosa Petrochemical Corporation	Other receivables from related parties	YES	6,000,000	4,500,000	-	-	2	-	Operating capital	-	-	-	88,916,460	177,832,919
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	YES	6,000,000	4,500,000	-	-	2	-	Operating capital	-	-	-	88,916,460	177,832,919
0	The Company	Formosa Chemicals and Fiber Corporation	Other receivables from related parties	YES	6,000,000	4,500,000	-	-	2	-	Operating capital	-	-	-	88,916,460	177,832,919
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A. (Note 6)	Other receivables from related parties	YES	3,143,800	3,143,800	2,615,367	5.114%~5.601%	2	-	Operating capital	-	-	-	21,735,945	43,471,891
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas (Note 6)	Other receivables from related parties	YES	5,344,460	5,344,460	5,052,691	5.114%~5.249%	2	-	Operating capital	-	-	-	21,735,945	43,471,891
2	Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	1,789,058	1,789,058	1,789,058	0.7004%	2	-	Operating capital	-	-	-	43,897,983	87,795,965
3	Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Other receivables from related parties	YES	23,000	23,000	-	-	2	-	Operating capital	-	-	-	25,344	253,443
3	Wen Fung Industrial Co., Ltd.	Formosa Environmental Technology Corporation	Other receivables from related parties	YES	60,000	-	-	2.17644%~2.178038%	2	-	Operating capital	-	-	-	101,377	253,443
4	Nan Ya Trading (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	1,341,794	1,252,341	1,252,341	2.10%~2.40%	2	-	Operating capital	-	-	-	1,980,231	3,960,463
5	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd. (Note 6)	Other receivables from related parties	YES	51,435	29,072	29,072	2.40%~2.48%	2	-	Operating capital	-	-	-	280,080	560,160
5	Nan Ya Plastics (Xiamen) Co., Ltd.	Xiamen Haicang Investment Group Co., Ltd.	Other receivables from related parties	YES	76,035	76,035	76,035	2.40%~2.76%	2	-	Operating capital	-	-	-	280,080	560,160
6	China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	174,433	174,433	174,433	2.10%~2.48%	2	-	Operating capital	-	-	-	185,379	370,758
7	Nantong Huafa Plastics Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	49,199	48,752	48,752	2.40%~2.48%	2	-	Operating capital	-	-	-	53,707	107,414
8	Nan Ya Electric (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	313,085	313,085	313,085	2.40%~2.40%	2	-	Operating capital	-	-	-	629,099	1,258,198
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	2,052,945	952,674	952,674	2.10%~2.48%	2	-	Operating capital	-	-	-	26,019,136	52,038,273
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	YES	5,031,727	3,533,390	2,638,861	2.10%~2.76%	2	-	Operating capital	-	-	-	26,019,136	52,038,273
10	PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	223,632	143,125	143,125	2.40%~2.40%	2	-	Operating capital	-	-	-	4,457,013	8,914,027

Note 1 : (a) Those with business contact please fill in 1; (b) Those necessary for short-term financing please fill in 2.

Note 2 : Amount from business contact stands for the sum of purchases and sales.

Note 3 : Capital loaned to other parties should not exceed 50% of the lender's net worth, of which the sum loaned to non-interested parties for capital requirements should not exceed 40% of the net worth of borrower.

The cap amount of loans to associates and interested parties should not exceed 25% of the equity of the lenders. Other parties should not exceed 20% of the lender's net worth.

The Company's authorized loans should not exceed 10% of its net worth.

Note 4 : Subsidiaries' capital loaned to associates and interested parties should not exceed 50% of the equity of the lenders. Other parties should not exceed 40% of the lender's net worth.

The subsidiaries' cap amount of loans to other parties should not exceed 100% of its equity. Non-interested parties should not exceed 40% of its net worth. However, subsidiaries' capital loaned to the parties located in non-Taiwan and directly or indirectly held by the company 100% of the shares are not be limited.

Note 5 : Reporting currency of Nan Ya Plastics corporation, America and Nan Ya Plastics corporation USA are denominated in USD, and the exchange rate of TWD to USD as of December 31, 2025 (in average) is 31.438(31.144).

Reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd and Superior World Wide Trading Co., Ltd. are denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2025 (in average) is 4.0305(3.9929) : 1.

Note 6 : This transaction has already been written off during the consolidation process.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**GUARANTEES AND ENDORSEMENTS FOR OTHER PARTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

TABLE 2

No	Endorsement Guarantee Provider	Counterparty of Guarantee and Endorsement		Limitation Amount of Guarantees and Endorsements for a Specific Enterprise	Highest Balance for Guarantee and Endorsements during the Period	Ending Balance of Guarantees and Endorsements as of December 31, 2025	Amount Secured by Guaranteed and Endorsed Property	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Parent Company Endorses / Guarantees to Third Parties on Behalf of Subsidiary	Subsidiary Endorses / Guarantees to Third Parties on Behalf of Parent Company	Endorsements / Guarantees to the Third Parties on Behalf of the Companies in Mainland China
		Name	Relationship with The Company (Note)										
0	The Company	Formosa Group (Cayman) Ltd.	6	231,182,795	8,295,500	-	-	-	0.00%	462,365,589	N	N	N

Note1: The total amount of guarantees and endorsements by the company shall not exceed 1.3 times of the company's net value, and the amount of guarantees and endorsements for a specific enterprise shall not exceed one half of the foregoing total.

Note2: There are seven conditions in which the Company may have guarantees or endorsements for other parties as follows:

- (1) The Company has business relationship.
- (2) The Company holds directly and indirectly more than 50% of the voting shares of the subsidiaries.
- (3) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.
- (4) Subsidiaries in which the Company holds directly or indirectly more than 90% of the voting shares make endorsement and guarantees for each other.
- (5) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- (6) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.
- (7) According to Consumer Protection Act, companies are required to provide guarantees and endorsements for joint and several liabilities if take part in business of preconstruction real estate.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**INFORMATION REGARDING SIGNIFICANT SECURITIES HELD AT THE REPORTING DATE**  
**(SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES NOT INCLUDED)**  
**DECEMBER 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

**TABLE 3**

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31,2025				Highest Percentage of Ownership During the Year	Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value		
The Company	Mega Internaitonal Private USD Money Market	-	Financial assets valued at FVTPL – current	4,554	1,849,655	-	1,849,655	-	
The Company	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI – current	294,793	11,496,931	4.63%	11,496,931	4.63%	Note 1
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Financial assets valued at FVTOCI – current	140,520	4,510,681	2.40%	4,510,681	2.40%	
The Company	Formosa Group Ocean Marine Investment Corporation	Other related parties	Financial assets valued at FVTOCI – non current	3	9,179,041	19.00%	9,179,041	19.00%	
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	Financial assets valued at FVTOCI – non current	2	1,322,879	0.51%	1,322,879	0.51%	
The Company	Ostendo Technologies Inc.	-	Financial assets valued at FVTOCI – non current	150	-	0.12%	-	0.12%	
The Company	Formosa Plastics Maritime Corp.	Other related parties	Financial assets valued at FVTOCI – non current	4,708	39,682	18.00%	39,682	18.00%	
The Company	Formosa International Development Co., Ltd.	Other related parties	Financial assets valued at FVTOCI – non current	20,471	214,890	18.00%	214,890	18.00%	
The Company	Mai Liao Harbor Administration Corp.	Other related parties	Financial assets valued at FVTOCI – non current	39,562	1,017,791	17.98%	1,017,791	17.98%	
The Company	Formosa Plastics Marine Corporation	Other related parties	Financial assets valued at FVTOCI – non current	16,234	392,719	15.00%	392,719	15.00%	
The Company	ASIA Pacific Investment Co.	Other related parties	Financial assets valued at FVTOCI – non current	63,717	1,476,296	14.99%	1,476,296	14.99%	
The Company	Formosa Technologies Corporation	Other related parties	Financial assets valued at FVTOCI – non current	2,925	371,459	12.50%	371,459	12.50%	
The Company	Central Leasing Corp.	-	Financial assets valued at FVTOCI – non current	1,779	-	1.07%	-	1.07%	
The Company	Chinese Television System Inc.	-	Financial assets valued at FVTOCI – non current	1,769	14,543	1.04%	14,543	1.04%	
The Company	China Investment & Development Company, Limited	-	Financial assets valued at FVTOCI – non current	1,287	5,489	0.80%	5,489	0.80%	

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31,2025				Highest Percentage of Ownership During the Year	Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value		
The Company	Taiwan Aerospace Corp.	-	Financial assets valued at FVTOCI – non current	1,070	38,889	0.79%	38,889	0.79%	
The Company	Guang Yuan Securities Investment Consulting Corporation	-	Financial assets valued at FVTOCI – non current	2,344	21,258	3.91%	21,258	3.91%	
The Company	Mega Growth Capital Venture	-	Financial assets valued at FVTOCI – non current	492	3,087	1.97%	3,087	1.97%	
The Company	Formosa Ha Tinh (Cayman) Ltd.	-	Financial assets valued at FVTOCI – non current	621,178	6,249,152	11.43%	6,249,152	11.43%	
Nan Ya PCB Corporation	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI – current	2,996	116,844	0.05%	116,844	0.05%	
Nan Ya Plastics Corporation America	Sutton (Bonds)	-	Financial assets valued at FVTPL – non current	-	396,406	-	396,406	-	
Nan Ya Plastics Corporation America	MBIA Insurance Corp. (Preferred Stock)	-	Financial assets valued at FVTPL – non current	-	228,249	-	228,249	-	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	161,448	15.00%	161,448	15.00%	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	149,051	15.00%	149,051	15.00%	

Note 1 : The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to \$496,704.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**INFORMATION REGARDING RELATED-PARTY TRANSACTIONS FOR PURCHASES AND SALES WITH AMOUNTS EXCEEDING THE LOWER OF TWD 100 MILLION OR 20% OF THE CAPITAL STOCK**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

TABLE 4

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/(sales)	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Formosa Plastics Corporation	Other related parties	(Sales)	(1,267,443)	(1.11)%	30 days	-	-	133,903	0.88%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	(Sales)	(3,313,109)	(2.90)%	30 days	-	-	206,787	1.36%	
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(508,949)	(0.45)%	30 days	-	-	50,895	0.33%	
The Company	Nan Ya PCB Corporation	Parent-subsidiary	(Sales)	(1,812,883)	(1.59)%	30 days	-	-	92,465	0.61%	Note
The Company	Formosa Petrochemical Corporation	Associates	(Sales)	(1,727,663)	(1.51)%	30 days	-	-	147,180	0.97%	
The Company	Nanya Technology Corporation	Associates	(Sales)	(238,616)	(0.21)%	30 days	-	-	18,515	0.12%	
The Company	Formosa Heavy Industries Corporation	Associates	(Sales)	(490,471)	(0.43)%	30 days	-	-	285,029	1.87%	
The Company	Formosa Tafleta Co., Ltd.	Other related parties	(Sales)	(392,923)	(0.34)%	30 days	-	-	31,595	0.21%	
The Company	Nan Ya Plastics Corporation U.S.A.	Parent-subsidiary	(Sales)	(1,329,875)	(1.16)%	O/A105 days	-	-	590,142	3.88%	Note
The Company	Nan Ya Plastics Corporation America	Parent-subsidiary	(Sales)	(319,914)	(0.28)%	O/A105 days	-	-	123,216	0.81%	Note
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Parent-subsidiary	(Sales)	(4,010,952)	(3.51)%	O/A180 days	-	-	942,201	6.19%	Note
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Parent-subsidiary	(Sales)	(230,311)	(0.20)%	O/A150 days	-	-	49,033	0.32%	Note
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Parent-subsidiary	(Sales)	(3,229,721)	(2.83)%	O/A150 days	-	-	764,822	5.03%	Note
The Company	Formosa Industries Corporation	Associates	(Sales)	(587,234)	(0.51)%	O/A150 days	-	-	104,844	0.69%	
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Parent-subsidiary	(Sales)	(190,569)	(0.17)%	O/A150 days	-	-	73,882	0.49%	Note
The Company	Nan Ya Plastics (Ningbo) Co., Ltd.	Parent-subsidiary	(Sales)	(1,167,544)	(1.02)%	O/A150 days	-	-	14,857	(0.10)%	Note
The Company	PFG Fiber Glass Corporation	Parent-subsidiary	(Sales)	(118,886)	(0.10)%	30 days	-	-	20,919	0.14%	Note
The Company	Formosa Plastics Corporation	Other related parties	Purchases	5,971,569	9.15%	30 days	-	-	(469,884)	(7.19)%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	15,363,957	23.54%	30 days	-	-	(1,099,034)	(16.82)%	
The Company	Formosa Petrochemical Corporation	Associates	Purchases	17,907,356	27.43%	30 days	-	-	(1,117,595)	(17.10)%	
The Company	PFG Fiber Glass Corporation	Parent-subsidiary	Purchases	2,013,787	3.08%	30 days	-	-	(182,840)	(2.80)%	Note
The Company	Formosa Industries Corporation	Associates	Purchases	384,220	0.59%	O/A150 days	-	-	(37,980)	(0.58)%	
The Company	Formosa Ineos Chemicals Corporation	Other related parties	Purchases	158,178	0.24%	30 days	-	-	(9,733)	(0.15)%	
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Parent-subsidiary	Purchases	530,809	0.81%	O/A150 days	-	-	(141,800)	(2.17)%	Note
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Parent-subsidiary	Purchases	789,309	1.21%	O/A150 days	-	-	(137,691)	(2.11)%	Note
Nan Ya PCB Corporation	The Company	Parent-subsidiary	Purchases	1,812,883	14.14%	30 days	-	-	(92,465)	(7.23)%	
Nan Ya PCB Corporation	Formosa Plastics Corporation	Other related parties	Purchases	105,139	0.82%	30 days	-	-	(8,728)	(0.68)%	
Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation	Parent-subsidiary	Purchases	4,586,733	35.78%	30 days	-	-	(445,157)	(34.80)%	Note
Nan Ya PCB Corporation	Formosa Advanced Technologies Co., Ltd.	Associates	(Sales)	(417,839)	(1.41)%	70 days	-	-	4,244	0.06%	
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Parent-subsidiary	(Sales)	(4,586,733)	(30.07)%	30 days	-	-	445,157	15.29%	Note
Nan Ya PCB (Kunshan) Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Associates	Purchases	675,030	7.72%	60 days	-	-	(43,797)	(4.85)%	
Nan Ya PCB (Kunshan) Corporation	Formosa Advanced Technologies Co., Ltd.	Associates	(Sales)	(421,143)	(2.76)%	70 days	-	-	50,884	1.75%	
Nan Ya PCB (Kunshan) Corporation	Wellink Technology Corporation	Associates	Purchases	102,702	1.17%	60 days	-	-	(21,738)	(2.41)%	
Wellink Technology Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(102,702)	(51.83)%	O/A150 days	-	-	21,738	52.38%	Note
PFG Fiber Glass Corporation	The Company	Parent-subsidiary	(Sales)	(2,013,787)	(68.64)%	30 days	-	-	182,840	74.47%	Note
PFG Fiber Glass Corporation	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	321,091	14.31%	30 days	-	-	(26,748)	(11.52)%	
PFG Fiber Glass Corporation	The Company	Parent-subsidiary	Purchases	118,886	5.30%	30 days	-	-	(20,919)	(9.01)%	
Nan Ya Plastics Corporation U.S.A.	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	503,478	15.06%	payment within one month	-	-	(44,166)	(5.41)%	
Nan Ya Plastics Corporation U.S.A.	The Company	Parent-subsidiary	Purchases	1,329,875	39.79%	O/A105 days	-	-	(590,142)	(72.24)%	Note
Nan Ya Plastics Corporation U.S.A.	Nan Ya Plastics Corporation America	Associates	Purchases	165,640	4.96%	payment within one month	-	-	(15,315)	(1.87)%	
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(231,803)	(0.87)%	payment within one month	-	-	857	0.03%	
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.	Associates	(Sales)	(165,640)	(0.62)%	payment within one month	-	-	15,315	0.45%	
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	3,541,654	13.93%	payment within one month	-	-	(15,732)	(2.01)%	

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/(sales)	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
Nan Ya Plastics Corporation America	The Company	Parent-subsiary	Purchases	319,914	1.26%	O/A105 days	-	-	(123,216)	(15.76)%	Note
Nan Ya Plastics Corporation America	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	144,080	0.57%	30 days	-	-	(50,278)	(6.43)%	
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	Parent-subsiary	Purchases	936,720	3.69%	payment within one month	-	-	(199,139)	(25.46)%	
Nan Ya Plastics Corporation Texas	Nan Ya Plastics Corporation America	Parent-subsiary	(Sales)	(936,720)	(6.78)%	payment within one month	-	-	199,139	19.32%	
Nan Ya Plastics Corporation Texas	Formosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(452,482)	(3.28)%	payment within one month	-	-	2,618	0.25%	
Nan Ya Plastics Corporation Texas	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	10,772,716	98.73%	payment within one month	-	-	(745,413)	(38.27)%	
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Associates	(Sales)	(2,088,735)	(58.44)%	60 days	-	-	259,683	41.25%	Note
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Associates	(Sales)	(519,703)	(14.54)%	60 days	-	-	229,500	36.46%	Note
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Other related parties	Purchases	114,893	5.55%	60 days	-	-	(11,350)	(5.99)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	The Company	Parent-subsiary	Purchases	4,010,952	28.94%	O/A180 days	-	-	(942,201)	(22.79)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Associates	Purchases	519,703	3.75%	60 days	-	-	(229,500)	(5.55)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Associates	Purchases	7,656,506	55.25%	180 days	-	-	(2,742,909)	(66.36)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Associates	(Sales)	(155,309)	(0.97)%	180 days	-	-	30,834	0.58%	
Nan Ya Plastics (Nantong) Co., Ltd.	The Company	Parent-subsiary	Purchases	230,311	6.06%	O/A150 days	-	-	(49,033)	(14.23)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	571,234	15.03%	60 days	-	-	(23,505)	(6.82)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Associates	(Sales)	(4,767,955)	(35.88)%	60 days	-	-	138,274	29.74%	Note
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties	Purchases	6,961,754	58.94%	60 days	-	-	(449,574)	(64.76)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	The Company	Parent-subsiary	Purchases	1,167,544	9.89%	O/A150 days	-	-	14,857	2.14%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent-subsiary	(Sales)	(530,809)	(1.15)%	O/A150 days	-	-	141,800	1.02%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Associates	(Sales)	(7,656,506)	(16.57)%	180 days	-	-	2,742,909	19.76%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Associates	(Sales)	(675,030)	(1.46)%	30 days	-	-	43,797	0.32%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(114,893)	(0.25)%	60 days	-	-	11,350	0.08%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Associates	(Sales)	(345,894)	(0.75)%	60 days	-	-	34,659	0.25%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent-subsiary	Purchases	3,229,721	8.24%	O/A150 days	-	-	(764,822)	(30.54)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Associates	Purchases	2,088,735	5.33%	60 days	-	-	(259,683)	(10.37)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Associates	Purchases	155,309	0.40%	180 days	-	-	(30,834)	(1.23)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Associates	Purchases	4,767,955	12.16%	60 days	-	-	(138,274)	(5.52)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent-subsiary	Purchases	190,569	10.05%	O/A150 days	-	-	(73,882)	(42.74)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Associates	Purchases	345,894	18.24%	60 days	-	-	(34,659)	(20.05)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Formosa Industries Corporation	Associates	(Sales)	(264,738)	(8.76)%	O/A151 days	-	-	46,673	15.56%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent-subsiary	(Sales)	(789,309)	(26.11)%	O/A150 days	-	-	137,691	45.89%	Note

Note : The transaction has been written off during the consolidation process.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**INFORMATION REGARDING RECEIVABLES FROM RELATED-PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF TWD 100 MILLION OR 20% OF THE CAPITAL STOCK**  
**DECEMBER 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

TABLE 5

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts	
					Amount	Action Taken			
The Company	Formosa Plastics Corporation	Other related parties	Receivables from related parties :	133,903	9.58	-	-	62,855	-
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Receivables from related parties :	206,787	8.50	-	-	206,787	-
The Company	Formosa Petrochemical Corporation	Associates	Receivables from related parties :	147,180	9.66	-	-	125,438	-
The Company	Formosa Heavy Industries Corporation	Associates	Receivables from related parties :	285,029	1.57	-	-	251,091	-
The Company	Nan Ya Plastics Corporation U.S.A.(Note 1)	Parent-subsiidiary	Receivables from related parties :	590,142	2.16	-	-	18,704	-
The Company	Nan Ya Plastics Corporation America(Note 1)	Parent-subsiidiary	Receivables from related parties :	123,216	2.75	-	-	12,912	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Parent-subsiidiary	Receivables from related parties :	942,201	4.70	-	-	329,878	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Parent-subsiidiary	Receivables from related parties :	764,822	4.83	-	-	146,296	-
The Company	Formosa Industries Corporation	Associates	Receivables from related parties :	104,844	7.39	-	-	10,039	-
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation(Note 1)	Parent-subsiidiary	Receivables from related parties :	445,157	11.37	-	-	445,157	-
PFG Fiber Glass Corporation	The Company(Note 1)	Parent-subsiidiary	Receivables from related parties :	182,840	11.30	-	-	166,939	-
Nan Ya Plastics Corporation Texas	Nan Ya Plastics Corporation America(Note 1)	Parent-subsiidiary	Receivables from related parties :	199,139	3.20	-	-	194,193	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Associates	Receivables from related parties :	259,683	9.59	-	-	259,683	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Associates	Receivables from related parties :	229,500	2.81	-	-	111,112	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Associates	Receivables from related parties :	138,274	21.01	-	-	138,274	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company(Note 1)	Parent-subsiidiary	Receivables from related parties :	141,800	5	-	-	85,680	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Associates	Receivables from related parties :	2,742,909	3.04	-	-	1,542,262	-
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company(Note 1)	Parent-subsiidiary	Receivables from related parties :	137,691	5.33	-	-	112,109	-
The Company	Nan Chung Petrochemical Corporation(Note 1)	Parent-subsiidiary	Other receivables from related parties :	300,000	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas(Note 1)	Parent-subsiidiary	Other receivables from related parties :	5,052,691	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.(Note 1)	Associates	Other receivables from related parties :	2,615,367	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Parent-subsiidiary	Other receivables from related parties :	1,789,058	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Associates	Other receivables from related parties :	313,085	Note	-	-	-	-
Nan Ya Trading (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Associates	Other receivables from related parties :	1,252,341	Note	-	-	-	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Associates	Other receivables from related parties :	143,125	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Associates	Other receivables from related parties :	952,674	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Associates	Other receivables from related parties :	2,638,861	Note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Associates	Other receivables from related parties :	174,433	Note	-	-	-	-

Note : The turnover rate of other receivables from related parties cannot be calculated.

Note 1 : The transaction has been written off during the consolidation process.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**SIGNIFICANT TRANSACTIONS AND BUSINESS RELATIONSHIP BETWEEN THE COMPANY AND ITS SUBSIDIARIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

TABLE 6

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount	Terms	
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Sales	2,174,516	30-150days	0.84%
0	The Company	Nan Chung Petrochemical Corporation	1	Sales	24,990	30days	0.01%
0	The Company	PFG Fiber Glass Corporation	1	Sales	118,886	30days	0.05%
0	The Company	Nan Ya Plastics Corporation U.S.A	1	Sales	1,329,875	O/A 105days	0.51%
0	The Company	Nan Ya Plastics Corporation America	1	Sales	319,914	O/A 105days	0.12%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Sales	8,936,811	O/A 150-180days	3.44%
1	Nan Chung Petrochemical Corporation	The Company	2	Sales	39,160	30days	0.02%
1	Wen Fung Industrials Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	145,333	30days	0.06%
2	PFG Fiber Glass Corporation	The Company	2	Sales	2,013,787	30days	0.77%
3	PFG Fiber Glass Corporation	PFG Fiber Glass (Hong Kong) Co., Ltd. and its subsidiaries	3	Sales	13,496	30days	0.01%
3	Nan Ya Plastics Corporation U.S.A.	The Company	2	Sales	47,349	O/A 105 days	0.02%
4	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A	3	Sales	165,640	payment within one month	0.06%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	The Company	2	Sales	1,482,881	O/A 150-180 days	0.57%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	983,833	60 days	0.38%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	3	Sales	155,283	60 days	0.06%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Sales	2,608,437	60 days	1.00%
5	Nan Ya Plastics Corporation Texas	Nan Ya Plastics Corporation America	3	Sales	936,720	payment within one month	0.36%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	The Company	2	Sales	46,123	O/A 105days	0.02%
9	Superior World Wide Trading Co., Ltd.	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Sales	14,056	O/A 60 days	0.01%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Accounts receivable	167,023	30-150days	0.03%
0	The Company	Nan Ya Plastics Corporation U.S.A	1	Accounts receivable	590,142	O/A 105days	0.10%
0	The Company	Nan Ya Plastics Corporation America	1	Accounts receivable	123,216	O/A 105days	0.02%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Accounts receivable	1,831,104	O/A 150-180 days	0.30%
3	PFG Fiber Glass Corporation	The Company	2	Accounts receivable	182,840	30days	0.03%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	The Company	2	Accounts receivable	330,571	O/A 150-180 days	0.05%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Accounts receivable	75,599	60 days	0.01%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	The Company	2	Accounts receivable	35,361	O/A 150days	0.01%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Accounts receivable	489,183	60 days	0.08%
8	Nan Ya Plastics Corporation Texas	Nan Ya Plastics Corporation America	3	Accounts receivable	199,139	payment within one month	0.03%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Rent revenue	312,278	30-150days	0.12%

Note 1: The appointed numbers represent:

1. 0 refers to the Parent Company.
2. Subsidiaries are numbered and organized in a ascending chronological order.

Note 2: Transactions are categorized as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Disclosure of information on significant transactions and business relationship between the parent company and its subsidiaries regarding sales and accounts receivable, excluding their related purchases and accounts payable.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**INFORMATION ON INVESTEEES (EXCLUDING THOSE IN MAINLAND CHINA)**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

TABLE 7

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2025			Highest Percentage of Ownership During the Year	Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2025	December 31, 2024	Shares (in thousands)	%	Carrying Value				
The Company	Nan Ya Plastics Corporation U.S.A. (Note)	U.S.A.	production of plastic products	313,920	313,920	2	100.00%	3,393,185	100.00%	52,015	52,015	Note 3.4
The Company	Nan Ya Plastics Corporation America (Note)	U.S.A.	production of plastic, polyester and chemical	7,853,605	7,853,605	60	100.00%	43,471,891	100.00%	(1,316,681)	(1,316,681)	Note 3.4
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics, electronic products trading, and investment	41,450,832	41,450,832	1,015,653	100.00%	87,703,845	100.00%	2,300,096	2,300,096	Note 3.4
The Company	Superior World Wide Trading Co., Ltd. (Note 1)	Hong Kong	plastics trading and investment	33,677	33,677	14	100.00%	927,277	100.00%	71,318	71,318	Note 3.4
The Company	Formosa Synthetic Rubber (Hong Kong) Corporation Limited (Note)	Hong Kong	production of synthetic rubber products	4,213,864	4,213,864	138,333	33.33%	1,386,516	33.33%	(465,669)	(155,223)	Note 3
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited (Note 1)	Hong Kong	investment	4,495,987	4,495,987	76	100.00%	7,563,561	100.00%	100,740	80,697	Note 3.4
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dyeing and finishing and electric power	8,435,875	8,435,875	-	42.50%	4,660,356	42.50%	(133,181)	(56,602)	Note 3
The Company	Nan Ya PCB Corporation	Taiwan	production of printed circuit board	4,480,417	4,480,417	432,745	66.97%	30,882,868	66.97%	1,946,775	1,305,825	Note 3.4
The Company	Formosa Plastics Group Investment Corp.	Taiwan	investment	-	26,959	10	100.00%	-	100.00%	(53)	(53)	Note 3.4.6
The Company	Nanya Technology Corporation	Taiwan	semiconductor production and marketing	52,438,472	52,438,472	907,304	29.28%	49,894,474	29.28%	6,613,772	1,936,567	Note 3
The Company	Formosa Environmental Technology Corporation	Taiwan	environmental protection	672,370	672,370	46,257	26.99%	274,541	26.99%	28,913	7,803	Note 3
The Company	Formosa Petrochemical Corporation	Taiwan	production of chemical products	24,647,480	24,647,480	2,201,306	23.11%	82,189,183	23.11%	9,875,335	2,281,990	Note 3.5
The Company	PFG Fiber Glass Corporation	Taiwan	production of glass fiber	2,648,131	2,648,131	100,000	100.00%	2,573,953	100.00%	(210,279)	(383,541)	Note 3.4
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of chemical products	1,000,002	1,000,002	100,000	50.00%	717,054	50.00%	(220,843)	(110,587)	Note 3.4
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of electronic components	214,236	214,236	17,523	100.00%	259,195	100.00%	5,635	5,560	Note 3.4
The Company	Formosa Automobile Sales Corporation	Taiwan	production of automobile	945,028	945,028	27,046	45.00%	381,839	45.00%	123,172	55,429	Note 3
The Company	Ya Tai Development Corporation	Taiwan	development industry	53,941	53,941	1,304	44.96%	18,789	44.96%	142	64	Note 3
The Company	Formosa Heavy Industries Corporation	Taiwan	machinery industry	2,497,721	2,497,721	661,334	32.91%	5,836,526	32.91%	(105,944)	(34,867)	Note 3
The Company	Formosa Plastics Transport Corporation	Taiwan	transportation business	67,254	67,254	6,566	33.33%	1,475,326	33.33%	242,674	80,892	Note 3

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2025			Highest Percentage of Ownership During the Year	Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2025	December 31, 2024	Shares (in thousands)	%	Carrying Value				
The Company	Hwa Ya Technology Park Management Consulting Corporation	Taiwan	service business	359	359	34	34.00%	5,406	34.00%	589	199	Note 3
The Company	Yi Jih Development Corporation	Taiwan	construction business	13,335	13,335	1,221	29.22%	19,962	29.22%	(61)	(18)	Note 3
The Company	Mai Liao Power Corporation	Taiwan	electricity generation business	5,985,465	5,985,465	868,812	24.94%	18,011,667	24.94%	3,048,346	760,314	Note 3
The Company	Nan YA Photonics Inc.	Taiwan	LED equipment manufacturer	831,466	831,466	13,372	29.01%	315,002	29.01%	56,368	16,354	Note 3
The Company	Formosa Resources Corporation	Taiwan	mining industry	9,099,071	9,099,071	909,907	25.00%	4,062,093	25.00%	(7,627,797)	(1,906,949)	Note 3
The Company	Formosa Group (Cayman) Limited	Cayman Islands	investment	-	377	-	- %	-	25.00%	163,919	40,980	Note 3.7
The Company	Formosa Plastics Construction Corporation	Taiwan	construction business	1,100,000	1,100,000	110,000	33.33%	1,043,087	33.33%	48,459	16,153	Note 3
The Company	FG Inc. (Note)	U.S.A.	investment	1,137,655	1,137,655	2	10.00%	1,088,942	10.00%	(18,136)	(1,814)	Note 3
The Company	Formosa Smart Energy Tech Corporation	Taiwan	green batteries	4,250,000	4,250,000	425,000	25.00%	4,158,658	25.00%	(485,056)	(121,264)	Note 3
Nan Ya Plastics Corporation America (Note)	Formosa Utility Venture, Ltd.(Note)	U.S.A.	electricity generation and trading	251,504	251,504	-	12.10%	2,871,342	12.10%	1,071,141	130,686	Note 3
Nan Ya Plastics Corporation America (Note)	Nan Ya Plastics Corporation Texas (Note)	U.S.A.	production of chemical products	30,809,240	30,809,240	3	100.00%	13,205,796	100.00%	(2,222,421)	(2,222,421)	Note 3.4
Nan Ya Plastics Corporation Texas (Note)	Formosa Olefins, L.L.C. (Note)	U.S.A.	chemical business	2,162,148	2,162,148	-	21.00%	5,353,735	21.00%	2,363,321	493,150	Note 3
Nan Ya PCB Corporation	Nan Ya PCB (Hong Kong) Corporation	Hong Kong	production of electronic products and investment	8,595,674	8,595,674	2,152,020	100.00%	19,880,812	100.00%	(135,831)	(135,831)	Note 3.4
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.	retargeting	3,479	3,479	1,000	100.00%	23,438	100.00%	1,986	1,986	Note 3.4
Nan Ya PCB Corporation	Formosa Advanced Technologies Co.,LTD.	Taiwan	IC packaging, testing and modules	472,968	472,968	13,267	3.00%	500,196	3.00%	602,632	18,343	Note 3
Nan Ya PCB (Hong Kong) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	8,592,495	8,592,495	-	100.00%	19,865,001	100.00%	(136,341)	(136,341)	Note 3.4
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,739	100.00%	134,092	100.00%	4,260	4,260	Note 3.4
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co.	Indonesia	production of plastic products	127,227	127,227	5	50.00%	286,273	50.00%	83,809	41,904	Note 3

Note : The reporting currency of Nan Ya Plastics Corporation U.S.A, Nan Ya Plastics Corporation America, Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Group (Cayman) Limited, FG Inc., Formosa Utility Venture, Ltd., Nan Ya Plastics Corporation Texas, and Formosa Olefins, L.L.C is denominated in USD, and the exchange rate of TWD to USD as of December 31, 2025 (in average) is 31.438(31.144) : 1.

Note 1 : The reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd., Superior World Wide Trading Co., Ltd. and PFG Fiber Glass (Hong Kong) Corporation Limited is denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2025 (in average) is 4.0305(3.9929) : 1.

Note 2 : The reporting currency of Formosa Industries Corporation, Vietnam is denominated in VND, and the exchange rate of TWD to VND as of December 31, 2025 (in average) is 0.001198688(0.001198169) : 1.

Note 3 : Investment income of the current period does not include cumulative translation adjustment and capital surplus adjustment.

Note 4 : The transaction has been written off during the consolidation process.

Note 5 : The Company pledged its shares of Formosa Petrochemical Corporation of 1,646 thousand common shares amounting to \$61,448.

Note 6 : The liquidation process of Formosa Plastics Group Investment Corp. was still in progress as of December 31, 2025.

Note 7 : Formosa Group (Cayman) Limited completed its liquidation in 2025, with the approval of its board.

**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**  
**INFORMATON ON INVESTMENT IN MAINLAND CHINA**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

TABLE 8

(a) Information regarding investments in Mainland China :

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2025	For The Year Ended December 31, 2025		Investment Transferred from Taiwan as of December 31, 2025	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Highest Percentage of Ownership During the Year	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow							
Nan Ya Plastics (Guangzhou) Co., Ltd.(Note1)	production of polyester products	1,998,681	Indirect investment	1,998,681	-	-	1,998,681	(73,004)	100.00%	100.00%	(73,004)	1,632,872	1,208,243
Nan Ya Plastics (Xiamen) Co., Ltd.(Note1)	production of plastic products	775,457	Indirect investment	738,752	-	-	738,752	97,551	85.00%	85.00%	82,918	1,044,037	72,820
Nan Ya Plastics (Huizhou) Co., Ltd.(Note1)	production of polyester products	2,527,462	Indirect investment	2,418,397	-	-	2,418,397	163,254	100.00%	100.00%	163,254	3,568,692	522,967
Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note1)	production of electronic materials, glass fabrics, copper clad	12,208,913	Indirect investment	5,489,509	-	-	5,489,509	489,797	100.00%	100.00%	489,797	16,875,426	-
Nan Ya Trading (Huizhou) Co., Ltd.(Note1.2)	trading	32,267	Indirect investment	32,267	-	-	32,267	228	- %	100.00%	228	-	-
Nan Ya Plastics (Nantong) Co., Ltd.(Note1)	sale of plastic products, steam and electricity	4,540,736	Indirect investment	3,008,918	-	-	3,008,918	249,293	100.00%	100.00%	249,293	8,338,915	2,784,822
China Nantong Huafeng Co., Ltd.(Note1)	trading	93,004	Indirect investment	99,636	-	-	99,636	5,548	100.00%	100.00%	5,548	376,451	-
Nantong Huafu Plastics Co., Ltd.(Note1)	trading	79,111	Indirect investment	71,503	-	-	71,503	1,090	100.00%	100.00%	1,090	108,532	-
Nan Ya Electric (Nantong) Co.,Ltd.(Note1)	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	27,364	100.00%	100.00%	27,364	1,229,017	303,107
Nan Ya Kyowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	(44,079)	50.00%	50.00%	(22,040)	190,986	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note1)	production of copper clad laminate, polyester products, steam and electricity, copper clad, epoxy	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	2,221,579	100.00%	100.00%	2,221,579	43,054,447	32,949,044
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note1)	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(167,195)	100.00%	100.00%	(167,195)	(2,091,762)	-
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	14,983	50.00%	50.00%	7,492	79,367	-
Nan Ya Plastics (Ningbo) Co., Ltd.(Note1)	production of BPA and plasticizer	4,472,993	Indirect investment	4,273,467	-	-	4,273,467	(808,155)	100.00%	100.00%	(808,155)	10,118,012	1,789,880
PFG Fiber Glass (Kunshan) Co., Ltd.(Note1)	production of glass fiber	4,668,263	Indirect investment	4,487,409	-	-	4,487,409	99,446	100.00%	100.00%	99,446	7,755,006	724,580

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2025	For The Year Ended December 31, 2025		Investment Transferred from Taiwan as of December 31, 2025	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Highest Percentage of Ownership During the Year	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow							
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	345,645	Indirect investment	34,591	-	-	34,591	-	15.00%	15.00%	-	161,448	23,020
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	624,948	Indirect investment	34,591	-	-	34,591	-	15.00%	15.00%	-	149,051	12,687
Formosa Synthetic Rubber (Ningbo) Limited Corporation	synthetic rubber	12,777,590	Indirect investment	4,162,010	-	-	4,162,010	(465,669)	33.33%	33.33%	(155,223)	1,386,516	-

Note: All companies disclosed within the investment income of the current year column are recognized according to the audited financial statements of the Company, except for Formosa Synthetic Rubber (Ningbo) Co., Ltd., which are recognized according to the financial statements audited by an international accounting firm.

Note 1: The transaction has been written-off during the consolidation process.

Note 2: The Company's indirectly invested entity in Mainland China, Nan Ya Trading (Huizhou) Co., Ltd., had completed its liquidation and dissolution procedures and had applied for deregistration of the investment. However, the Company had yet to apply to the Investment Commission of the Ministry of Economic Affairs for the deregistration of the investment amount.

**(b) Quota for investments in Mainland China :**

Accumulative Remittance from Taiwan to Mainland China as of December 31, 2025 (Note 1)	Amount of Investment Approved by Investment Commission, Ministry of Economic Affairs (Note 2)	Limit on the Amount of Investment in Mainland China (Note 3)
49,875,128	60,200,692	-

Note 1 : Reporting currency of Chinese subsidiaries is CNY, and the monetary amount is first translated to HKD using the exchange rate as of December 31, 2025 (in average) is 1 : 1.1097(1.0920), and translated to TWD using the exchange rate as of December 31, 2025 (in average) is 1 : 4.0305(3.9929).

Note 2 : It includes the amount of \$3,024,033 from capital increase out of earnings and capital increase out of capital surplus.

Note 3 : The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

Note 4 : The accumulative remittance from Taiwan to Mainland China, end of the period includes the amount of Nan Ya Plastics (Anshan) Co., Ltd.

**(c) Information on significant transactions :**

For more information concerning the direct or indirect significant transactions between the Company and its Chinese investees for the year ended December 31, 2025, please refer to the attachment of note 13 for "Information on significant transactions".