

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Nan Pao Resins Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries were not reviewed. The total assets of these subsidiaries amounted to NT\$4,006,828 thousand and NT\$3,671,852 thousand as of March 31, 2021 and 2020, respectively, both accounting for 20% of total consolidated assets. Total liabilities were NT\$1,188,154 thousand and NT\$1,015,015 thousand as of March 31, 2021 and 2020, respectively, accounting for 15% and 14% of total consolidated liabilities, respectively. Comprehensive income was NT\$32,391 thousand and NT\$36,771 thousand as of March 31, 2021 and 2020, respectively, accounting for 3% and (79)% of the consolidated comprehensive income, respectively. Furthermore, as disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant investments for using the equity method were not reviewed. Investments accounted for using the equity method were NT\$383,076 thousand and NT\$329,506 thousand as of March 31, 2021 and 2020, respectively, and share of profit for using the equity method was NT\$15,323 thousand and NT\$6,849 thousand as of March 31, 2021 and 2020, respectively.

Qualified Conclusion

Based on our and others reviews (see Other Matter), except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

Among the subsidiaries included in the consolidated financial statements of the Group, the financial statements of NP Australia Pty Ltd. and its subsidiaries were reviewed by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information included for these subsidiaries, is based solely on the report of other auditors. The total assets of these subsidiaries amounted to NT\$1,588,313 thousand and NT\$1,494,437 thousand as of March 31, 2021 and 2020, respectively, and both accounting for 8% of total consolidated assets. Net operating income was NT\$520,469 thousand and NT\$457,315 thousand, respectively, and both accounting for 12% of the consolidated net operating income.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hung-Ju Liao and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 10, 2021

Notice to Readers

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

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

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,167,809	16	\$ 3,321,237	17	\$ 3,797,667	21
Financial assets at amortized cost - current (Notes 8, 9 and 33)	1,144,822	6	1,293,135	7	873,544	5
Notes receivable (Note 10)	278,730	1	291,955	2	229,396	1
Accounts receivable (Notes 10 and 25)	3,326,673	16	3,334,765	17	2,825,206	16
Accounts receivable from related parties (Notes 10, 25 and 32)	269,753	1	288,565	1	342,892	2
Other receivables (Note 10)	137,147	1	150,688	1	179,375	1
Current tax assets	7,865	-	2,016	-	12,285	-
Inventories (Note 11)	2,507,717	12	2,177,074	11	2,184,180	12
Other current assets (Note 19)	407,361	2	385,718	2	398,436	2
Total current assets	11,247,877	55	11,245,153	58	10,842,981	60
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	1,994,432	10	1,109,267	6	800,690	5
Financial assets at amortized cost - non-current (Notes 8, 9 and 33)	124,823	1	125,173	1	73,810	-
Investments accounted for using the equity method (Note 13)	383,076	2	367,753	2	329,506	2
Property, plant and equipment (Notes 14 and 33)	4,752,793	23	4,515,380	23	3,969,935	22
Right-of-use assets (Notes 15 and 33)	1,125,925	6	1,141,517	6	1,222,681	7
Investment properties (Note 16)	17,760	-	17,760	-	17,760	-
Goodwill (Notes 17 and 29)	279,621	1	117,930	1	102,336	1
Other intangible assets (Note 18)	67,560	-	73,379	-	67,530	-
Deferred tax assets	323,794	2	328,662	2	303,188	2
Other non-current assets (Note 19)	88,957	-	304,468	1	250,534	1
Total non-current assets	9,158,741	45	8,101,289	42	7,137,970	40
TOTAL	\$ 20,406,618	100	\$ 19,346,442	100	\$ 17,980,951	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 33)	\$ 1,692,933	8	\$ 1,346,630	7	\$ 1,317,103	7
Contract liabilities - current (Note 25)	29,665	-	30,581	-	13,800	-
Notes payable (Note 21)	9,032	-	14,330	-	12,622	-
Accounts payable (Notes 21 and 32)	2,135,073	11	2,287,370	12	1,697,173	10
Other payables (Note 32)	698,492	4	809,180	4	711,252	4
Current tax liabilities	240,069	1	251,408	1	172,831	1
Lease liabilities - current (Note 15)	78,306	-	79,930	1	40,522	-
Current portion of long-term borrowings (Notes 20 and 33)	130,624	1	55,974	-	363,719	2
Other current liabilities (Notes 22 and 32)	182,333	1	206,627	1	157,889	1
Total current liabilities	5,196,527	26	5,082,030	26	4,486,911	25
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 20 and 33)	1,476,301	7	1,669,191	9	1,624,576	9
Deferred tax liabilities	810,936	4	773,682	4	794,522	5
Lease liabilities-non-current (Note 15)	469,647	2	476,953	2	410,806	2
Net defined benefit liabilities - non-current	85,625	1	95,701	1	107,259	1
Other non-current liabilities (Notes 22 and 34)	51,745	-	52,601	-	54,862	-
Total non-current liabilities	2,894,254	14	3,068,128	16	2,992,025	17
Total liabilities	8,090,781	40	8,150,158	42	7,478,936	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital - ordinary shares	1,205,707	6	1,205,707	6	1,205,707	7
Capital surplus	2,101,673	10	2,101,673	11	2,103,848	12
Retained earnings						
Legal reserve	1,178,822	6	1,178,822	6	1,056,002	6
Special reserve	313,321	1	313,321	2	313,321	2
Unappropriated earnings	5,415,689	27	5,115,900	26	4,975,643	27
Total retained earnings	6,907,832	34	6,608,043	34	6,344,966	35
Other equity	1,161,688	6	351,178	2	45,718	-
Total equity attributable to owners of the Company	11,376,900	56	10,266,601	53	9,700,239	54
NON-CONTROLLING INTERESTS	938,937	4	929,683	5	801,776	4
Total equity	12,315,837	60	11,196,284	58	10,502,015	58
TOTAL	\$ 20,406,618	100	\$ 19,346,442	100	\$ 17,980,951	100

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

(With Deloitte & Touche review report dated May 10, 2021)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)	\$ 4,292,818	100	\$ 3,734,388	100
OPERATING COSTS (Notes 11, 26 and 32)	<u>3,160,256</u>	<u>74</u>	<u>2,700,907</u>	<u>72</u>
GROSS PROFIT	<u>1,132,562</u>	<u>26</u>	<u>1,033,481</u>	<u>28</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	420,780	9	393,599	11
General and administrative expenses	213,366	5	214,940	6
Research and development expenses	121,062	3	108,530	3
Expected credit loss (gain)	<u>126</u>	<u>-</u>	<u>5,587</u>	<u>-</u>
Total operating expenses	<u>755,334</u>	<u>17</u>	<u>722,656</u>	<u>20</u>
PROFIT FROM OPERATIONS	<u>377,228</u>	<u>9</u>	<u>310,825</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13 and 26)				
Interest income	12,577	-	11,199	1
Other income	16,790	-	10,632	-
Other gains and losses	(2,623)	-	5,202	-
Finance costs	(12,255)	-	(16,023)	-
Share of profit of associates	<u>15,323</u>	<u>-</u>	<u>6,849</u>	<u>-</u>
Total non-operating income and expenses	<u>29,812</u>	<u>-</u>	<u>17,859</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	407,040	9	328,684	9
INCOME TAX EXPENSE (Notes 4 and 27)	<u>91,595</u>	<u>2</u>	<u>82,256</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>315,445</u>	<u>7</u>	<u>246,428</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>842,332</u>	<u>20</u>	<u>(176,055)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 24)	(44,596)	(1)	(141,947)	(4)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 27)	<u>7,956</u>	<u>-</u>	<u>24,833</u>	<u>1</u>
	<u>(36,640)</u>	<u>(1)</u>	<u>(117,114)</u>	<u>(3)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>805,692</u>	<u>19</u>	<u>(293,169)</u>	<u>(8)</u>

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NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 1,121,137	26	\$ (46,741)	(1)
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 299,789	7	\$ 234,886	6
Non-controlling interests	15,656	-	11,542	1
	\$ 315,445	7	\$ 246,428	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,110,299	26	\$ (40,501)	(1)
Non-controlling interests	10,838	-	(6,240)	-
	\$ 1,121,137	26	\$ (46,741)	(1)
EARNINGS PER SHARE (Note 28)				
Basic	\$ 2.49		\$ 1.95	
Diluted	\$ 2.48		\$ 1.94	

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

(With Deloitte & Touche review report dated May 10, 2021)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
	Retained Earnings					Other Equity					Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total			
BALANCE, JANUARY 1, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,178,822	\$ 313,321	\$ 5,115,900	\$ (487,817)	\$ 838,995	\$ 351,178	\$ 10,266,601	\$ 929,683	\$ 11,196,284	
Net profit for three months ended March 31, 2021	-	-	-	-	299,789	-	-	-	299,789	15,656	315,445	
Other comprehensive loss for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	(31,822)	842,332	810,510	810,510	(4,818)	805,692	
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	299,789	(31,822)	842,332	810,510	1,110,299	10,838	1,121,137	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,584)	(1,584)	
BALANCE, MARCH 31, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,178,822	\$ 313,321	\$ 5,415,689	\$ (519,639)	\$ 1,681,327	\$ 1,161,688	\$ 11,376,900	\$ 938,937	\$ 12,315,837	
BALANCE, JANUARY 1, 2020	\$ 1,205,707	\$ 2,103,848	\$ 1,056,002	\$ 313,321	\$ 4,740,757	\$ (390,008)	\$ 711,113	\$ 321,105	\$ 9,740,740	\$ 815,807	\$ 10,556,547	
Net profit for the three months ended March 31, 2020	-	-	-	-	234,886	-	-	-	234,886	11,542	246,428	
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	(99,332)	(176,055)	(275,387)	(275,387)	(17,782)	(293,169)	
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	234,886	(99,332)	(176,055)	(275,387)	(40,501)	(6,240)	(46,741)	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,791)	(7,791)	
BALANCE, March 31, 2020	\$ 1,205,707	\$ 2,103,848	\$ 1,056,002	\$ 313,321	\$ 4,975,643	\$ (489,340)	\$ 535,058	\$ 45,718	\$ 9,700,239	\$ 801,776	\$ 10,502,015	

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

(With Deloitte & Touche report dated May 10, 2021)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 407,040	\$ 328,684
Adjustments for:		
Depreciation expenses	109,006	95,847
Amortization expenses	5,083	4,668
Expected credit loss recognized on trade receivables	126	5,587
Finance costs	12,255	16,023
Interest income	(12,577)	(11,199)
Share of loss of associates	(15,323)	(6,849)
Loss (gain) on disposal of property, plant and equipment	167	(514)
Write downs of inventories	16,577	11,399
Changes in operating assets and liabilities		
Notes receivable	13,225	50,627
Accounts receivable	(8,702)	264,034
Accounts receivable from related parties	18,812	52,976
Other receivables	14,481	14,851
Inventories	(314,714)	106,089
Other current assets	(21,643)	(25,140)
Other non-current assets	(1,283)	35
Contract liabilities	(916)	(5,074)
Notes payable	(5,269)	(1,093)
Accounts payables	(144,162)	(198,626)
Other payables	(108,992)	(102,271)
Other current liabilities	(24,294)	(9,978)
Net defined benefit liabilities	(10,076)	(7,760)
Other non-current liabilities	(945)	(2,270)
Cash generated from (used in) operations	(72,124)	580,046
Interest received	11,706	6,583
Interest paid	(11,801)	(17,515)
Income tax paid	(58,705)	(86,432)
Net cash generated from (used in) operating activities	<u>(130,924)</u>	<u>482,682</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(21,534)	-
Purchase of financial assets at amortized cost	(175,108)	(321,477)
Proceeds from sale of financial assets at amortized cost	320,562	194,769
Net cash outflow for acquisition of business	(203,268)	-
Payments for property, plant and equipment	(150,658)	(169,985)
Proceeds from disposal of property, plant and equipment	7,401	2,713
Increase in refundable deposits	(1,461)	(469)
Decrease in refundable deposits	1,571	637
Payments for intangible assets	(160)	(1,064)
Net cash used in investing activities	<u>(222,655)</u>	<u>(294,876)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,751,342	1,184,927

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NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2021	2020
Repayments of short-term borrowings	(1,500,725)	(1,221,853)
Proceeds from long-term borrowings	125,864	540,399
Repayments of long-term borrowings	(240,258)	(424,087)
Proceeds from guarantee deposits received	102	1,321
Refund of guarantee deposits received	-	(1,713)
Repayment of the principal portion of lease liabilities	(15,440)	(13,226)
Change in non-controlling interests	<u>(1,584)</u>	<u>(7,791)</u>
Net cash generated from financing activities	<u>119,301</u>	<u>57,977</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>80,850</u>	<u>(190,720)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(153,428)	55,063
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,321,237</u>	<u>3,742,604</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,167,809</u>	<u>\$ 3,797,667</u>

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

(With Deloitte & Touche review report dated May 10, 2021)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors and issued on May 10, 2021.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 8)

(Continued)

New IFRSs

Effective Date Announced by IASB (Note 1)

Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use” January 1, 2022 (Note 4)

Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract” January 1, 2022 (Note 5)

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 8: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- a) Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- b) The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- c) Not all accounting policy information relating to material transactions, other events or

conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

See Note 12, Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 7,177	\$ 6,895	\$ 9,347
Checking accounts and demand deposits	2,876,289	3,129,202	3,138,360
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>284,343</u>	<u>185,140</u>	<u>649,960</u>
	<u>\$ 3,167,809</u>	<u>\$ 3,321,237</u>	<u>\$ 3,797,667</u>

The market rate intervals of time deposits were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	0.56% ~ 3.3%	0.56% ~ 8.85%	0.37% ~ 6.4%

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

	March 31, 2021	December 31, 2020	March 31, 2020
Domestic investments			
Unlisted stock	<u>\$ 1,994,432</u>	<u>\$ 1,109,267</u>	<u>\$ 800,690</u>

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

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

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 671,916	\$ 752,910	\$ 468,024
Pledged time deposits (a)	4,379	4,061	18,465
Restricted demand deposits (b)	467,826	534,894	385,964
Refundable deposits	<u>701</u>	<u>1,270</u>	<u>1,091</u>
	<u>\$ 1,144,822</u>	<u>\$ 1,293,135</u>	<u>\$ 873,544</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 95,553	\$ 96,174	\$ 45,050
Pledged time deposits (a)	5,641	5,726	5,435
Refundable deposits	<u>23,629</u>	<u>23,273</u>	<u>23,325</u>
	<u>\$ 124,823</u>	<u>\$ 125,173</u>	<u>\$ 73,810</u>

- a. The ranges of interest rates for time deposits were approximately 0.2%- 8.25%, 0.2%- 7.3% and 0.94%-7.5% per annum as of March 31, 2021, December 31 and March 31, 2020, respectively.
- b. Restricted demand deposits as of March 31, 2021, December 31 and March 31, 2020 are funds that the Group put into the dedicated bank account in accordance with “the Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.
- c. Refer to Note 9 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- d. Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

9. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	March 31, 2021	December 31, 2020	March 31, 2020
Amortized cost - current	\$ 1,144,822	\$ 1,293,135	\$ 873,544
Amortized cost - non-current	<u>124,823</u>	<u>125,173</u>	<u>73,810</u>
	<u>\$ 1,269,645</u>	<u>\$ 1,418,308</u>	<u>\$ 947,354</u>

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable - operating</u>			
At amortized cost			
Gross carrying amount	\$ 278,730	\$ 291,955	\$ 229,396
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 3,643,675	\$ 3,671,006	\$ 3,220,494
Less: Allowance for impairment loss	<u>47,249</u>	<u>47,676</u>	<u>52,396</u>
	<u>\$ 3,596,426</u>	<u>\$ 3,623,330</u>	<u>\$ 3,168,098</u>
Other receivables			
Others	<u>\$ 137,147</u>	<u>\$ 150,688</u>	<u>\$ 179,375</u>

The average credit period of sales of goods was 30 to 180 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

Notes receivable

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

Accounts receivable (including related parties)

The following table details the loss allowance of accounts receivable.

March 31, 2021

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit loss rate	0.01% ~ 0.35%	0.2% ~ 6.2%	3% ~ 31%	8% ~ 67%	37% ~ 100%	100%	
Gross carrying amount	\$ 3,092,851	\$ 472,992	\$ 34,291	\$ 7,507	\$ 4,320	\$ 31,714	\$ 3,643,675
Loss allowance (Lifetime ECLs)	(1,456)	(4,782)	(3,950)	(1,637)	(3,710)	(31,714)	(47,249)
Amortized cost	<u>\$ 3,091,395</u>	<u>\$ 468,210</u>	<u>\$ 30,341</u>	<u>\$ 5,870</u>	<u>\$ 610</u>	<u>\$ -</u>	<u>\$ 3,596,426</u>

December 31, 2020

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit loss rate	0.01% ~ 0.88%	0.2% ~ 13%	3% ~ 47%	8% ~ 67%	37% ~ 100%	100%	
Gross carrying amount	\$ 3,086,702	\$ 512,990	\$ 29,143	\$ 7,419	\$ 5,589	\$ 29,163	\$ 3,671,006
Loss allowance (Lifetime ECLs)	(2,016)	(6,082)	(2,325)	(3,778)	(4,312)	(29,163)	(47,676)
Amortized cost	<u>\$ 3,084,686</u>	<u>\$ 506,908</u>	<u>\$ 26,818</u>	<u>\$ 3,641</u>	<u>\$ 1,277</u>	<u>\$ -</u>	<u>\$ 3,623,330</u>

March 31, 2020

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit loss rate	0.01% ~ 0.1%	0.2% ~ 5%	3% ~ 31%	8% ~ 67%	37% ~ 97%	100%	
Gross carrying amount	\$ 2,499,915	\$ 631,618	\$ 36,064	\$ 9,925	\$ 12,254	\$ 30,718	\$ 3,220,494
Loss allowance (Lifetime ECLs)	(1,057)	(4,674)	(3,041)	(3,095)	(9,980)	(30,549)	(52,396)
Amortized cost	<u>\$ 2,498,858</u>	<u>\$ 626,944</u>	<u>\$ 33,023</u>	<u>\$ 6,830</u>	<u>\$ 2,274</u>	<u>\$ 169</u>	<u>\$ 3,168,098</u>

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

	For the Three Months Ended	
	2021	2020
Balance at January 1	\$ 47,676	\$ 48,595
Net remeasurement	126	5,587
Less: Amounts written off	(405)	(1,305)
Foreign exchange gains and losses	(148)	(481)
Balance at March 31	<u>\$ 47,249</u>	<u>\$ 52,396</u>

11. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Goods	\$ 110,719	\$ 89,042	\$ 80,930
Finished goods and semi-finished goods	918,064	808,692	882,975
Work-in-process	78,813	109,861	40,687
Raw materials and supplies	1,202,588	890,513	986,302
Inventory in transit	<u>197,533</u>	<u>278,966</u>	<u>193,286</u>
	<u>\$ 2,507,717</u>	<u>\$ 2,177,074</u>	<u>\$ 2,184,180</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2021 and 2020 was \$3,160,089 thousand and \$2,701,421 thousand, respectively. The cost of goods sold included inventory write-downs of \$16,577 thousand and \$11,399 thousand, respectively for the three months ended March 31, 2021 and 2020.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2021	December 31, 2020	March 31, 2020	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Company Ltd.	Trading of chemical substances	100	100	100	i
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	100	i
	Nan Pao Electronic Material Company	Production and trading of electronic materials	100	100	100	i
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100	100	
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	50.51	50.51	52.3	c, i
	PHYMED BIO-TEC CO., LTD.	R&D and trading of health food	100	100	100	i
	Biorich Biotechnology Co., Ltd.	R&D, production, and trading of new high protein business and health food	57.1	57.1	57.1	i
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	70	i
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	-	d
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	100	
	Thai Nan Pao Investment Ltd.	General investment	100	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	100	i
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	i
	Nan Pao Overseas Holdings Ltd.	General investment	100	100	100	
	Profit Land Ltd.	General investment	73.75	73.75	73.75	a
	All Saints Enterprises Ltd.	General investment	54.53	54.53	54.53	a
	Ongoing Profits Ltd.	General investment	32.18	32.18	32.18	a
	PT. Indo Nan Pao Resins Chemical	Production and trading of adhesives	49	49	49	b, i
	ITLS International Development Co., Ltd.	Progroups Technology Co., Ltd	Trading of Water-Based PU Resin	91.99	91.99	91.99
Nan Pao Philippines Export Inc.		Trading of adhesives	100	100	100	i
ITLS Holding Pte. Ltd.	ITLS Holding Pte. Ltd.	General investment	100	100	100	
	Aftek Materials Vietnam Co., Ltd.	Production and trading of construction materials	70	70	70	i
	ITLS (Malaysia) SDN BHD	Production and trading of construction materials	-	-	100	e, i
	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	i
	ITLS Vietnam Co., Ltd. and trading	Production construction materials	100	100	100	i
	ITLS-SB SDN BHD	Production and trading of hardware and construction materials	-	-	100	f, i
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100	100	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Limited	Production and trading of adhesives	100	100	100	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2021	December 31, 2020	March 31, 2020	
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	100	i
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	General investment	100	100	100	
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	67.68	67.68	67.68	
	Profit Land Ltd.	General investment	26.25	26.25	26.25	a
	Nan Pao Resins (Holdings) Ltd.	General investment	100	100	100	
	All Saints Enterprises Ltd.	General investment	45.47	45.47	45.47	a
	NP Australia Pty Ltd.	General investment	100	100	100	
	Ongoing Profits Ltd.	General investment	67.82	67.82	67.82	a
	Treasure Wealth (HK) Ltd.	General investment	100	100	100	
	Goldford Investments Ltd.	General investment	100	100	100	
	Nan Pao Resins Chemical Philippines, Inc.	Trading of adhesives	100	100	100	i
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	100	100	100	
	Nanpao Advanced Investment Co., Ltd.	General investment	100	100	100	
	Nan Pao Resins (HK) Limited	Production and trading of adhesives	100	100	100	
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	88.03	88.03	99	g
Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Fo Shan) Co., Ltd.	Production and trading of adhesives	100	100	100	
Nan Pao Resins (Fo Shan) Co., Ltd.	Goaden Nan Pao Material Technology Co., Ltd.	Trading of footwear materials	51	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89	1	g
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dong-Guan) Co., Ltd.	Processing of adhesive products	100	100	100	
Nan Pao Resins Development Ltd.	Dongguan Jia Chin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	100	100	100	
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100	100	
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100	100	
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	100	
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	100	
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives and coatings	100	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical	Production and trading of adhesives	18.5	18.5	18.5	b, i
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	50	i
Nanpao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) E-commerce Ltd.	Agency of online business and general merchandise	100	100	100	
	Nantong Nanpao Resins Materials Co., Ltd.	Production and trading business of adhesives	100	100	100	
	Nan Pao Resins (Yunan) Co., Ltd.	Production and trading business of adhesives	100	100	100	
	Nan Pao New Material (Huaian) Co., Ltd.	Production and trading business of carbon fiber	100	100	-	h

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. Direct and indirect shareholdings totaled 67.5%.
- c. In May 2020, Prince Pharmaceutical Co., Ltd. exercised employee share options, resulting in a decrease in the shareholding ratio from 52.3% to 50.51%.
- d. The Group established Nan Pao Fine Materials Co., Ltd. in September 2020 with 55% shareholding ratio.
- e. ITLS (Malaysia) SDN BHD completed its liquidation procedures and cancelled registration in December 2020.
- f. ITLS-SB SDN BHD completed its liquidation procedures and canceled its registration in December 2020.
- g. In November 2020, the Group did not subscribe to the issuance of ordinary share for cash of Foshan Nan Pao Advance Materials Co., Ltd., resulting in a decrease in the shareholding ratio from 68% to 60.47%.
- h. The Group established Nan Pao New Materials (Huaian) Co., Ltd. in China in March 2020, and shareholings totaled 100%.
- i. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by us.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2021	December 31, 2020	March 31, 2020
Investments in associates			
Associates that are not individually material	\$ <u>383,076</u>	\$ <u>367,753</u>	\$ <u>329,506</u>

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

	For the Three Months Ended March 31	
	2021	2020
The Group's share of:		
Total net income and comprehensive income for the year	\$ <u>15,323</u>	\$ <u>6,849</u>

14. PROPERTY, PLANT AND EQUIPMENT

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

Land improvements	4 - 20 years
Buildings	2 - 60 years
Machinery	2 - 40 years
Transportation equipment	2 - 20 years
Miscellaneous equipment	2 - 20 years

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

No impairment assessment was performed for the three months ended March 31, 2021 and 2020 as there were no indication of impairment.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Land (Note)	\$ 775,921	\$ 783,189	\$ 812,072
Buildings	312,305	318,995	376,809
Machinery	143	178	94
Transportation equipment	35,580	37,790	32,119
Miscellaneous equipment	<u>1,976</u>	<u>1,365</u>	<u>1,587</u>
	<u>\$ 1,125,925</u>	<u>\$ 1,141,517</u>	<u>\$ 1,222,681</u>
		For the Three Months Ended March 31	
		2021	2020
Additions to right-of-use assets		<u>\$ 10,346</u>	<u>\$ 2,749</u>
Depreciation charge for right-of-use assets			
Land		\$ 5,340	\$ 5,132
Buildings		11,498	11,213
Machinery		35	35
Transportation equipment		3,728	3,600
Miscellaneous equipment		<u>265</u>	<u>255</u>
		<u>\$ 20,866</u>	<u>\$ 20,235</u>

Note: The land use rights of subsidiaries in Vitnam have been pledged as collateral on December 31 and March 31, 2020, please refer to Note 33 for the details.

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2021 and 2020.

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Current	\$ 78,306	\$ 79,930	\$ 40,522
Non-current	<u>\$ 469,647</u>	<u>\$ 476,953</u>	<u>\$ 410,806</u>

Range of discount rate for lease liabilities was as follows:

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

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

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

d. Other lease information

	For the Three Months Ended March 31	
	2021	2020
Expenses relating to short-term leases	\$ 10,866	\$ 11,039
Expenses relating to low-value asset leases	<u>\$ 373</u>	<u>\$ 229</u>
Total cash outflow for leases	<u>\$ 26,679</u>	<u>\$ 24,920</u>

16. INVESTMENT PROPERTIES

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

Investment properties measured at fair value were both \$78,764 thousand as of December 31, 2020 and 2019. For investment properties not valued by any independent valuer, the Group's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Group's investment properties. Furthermore, management of the Company had assessed and determined that there were no significant changes in the fair value as of March 31, 2021 and 2020, as compared to that as of December 31, 2020 and 2019.

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

17. GOODWILL

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Cost</u>			
Balance at January 1	\$ 117,930	\$ 113,483	\$ 113,483
Business combinations that occurred during the period (Note 29)	161,116	-	-
Effect of foreign currency exchange differences, net	<u>575</u>	<u>4,447</u>	<u>(11,147)</u>
Balance at March 31 and December 31	<u>\$ 279,621</u>	<u>\$ 117,930</u>	<u>\$ 102,336</u>

The Group tests for impairment on recoverable amount of goodwill at year-end, using value-in-use as basis for calculation of recoverable amount. Calculation of value-in-use is based on the cash flows of the Company's future financial projections as an estimate to reflect specific risks of relevant cash generating units.

No impairment loss was recognized as of March 31, 2021 and 2020.

18. OTHER INTANGIBLE ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
Client Relationships	\$ 33,242	\$ 26,793	\$ 28,225
Computer software	12,350	14,488	16,883
Others	<u>21,968</u>	<u>32,098</u>	<u>22,422</u>
	<u>\$ 67,560</u>	<u>\$ 73,379</u>	<u>\$ 67,530</u>

Except for amortization recognized, the Group did not have significant addition, disposal, or impairment of other intangible assets during the three months ended March 31, 2021 and 2020. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

19. OTHER ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Input tax	\$ 187,324	\$ 141,621	\$ 132,421
Prepayments	98,303	103,660	141,588
Prepaid expenses	78,498	89,693	56,786
Overpaid tax retained for offsetting the future tax payable	25,557	25,822	52,139
Others	<u>17,679</u>	<u>24,922</u>	<u>15,502</u>
	<u>\$ 407,361</u>	<u>\$ 385,718</u>	<u>\$ 398,436</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 82,428	\$ 277,899	\$ 243,253
Prepayments for investment	-	21,299	-
Others	<u>6,529</u>	<u>5,270</u>	<u>7,281</u>
	<u>\$ 88,957</u>	<u>\$ 304,468</u>	<u>\$ 250,534</u>

20. BORROWINGS

a. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Secured bank loans (Note 33)	\$ 126,536	\$ 118,148	\$ 230,640
Unsecured bank loans	<u>1,566,397</u>	<u>1,228,482</u>	<u>1,086,463</u>
	<u>\$ 1,692,933</u>	<u>\$ 1,346,630</u>	<u>\$ 1,317,103</u>

The range of interest rates of short-term borrowings was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Secured bank loans	1.27% - 3.25%	1.27% - 3.25%	1.27% - 4.05%
Unsecured bank loans	0.72% - 3.75%	0.75% - 3.75%	0.78% - 4.05%

b. Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Secured bank loans (1)	\$ 315,056	\$ 330,503	\$ 98,368
Unsecured bank loans (2)	<u>1,291,869</u>	<u>1,394,662</u>	<u>1,889,927</u>
	1,606,925	1,725,165	1,988,295
Decrease: current portion of long-term borrowings	<u>130,624</u>	<u>55,974</u>	<u>363,719</u>
	<u>\$ 1,476,301</u>	<u>\$ 1,669,191</u>	<u>\$ 1,624,576</u>

- 1) As of March 31, 2021, December 31 and March 31, 2020, the range of weighted average effective interest rates of the bank borrowings secured by the Group's freehold land, buildings, right-of-use assets and deposit certificates (see Note 33), was 1.063%- 2.103%, 1.063%- 1.945% and 2.1973%-2.7205% per annum, respectively. Long-term borrowings mentioned above will expire June 2035, and payments of interest and principal are made on schedule.
- 2) As of March 31, 2021, December 31 and March 31, 2020, the range of weighted average effective interest rates of unsecured bank loans was 0.38%- 0.91%, 0.38%- 1.16% and 0.4%-3.25% per annum, respectively. Long-term borrowings mentioned above will expire December 2024, and payments of interest and principal are made on schedule.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes payable</u>			
Operating	<u>\$ 9,032</u>	<u>\$ 14,330</u>	<u>\$ 12,622</u>
<u>Accounts payable</u>			
Operating	<u>\$ 2,135,073</u>	<u>\$ 2,287,370</u>	<u>\$ 1,697,173</u>

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

22. OTHER LIABILITIES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 133,004	\$ 156,501	\$ 100,229
Others	<u>49,329</u>	<u>50,126</u>	<u>57,660</u>
	<u>\$ 182,333</u>	<u>\$ 206,627</u>	<u>\$ 157,889</u>

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Other liabilities			
Guarantee deposit	\$ 3,997	\$ 3,908	\$ 3,277
Others	<u>47,748</u>	<u>48,693</u>	<u>51,585</u>
	<u>\$ 51,745</u>	<u>\$ 52,601</u>	<u>\$ 54,862</u> (Concluded)

23. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2021 and 2020, the pension expenses of defined benefit plans were \$1,804 thousand and \$1,144 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

24. EQUITY

a. Share capital

Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,570</u>	<u>120,570</u>	<u>120,570</u>
Shares issued	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>

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

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2	2	2

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	\$ 17,249	\$ 17,249	\$ 19,424
Employee share options	44,083	44,083	44,083
Expired employee share options	<u>135</u>	<u>135</u>	<u>135</u>
	<u>\$ 2,101,673</u>	<u>\$ 2,101,673</u>	<u>\$ 2,103,848</u> (Concluded)

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

c. Retained earnings and dividends policy

According to the Company's articles of incorporation, 10% of annual earnings, after paying taxes and offsetting accumulated deficit, must be set aside as legal reserve. Furthermore, reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of the compensation of employees and remuneration of directors after the amendment, refer to "Compensation of employees and remuneration of directors" in Note 26-g.

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

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

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

The appropriations of earnings for 2020 and 2019 which proposed by the board of directors on March 25, 2021 and approved in the shareholders' meetings in June 16, 2020, respectively, were as follows:

	Earnings appropriation proposal		Dividends per share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 122,139	\$ 122,820		
Cash dividends	843,995	723,425	\$ 7	\$ 6

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 17, 2021.

d. Special reserve

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

e. Other equity items

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

	For the Three Months End March 31	
	2021	2020
Balance at January 1	\$ (487,817)	\$ (390,008)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>(31,822)</u>	<u>(99,332)</u>
Balance at March 31	<u>\$ (519,639)</u>	<u>\$ (489,340)</u>

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

	For the Three Months End March 31	
	2021	2020
Balance at January 1	\$ 838,995	\$ 711,113
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>842,332</u>	<u>(176,055)</u>
Balance at March 31	<u>\$ 1,681,327</u>	<u>\$ 535,058</u>

f. Non-controlling interests

	For the Three Months End March 31	
	2021	2020
Balance at January 1	\$ 929,683	\$ 815,807
Share in profit for the period	15,656	11,542
Other comprehensive income or loss during the period		
Exchange differences on translating the financial statements of foreign operations	(4,818)	(17,782)
Dividend payout from subsidiaries	<u>(1,584)</u>	<u>(7,791)</u>
Balance at March 31	<u>\$ 938,937</u>	<u>\$ 801,776</u>

25. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended March 31	
	2021	2020
Adhesives	\$ 3,073,083	\$ 2,687,416
Construction materials	631,108	499,817
Coatings	417,315	320,586
Others	<u>171,312</u>	<u>226,569</u>
	<u>\$ 4,292,818</u>	<u>\$ 3,734,388</u>

b. Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Accounts receivable (including from related parties)	<u>\$ 3,643,675</u>	<u>\$ 3,671,006</u>	<u>\$ 3,220,494</u>	<u>\$ 3,578,332</u>
Contract liabilities - current				
Sale of goods	<u>\$ 29,665</u>	<u>\$ 30,581</u>	<u>\$ 13,800</u>	<u>\$ 18,874</u>

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

26. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2021	2020
Bank deposits	\$ <u>12,577</u>	\$ <u>11,199</u>

b. Other income

	For the Three Months End March 31	
	2021	2020
Grant income	\$ 6,758	\$ 5,583
Rental income	371	1,032
Others	<u>9,661</u>	<u>4,017</u>
	<u>\$ 16,790</u>	<u>\$ 10,632</u>

c. Other gains and losses

	For the Three Months End March 31	
	2021	2020
Net foreign exchange gains (Losses)	\$ (1,414)	\$ 12,808
Others	<u>(1,209)</u>	<u>(7,606)</u>
	<u>\$ (2,623)</u>	<u>\$ 5,202</u>

d. Finance costs

	For the Three Months End March 31	
	2021	2020
Interest on bank loans	\$ 8,976	\$ 12,857
Interest on lease liabilities	<u>3,279</u>	<u>4,414</u>
	12,255	17,271
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(1,248)</u>
	<u>\$ 12,255</u>	<u>\$ 16,023</u>

Information about capitalized interest is as follows:

	For the Three Months Ended March 31	
	2021	2020
Capitalized interest amount	\$ -	\$ 1,248
Capitalization rate	-	1.6%

e. Depreciation and amortization

	For the Three Months End March 31	
	2021	2020
An analysis of depreciation by function	\$ 81,096	\$ 67,111
Operating costs	<u>27,910</u>	<u>28,736</u>
Operating expenses	<u>\$ 109,006</u>	<u>\$ 95,847</u>
An analysis of amortization by function		
Operating costs	\$ 222	\$ 112
Operating expenses	<u>4,861</u>	<u>4,556</u>
	<u>\$ 5,083</u>	<u>\$ 4,668</u>

f. Employee benefits expense

	For the Three Months End March 31	
	2021	2020
Short-term employee benefits		
Salaries	\$ 461,681	\$ 455,859
Labor and health insurance	32,095	30,724
Others	<u>40,132</u>	<u>38,978</u>
	<u>533,908</u>	<u>525,561</u>
Post-employment benefits		
Defined contribution plans	26,713	21,165
Defined benefit plans (Note 23)	<u>1,804</u>	<u>1,144</u>
	<u>28,517</u>	<u>22,309</u>
	<u>\$ 562,425</u>	<u>\$ 547,870</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 200,611	\$ 177,825
Operating expenses	<u>361,814</u>	<u>370,045</u>
	<u>\$ 562,425</u>	<u>\$ 547,870</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of 2% to 6% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2021 and 2020, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	For the Three Months End March 31	
	2021	2020
Employees' compensation	3%	4%
Remuneration of directors	1.4%	1.9%

Amount

	For the Three Months Ended March 31	
	2021	2020
Employees' compensation	\$ 10,500	\$ 10,500
Remuneration of directors	5,100	5,100

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2020 and 2019 that were resolved by the board of directors on March 25, 2021 and March 26, 2020, respectively, are as shown below:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Employees' compensation	\$ 42,000	\$ 42,000
Remuneration of directors	20,000	20,000

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

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Three Months End March 31	
	2021	2020
Foreign exchange gains	\$ 46,705	\$ 88,574
Foreign exchange losses	(48,119)	(75,766)
	<u>\$ (1,414)</u>	<u>\$ 12,808</u>

27. INCOME TAXES

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

	For the Three Months End March 31	
	2021	2020
Current tax		
In respect of the current year	\$ 68,929	\$ 63,791
Adjustment for prior years	<u>(27,412)</u>	<u>4,309</u>
	<u>41,517</u>	<u>68,100</u>
Deferred tax		
In respect of the current year	<u>50,078</u>	<u>14,156</u>
	<u>\$ 91,595</u>	<u>\$ 82,256</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities of the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ 7,956</u>	<u>\$ 24,833</u>

- c. Income tax assessments

The tax returns of the Company and domestic subsidiaries through 2019 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

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

Net profit for the year

	For the Three Months End March 31	
	2021	2020
Profit for the year attributable to owners of the Company	<u>\$ 299,789</u>	<u>\$ 234,886</u>

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

	For the Three Months End March 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571
Effect of potentially dilutive ordinary share:		
Employees' compensation or bonuses issued to employees	<u>306</u>	<u>468</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,877</u>	<u>121,039</u>

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

29. BUSINESS COMBINATIONS - March 31, 2021

a. Acquisition of business

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

The Group acquired the business and asset portfolio from its unrelated party, Axis Manufacture Pty Ltd and Gripset Industries Pty Ltd (established in Australia) in March 2021, which includes the inputs and substantive processes which together significantly contribute to the ability to create outputs; the acquisition was handled in accordance with IFRS 3: Business Combinations. The purpose of the acquisition was to expand the business and strengthen the product portfolio.

b. Consideration transferred

	Amount
Cash	\$ <u>203,268</u>

c. Assets acquired at the date of acquisition

	Amount
Current assets	
Inventories	\$ <u>42,152</u>

The original accounting treatment for the acquisition of the business and asset portfolio of Axis Manufacture Pty and Gripset Industries Pty Ltd is only tentative at the balance sheet date. Because the market evaluation and other calculations required for the business combination have not been completed at the date of issuance of consolidated financial report, it was reported as a tentative amount, which should be adjusted retrospectively during the measurement period, or additional assets or liabilities should be recognized, to reflect new information about the facts and circumstances that have existed on the acquisition date during the measurement period. The measurement period from the date of acquisition should not exceed one year.

d. Goodwill recognized on acquisition

	Amount
Consideration transferred	\$ 203,268
Less: Fair value of identifiable net assets acquired	<u>42,152</u>
Goodwill recognized on acquisition	<u>\$ 161,116</u>

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

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted shares	\$ _____ -	\$ _____ -	\$ 1,994,432	\$ 1,994,432

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted shares	\$ _____ -	\$ _____ -	\$ 1,109,267	\$ 1,109,267

March 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted shares	\$ _____ -	\$ _____ -	\$ 800,690	\$ 800,690

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

Financial Assets at FVTOCI

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 1,109,267	\$ 976,745
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	842,332	(176,055)
Purchase	<u>42,833</u>	<u>-</u>
Balance at March 31	<u>\$ 1,994,432</u>	<u>\$ 800,690</u>

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

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

c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,449,757	\$ 8,805,518	\$ 8,321,890
Financial assets at FVTOCI	1,994,432	1,109,267	800,690
<u>Financial liabilities</u>			
Amortized cost (2)	6,146,452	6,186,583	5,729,827

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 35.

Sensitivity analysis

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

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

	USD Impact		
	For the Three Months Ended		
	March 31		
	2021	2020	
Profit or loss	\$ <u>5,346</u>	\$ <u>17,913</u>	(i)

	VND Impact		
	For the Three Months Ended		
	March 31		
	2021	2020	
Profit or loss	\$ <u>8,375</u>	\$ <u>8,275</u>	(ii)

- i. This was mainly attributable to the exposure on outstanding foreign monetary items in USD that were not hedged at the end of the year. The Group's sensitivity to foreign currency decreased during the current year mainly due to the borrowings for purchasing materials in USD and increase in accounts payable.
- ii. This was mainly attributable to the exposure on outstanding foreign monetary items in VND that were not hedged at the end of the year. The Group's sensitivity to foreign currency was not changed significantly during the current year.

b) Interest rate risk

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 1,086,162	\$ 1,068,554	\$ 1,211,350
Financial liabilities	547,953	556,883	451,328
Cash flow interest rate risk			
Financial assets	3,224,147	3,396,918	3,405,274
Financial liabilities	3,299,858	3,071,795	3,305,398

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's profit before tax for the three months ended March 31, 2021 and 2020 would have decreased/increased by NT\$2,062 thousand and NT\$2,066 thousand, respectively; the change would be mainly attributable to variable-rate bank borrowings.

c) Other price risk

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which could cause a financial loss to the Group due to the failure of a counterparty to discharge its obligation, could at most amount to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

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

	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
	Amount	%	Amount	%	Amount	%
Group A	\$ 269,753	8	\$ 288,565	8	\$ 342,892	11

3) Liquidity risk

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

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

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

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

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

March 31, 2021

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 2,842,597	\$ 3,997	\$ -
Lease liabilities	63,256	177,823	385,890
Fixed interest rate liabilities	102,628	-	-
Variable interest rate liabilities	<u>1,731,835</u>	<u>1,277,542</u>	<u>246,273</u>
	<u>\$ 4,740,316</u>	<u>\$ 1,459,362</u>	<u>\$ 632,163</u>

Additional information about the maturity analysis for lease liabilities:

	Over 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 63,256</u>	<u>\$ 177,823</u>	<u>\$ 161,960</u>	<u>\$ 169,777</u>	<u>\$ 54,153</u>

December 31, 2020

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

Additional information about the maturity analysis for lease liabilities:

	Over 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 93,174</u>	<u>\$ 156,705</u>	<u>\$ 156,973</u>	<u>\$ 178,755</u>	<u>\$ 55,071</u>

March 31, 2020

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 2,421,152	\$ 3,277	\$ -
Lease liabilities	60,528	155,367	385,638
Variable interest rate liabilities	<u>1,680,838</u>	<u>1,624,609</u>	<u>-</u>
	<u>\$ 4,162,518</u>	<u>\$ 1,783,253</u>	<u>\$ 385,638</u>

Additional information about the maturity analysis for lease liabilities:

	Over 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	\$ <u>60,528</u>	\$ <u>155,367</u>	\$ <u>147,078</u>	\$ <u>180,735</u>	\$ <u>57,825</u>

The amounts included for variable interest rate instruments for both non-derivative financial assets and liabilities would change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank overdraft facilities reviewed annually and payable at call:			
Amount used	\$ 2,917,513	\$ 2,670,447	\$ 3,135,178
Amount unused	<u>6,303,042</u>	<u>6,509,431</u>	<u>5,269,089</u>
	<u>\$ 9,220,555</u>	<u>\$ 9,179,878</u>	<u>\$ 8,404,267</u>
Secured bank overdraft facilities:			
Amount used	\$ 494,895	\$ 502,226	\$ 330,151
Amount unused	<u>284,263</u>	<u>359,065</u>	<u>179,596</u>
	<u>\$ 779,158</u>	<u>\$ 861,291</u>	<u>\$ 509,747</u>

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Sale of goods

Related Party Category	For the Three Months End March 31	
	2021	2020
Investors with significant influence	\$ <u>263,648</u>	\$ <u>307,143</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2021	2020
Associate	<u>\$ 565</u>	<u>\$ 6,263</u>

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

d. Receivables from related parties

Line Item	Related Party Category / Name	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable from related parties	Investors with significant influence over Pou Chen Corporation and its subsidiaries	<u>\$ 269,753</u>	<u>\$ 288,565</u>	<u>\$ 342,892</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable	Associate	<u>\$ 263</u>	<u>\$ 698</u>	<u>\$ 3,063</u>
Other payables	Investors with significant influence	<u>\$ 128</u>	<u>\$ 129</u>	<u>\$ 126</u>

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

Line Item	Related Party Category / Name	March 31, 2021	December 31, 2020	March 31, 2020
Other current liabilities	Investors with significant influence over Pou Chen Corporation and its subsidiaries	<u>\$ 70,250</u>	<u>\$ 82,098</u>	<u>\$ 77,589</u>

g. Compensation of key management personnel

	For the Three Months End March 31	
	2021	2020
Short-term employee benefits	\$ 14,201	\$ 15,252
Post-employment benefits	<u>431</u>	<u>503</u>
	<u>\$ 14,632</u>	<u>\$ 15,755</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment, net	\$ 614,995	\$ 639,008	\$ 132,812
Pledged deposit (recognized as financial assets at amortized cost - current)	10,020	9,787	23,900
Right-of-use assets	<u>-</u>	<u>16,305</u>	<u>17,530</u>
	<u>\$ 625,015</u>	<u>\$ 665,100</u>	<u>\$ 174,242</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to disclosures in other notes, significant commitments and contingencies of the Group as of March 31, 2021, December 31 and March 31, 2020 were as follows:

- a. As of March 31, 2021, December 31 and March 31, 2020, the unused letters of credit of the Group for purchasing raw materials and equipment were \$109,497 thousand, \$92,191 thousand and \$120,809 thousand, respectively.
- b. Unrecognized commitments were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisition of property, plant and equipment	\$ 595,054	\$ 660,431	\$ 694,006
Acquisition of raw material	<u>70,976</u>	<u>84,011</u>	<u>28,116</u>
	<u>\$ 666,030</u>	<u>\$ 744,442</u>	<u>\$ 722,122</u>

- c. Material lawsuits

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

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

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

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,601	28.54	\$ 1,187,084
		(USD:NTD)	
USD	5,994	6.5713	171,029
		(USD:CNY)	
USD	6,922	14,412	197,518
		(USD:IDR)	
USD	5,311	7.78	151,560
		(USD:HKD)	
VND	824,884,643	0.000043	1,016,770
		(VND:USD)	
<u>Financial liabilities</u>			
Monetary items			
USD	26,731	28.36	758,027
		(USD:NTD)	
USD	2,532	6.5491	72,010
		(USD:CNY)	
USD	5,143	7.78	146,756
		(USD:HKD)	
USD	3,613	14,412	103,088
		(USD:IDR)	
USD	3,248	4.16	92,750
		(USD:MYR)	
VND	144,273,908	0.000044	179,312
		(VND:USD)	

December 31, 2020

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

Financial liabilities

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

March 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 58,096	30.225 (USD:NTD)	\$ 1,755,991
USD	9,977	7.0851 (USD:CNY)	301,541
USD	7,992	16,077 (USD:IDR)	241,569
USD	6,719	7.75 (USD: HKD)	203,093
VND	750,396,527	0.000043 (VND:USD)	972,762
MYR	8,334	0.3770 (MYR:AUD)	58,548

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 4,992	30.225 (USD:NTD)	\$ 150,886
USD	991	7.0851 (USD:CNY)	29,958
USD	4,832	7.75 (USD:HKD)	146,059
USD	5,360	16,077 (USD:IDR)	162,000
USD	7,346	1.6219 (USD:AUD)	222,029
VND	111,270,931	0.000043 (VND:USD)	145,251
			(Concluded)

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

Functional Currency	For the Three Months Ended March 31, 2021		For the Three Months Ended March 31, 2020	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	28.366 (USD:NTD)	\$ 3,771	30.106 (USD:NTD)	\$ (14,916)
NTD	1 (NTD:NTD)	(2,071)	1 (NTD:NTD)	16,884
CNY	4.376 (CNY:NTD)	(2,423)	4.317 (CNY:NTD)	5,057
SGD	21.3 (SGD:NTD)	22	21.74 (SGD:NTD)	2,076
AUD	21.92 (AUD:NTD)	(2,510)	19.87 (AUD:NTD)	(9,585)
IDR	0.00201 (IDR:NTD)	859	0.0022 (IDR:NTD)	12,663
VND	0.001231 (VND:NTD)	71	0.00130 (VND:NTD)	287
Others		867		342
		<u>\$ (1,414)</u>		<u>\$ 12,808</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions :

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)

- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisitions of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposals of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 8)
- b. Information on investees (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment the mainland China area (Table 6)
 - 2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses as follows (Table 7):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions with material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

37. SEGMENT INFORMATION

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

Segment revenue and results

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

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-off	Total
<u>For the Three Months Ended</u>							
<u>March 31, 2021</u>							
Revenue							
Revenue from external customers	\$ 855,540	\$ 1,477,610	\$ 1,059,797	\$ 520,469	\$ 379,402	\$ -	\$ 4,292,818
Inter segment revenues	<u>577,972</u>	<u>290,528</u>	<u>124,718</u>	<u>2,741</u>	<u>16,654</u>	<u>(1,012,613)</u>	<u>-</u>
Total revenue	<u>\$ 1,433,512</u>	<u>\$ 1,768,138</u>	<u>\$ 1,184,515</u>	<u>\$ 523,210</u>	<u>\$ 396,056</u>	<u>\$ (1,012,613)</u>	<u>\$ 4,292,818</u>
Segment income	<u>\$ 110,635</u>	<u>\$ 46,912</u>	<u>\$ 106,212</u>	<u>\$ 24,289</u>	<u>\$ 31,456</u>	<u>\$ 57,724</u>	\$ 377,228
Interest revenue							12,577
Other income							16,790
Other gains and losses							(2,623)
Finance costs							(12,255)
Share of profit of associates accounted for using the equity method							15,323
Profit before tax							<u>\$ 407,040</u>
<u>For the Three Months Ended</u>							
<u>March 31, 2020</u>							
Revenue							
Revenue from external customers	\$ 772,717	\$ 1,138,749	\$ 947,887	\$ 457,315	\$ 390,720	\$ -	\$ 3,734,388
Inter segment revenues	<u>556,433</u>	<u>266,061</u>	<u>141,618</u>	<u>2,506</u>	<u>10,781</u>	<u>(977,399)</u>	<u>-</u>
Total revenue	<u>\$ 1,329,150</u>	<u>\$ 1,404,810</u>	<u>\$ 1,116,505</u>	<u>\$ 459,821</u>	<u>\$ 401,501</u>	<u>\$ (977,399)</u>	<u>\$ 3,734,388</u>
Segment income	<u>\$ 103,803</u>	<u>\$ 17,766</u>	<u>\$ 139,588</u>	<u>\$ 5,452</u>	<u>\$ 43,366</u>	<u>\$ 850</u>	\$ 310,825
Interest revenue							11,199
Other income							10,632
Other gains and losses							5,202
Finance costs							(16,023)
Share of profit of associates accounted for using the equity method							6,849
Profit before tax							<u>\$ 328,684</u>

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

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

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2 & 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2 & 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship(N ote 1)										
0	Nan Pao Resins Chemical Co., Ltd.	Phymed Bio-tec Co., Ltd.	2	\$ 2,275,380	\$ 10,000	\$ -	\$ -	\$ -	-	\$ 7,963,830	Y	N	N
		Nan Pao Philippines Export, Inc	2	2,275,380	14,268	14,268	-	-	0.13	7,963,830	Y	N	N
		ITLS International Development Co., Ltd.	2	2,275,380	20,000	20,000	3,092	-	0.18	7,963,830	Y	N	N
		Nan Pao Resins Chemical Philippines Inc.	2	2,275,380	28,535	28,535	14,268	-	0.25	7,963,830	Y	N	N
		Nan Pao Resins International Ltd.	2	2,275,380	71,338	71,338	-	-	0.63	7,963,830	Y	N	N
		Nan Pao Group Holdings Ltd.	2	2,275,380	57,070	57,070	-	-	0.5	7,963,830	Y	N	N
		RLA Polymers (M) Sdn. Bhd.	2	2,275,380	85,605	85,605	77,259	-	0.75	7,963,830	Y	N	N
		Nan Pao Resins (HK) Limited	2	2,275,380	128,408	128,408	-	-	1.13	7,963,830	Y	N	N
		RLA Polymers Pty Ltd.	2	2,275,380	142,675	142,675	128,089	-	1.25	7,963,830	Y	N	N
		RLA Polymers (M) Sdn. Bhd	2	2,275,380	114,140	114,140	-	-	1	7,963,830	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,275,380	131,520	130,320	-	-	1.15	7,963,830	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,275,380	20,000	20,000	-	-	0.18	7,963,830	Y	N	N
		1	NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	2	162,131	108,388	106,379	84,669	-	13.12	567,460	N

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

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

Note 2: The limit on endorsement/guarantee given on behalf of each party is 20% of the Company's net value at the end of the period, while the aggregate endorsement/guarantee limit is 70% of the Company's net value.

Note 3: The limit on endorsement/guarantee given by subsidiaries directly or indirectly owned by the Company on behalf of each party is 20% of the endorsee company's net value at the end of the period, while the aggregate endorsement limit is 70% of the endorsee company's net value.

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Number of Shares	Number of Shares	Number of Shares	Number of Shares	
Nan Pao Resins Chemical Co., Ltd.	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	6,515,606	\$ 1,941,121	2	\$ 1,941,121	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	94,737	3,096	1	3,096	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	2,049,200	1,233	11	1,233	
	Revivegen Environmental Technology Co., Ltd. - privately-issued equity	"	"	395,957	13,074	2	13,074	
	FlexUP Technologies Corp. - privately-issued equity	"	"	1,200,000	1,284	7	1,284	
	Contact Organics Pty Ltd- privately-issued equity	"	"	2,312	5,887	8	5,887	
					<u>\$ 1,965,695</u>		<u>\$ 1,965,695</u>	
Nan Pao Chemical Company Ltd.	Ace Chemical Corp. -privately-issued equity	None	Financial assets at fair value through other comprehensive income - non-current	893,265	<u>\$ 28,737</u>	10	<u>\$ 28,737</u>	

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

Note 2: Please see Tables 6 and 7 for information on investments in subsidiaries and associates.

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total	
Nan Pao Resins Chemical Co.,Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	Sale	\$ (273,017)	22	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	\$ 545,978	43	

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

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

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

MARCH 31, 2021

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

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	\$ 545,978	1.97	\$ -	Not applicable	\$ 94,214	\$ -
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and its subsidiaries	Investors with significant influence	117,407	2.92	-	Not applicable	29,518	322

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

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Company Ltd.	No.12, Nanhaipu, Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 178,237	\$ (440)	\$ 1,409	
	Nan Pao Application Material Co., Ltd.	No.12, Nanhaipu, Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	60,000	60,000	200,000	100	8,696	(547)	(547)	
	Nan Pao Electronic Material Company	No.510, Zhongshan Rd., Xigang Dist, Tainan City	Production and trading of electronic materials	63,540	63,540	4,000,000	100	48,911	785	785	
	ITLS International Development Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei	Trading of construction materials and chemical substances	755,000	755,000	30,500,000	100	278,943	3,436	2,136	
	Prince Pharmaceutical Co., Ltd.	9F, No. 107, Sec.3, Chung-Shin Rd., Sanchung Dist., New Taipei City	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	324,683	324,683	16,767,305	50.51	337,696	(7,185)	(3,629)	
	Phymed Bio-tec Co., Ltd.	No.12, Nanhaipu, Nanhai Vil., Xigang Dist., Tainan City	R&D and trading of health food	16,000	16,000	600,000	100	2,591	(121)	(121)	
	Biorich Biotechnology Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei	R&D, production, and trading of new high protein business and health food	64,121	64,121	391,462	57.1	8,960	1,793	1,024	
	Nan Pao Advanced Materials Co.,Ltd.	No. 521, Zhongshan Rd., Xigang Dist, Tainan City	Trading of adhesives and chemicals	3,500	3,500	350,000	70	5,131	970	679	
	Progroups Technology Co., Ltd.	No.12, Nanhaipu, Nanhai li., Xigang Dist., Tainan City	Trading of Waterborne PU Resin	70,814	70,814	459,950	91.99	71,043	(940)	722	
	Nan Pao Fine Materials Co., Ltd.	No.217, Xinxing St., 4 Neighborhood, Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	12,729	(1,735)	(954)	
	Total Acrylic Polymer Industry (TAPI) Corporation	12F., No. 117, Sec. 2, Chongqing N. Rd., Datong Dist., Taipei City	Production and trading of chemical materials including adhesives and resins	120,000	120,000	1,500,000	30	383,076	51,078	15,323	
	Fuqing Nan Pao Investment Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	166,699	166,699	4,990,000	100	226,213	5,926	5,926	
	Thai Nan Pao Investment Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	169,909	169,909	5,282,000	100	174,881	2,501	1,721	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri (W) , Mumbai 400053, India	Trading of adhesives	16,499	16,499	3,000,000	100	27,214	637	637	
	Nan Pao Materials Vietnam Co., Ltd.	LotA4, A5, A10, A11 Daden Industrial Park, Thu Dau Mot City, Binh Duong Province, Vietnam	Production and trading of adhesives and chemicals	685,094	685,094	-	100	1,023,340	45,777	45,800	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Phuc Son Industrial Area, Ninh Phuc Commune, Ninh Binh City, Ninh Binh province	Production and trading of adhesives and chemicals	465,970	465,970	-	100	396,951	3,503	3,503	
	Nan Pao Overseas Holdings Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	2,363,585	2,525,110	77,256,502	100	4,049,584	62,135	62,576	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	768,181	30,639	24,284	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	All Saints Enterprises Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	143,375	143,375	5,452,549	54.53	215,380	(1,530)	(834)	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	46,426	46,426	1,560,000	32.18	259,474	48,580	16,627	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No.44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	39,276	39,276	2,756,250	49	211,972	22,612	10,668	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares
	Nan Pao Philippines Export Inc.	Lot IL-2 Subic Bay Gateway Park Phase II, Subic Bay Freeport Zone	Trading of adhesives	14,993	14,993	25,750	100	13,494	(412)	(412)	
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	Blk 1049, Eunoz Avenue 6, #01-132, Singapore 409628	General investment	545,462	545,462	24,064,549	100	136,158	(404)		
	Aftek Materials Vietnam Co., Ltd.	No. 16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	49,172	49,172	-	70	30,434	(1,676)		
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	130,120	130,120	10,000	100	226,528	5,926		
				(USD 4,560,000)	(USD 4,560,000)						

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	412 Kor Soi, 1cBangpoo Industrial Tumbon Preaksa Ampur Muang Samutprakarn 10280, Thailand	Production and trading of adhesives	\$ 159,192 (USD 5,578,821)	\$ 159,192 (USD 5,578,821)	\$ 21,197,000	100	\$ 130,652	\$ 2,501		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	4th Floor, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Islands	General investment	2,204,514 (USD 77,256,502)	2,091,630 (USD 73,300,502)	77,256,502	100	4,134,043	62,146		
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Jl. Pajajaran Raya No. 44, Kel. Gandasari, Kec. Jatiuwung, Tangerang-15137 Indonesia	Production and trading of construction materials	72,240 (USD 2,531,620)	72,240 (USD 2,531,620)	2,437,109	100	18,271	(70)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	124,227 (USD 4,353,487)	124,227 (USD 4,353,487)	-	100	71,854	(256)		
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	35,954 (USD 1,260,000)	35,954 (USD 1,260,000)	7,172	67.68	409,168	21,051		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	53,863 (USD 1,887,627)	53,863 (USD 1,887,627)	350,000	26.25	275,716	30,639	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	Nan Pao Resins (Holdings) Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	600,678 (USD 21,054,073)	600,678 (USD 21,054,073)	10,000	100	373,769	(9,905)		
	All Saints Enterprises Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	152,179 (USD 5,333,075)	152,179 (USD 5,333,075)	4,547,451	45.47	179,596	(1,530)	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	NP Australia Pty. Ltd.	Collins Square Tower Five Level 22, 727 Collins Street, Docklands VIC 3008	General investment	655,954 (AUD 30,214,354)	547,404 (AUD 25,214,354)	30,214,354	100	810,657	16,444		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	109,484 (USD 3,836,817)	109,484 (USD 3,836,817)	3,287,546	67.82	610,872	48,580	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	Treasure Wealth (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	131,546 (USD 4,610,000)	131,546 (USD 4,610,000)	4,610	100	168,701	2,707		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	16,689 (USD 584,844)	16,689 (USD 584,844)	486,000	100	88,088	4,183		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeog Village, Antipolo City, Philippines	Trading of adhesives	5,992 (USD 210,000)	5,992 (USD 210,000)	9,000	100	66,889	2,435		
	Nan Pao Resins International Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Trading of chemical substances and related products	734 (HKD 200,000)	734 (HKD 200,000)	1,000	100	8,188	(1,389)		
	Nan Pao Resins (HK) Limited	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	439,439 (USD 15,400,000)	439,439 (USD 15,400,000)	15,400,000	100	426,066	7,060		
Profit Land Ltd.	Giant Profit Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	228,280 (USD 8,000,000)	228,280 (USD 8,000,000)	10,000	100	1,041,500	30,639		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	158,087 (USD 5,540,100)	158,087 (USD 5,540,100)	20,240	100	241,872	(12,541)		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	85,605 (USD 3,000,000)	85,605 (USD 3,000,000)	3,000	100	125,089	2,641		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	285,350 (USD 10,000,000)	285,350 (USD 10,000,000)	10,000	100	390,957	(1,530)		
NP Australia Pty Ltd.	RLA Polymers Pty. Ltd.	Collins Square Tower Five Level 22, 727 Collins Street, Docklands VIC 3008	Production and trading of construction materials and chemical substances	463,158 (AUD 21,334,344)	354,611 (AUD 16,334,344)	16,552,080	100	678,440	17,439		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island	General investment	138,325 (USD 4,847,546)	138,325 (USD 4,847,546)	3,000,000	100	899,143	48,580		
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Kcn Nhon Trach II, Xa Hiep Phuoc, Huyen Nhon Trach, Tinh Dong Nai, Vietnam	Production and trading of coatings	130,976 (USD 4,590,000)	130,976 (USD 4,590,000)	-	50	161,928	5,413		
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No. 44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	2,060 (IDR 1,040,625,000)	2,060 (IDR 1,040,625,000)	1,040,625	18.5	87,509	22,611	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	10 Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Town, Binh Duong Province, S.R Vietnam	Production and trading of adhesives	97,253 (USD 3,408,217)	97,253 (USD 3,408,217)	-	100	896,423	48,583		
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	No.5, Lebuhraya Petai, Pandamaran, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	Production and trading of construction materials and chemical substances	129,645 (AUD 5,971,801)	129,645 (AUD 5,971,801)	18,415,500	100	176,699	1,600		

Note 1: The Company is only required to list the amount of profit and loss of each of the subsidiaries and each investee that is accounted for using the equity method. The rest of the information can be exempted.

Note 2: Please refer to Table 6 for information on investees in mainland China.

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2021 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 285,350 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 307,891 (USD 10,789,932)	\$ -	\$ -	\$ 307,891 (USD 10,789,932)	\$ (1,527)	100	\$ (1,527) (2)B.	\$ 390,827	\$ -
Fuqing Nan Pao Resins Co., Limited	Production and trading of adhesives	130,120 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	142,390 (USD 4,990,000)	-	-	142,390 (USD 4,990,000)	5,959	100	5,959 (2)B.	225,715	134,553
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	77,045 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	72,532 (USD 2,541,860)	-	-	72,532 (USD 2,541,860)	(11,723)	100	(11,723) (2)B.	132,815	-
Dongguan Jia Chin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	80,605 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	87,451 (USD 3,064,683)	-	-	87,451 (USD 3,064,683)	2,641	100	2,641 (2)B.	125,073	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	48,136 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Fo Shan) Co., Ltd.	-	-	-	-	24,152	60.47	14,604 (2)B.	412,065	-
Nan Pao Resins (Fo Shan) Co., Ltd.	Production and trading of adhesives	228,280 (USD 8,000,000)	(2) Giant Profit Development Ltd.	222,220 (USD 7,787,627)	-	-	222,220 (USD 7,787,627)	30,369	100	30,639 (2)B.	1,040,550	245,298
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	21,720 (RMB 5,000,000)	(3) Nan Pao Resins (Fo Shan) Co., Ltd.	-	-	-	-	(51)	51	(26) (2)B.	15,664	-
Gangyi Electronic (Dongguan) Co., Ltd. (Note 5)	Production and trading of magnetic covers, magnetic rings, iron cores and electronic components	-	(2) Qang Yi Electronic Factory Company Ltd.	11,414 (USD 400,000)	-	-	11,414 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	818,955 (USD 28,700,000)	(2) Nan Pao Group Holdings Ltd.	818,955 (USD 28,700,000)	-	-	818,955 (USD 28,700,000)	(9,028)	100	(9,028) (2)B.	791,103	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Agency of online business and general merchandise	142,675 (USD 5,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(219)	100	(219) (2)B.	98,611	-
Nantong Nanpao Resins Materials Co., Ltd.	Production and trading of adhesives	156,943 (USD 5,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(364)	100	(364) (2)B.	141,860	-
Nan Pao Resins (Yunan) Co., Ltd.	Production and trading of adhesives	228,280 (USD 8,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(63)	100	(63) (2)B.	236,524	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	285,350 (USD 10,000,000)	(2) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(7,846)	100	(7,846) (2)B.	286,862	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2021 (Note 4)	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 1,662,852 (USD 58,274,102)	\$ 1,884,716 (USD 66,049,260)	\$ 6,826,140

Note 1: The methods of investment in mainland China are divided into the following three categories (indicate the category number):

- (1) Direct investment in mainland China.
- (2) Investment in mainland China through companies in a third region (please specify investee company in third region).
- (3) Other methods

Note 2: Recognized in the investment gain (loss) column in the current period:

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

Note 3: The Company's investment limit in mainland China is calculated as follows:
 $\$11,376,900 \times 60\% = \$6,826,140$

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$28.535 at the end of the period.
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.344 at the end of the period.

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

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

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

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Fo Shan) Co., Ltd.	Subsidiary	Sales	\$ (39,949)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 38,643	-	\$ 3,512
	Nan Pao Resins (China) Co., Ltd.	Subsidiary	Sales	(12,627)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	12,716	1	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (Fo Shan) Co., Ltd.	Same ultimate Parent Company	Sales	(15,089)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	16,917	3	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Similar to general transactions	(86,922)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	-	-	-
Nan Pao Resins (Fo Shan) Co., Ltd.	Fuqing Nan Pao Resins Co., Limited	Same ultimate Parent Company	Sales	(29,327)	(7)	Payment within 90 days	Similar to general transactions	Similar to general transactions	32,954	9	-
	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(15,426)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	17,295	5	-
Fuqing Nan Pao Resins Co., Limited	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(22,802)	(23)	Payment within 90 days	Similar to general transactions	Similar to general transactions	25,579	28	-

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

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

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

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details		% of Total Sales or Assets
				Financial Statement Accounts	Amount(Note 2)	
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	1	Accounts receivable - related parties	\$ 545,978	2
		Nan Pao Resins (Fo Shan) Co., Ltd.	1	Sales revenue	273,017	7
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	38,643	-
		Nan Pao Resins (HK) Limited	1	Sales revenue	39,949	1
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	69,730	-
		ITLS International Development Co., Ltd.	1	Sales revenue	69,116	2
		Nan Pao Resins (China) Co., Ltd.	1	Accounts receivable - related parties	49,148	-
			1	Sales revenue	48,759	1
			1	Accounts receivable - related parties	96,032	-
			1	Sales revenue	48,710	1
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	16,993	-
		Nan Pao Resins (HK) Limited	3	Sales revenue	16,181	-
		Progroups Technology Co., Ltd.	3	Accounts receivable - related parties	12,716	-
			3	Sales revenue	12,627	-
2	Nan Pao Resins (Fo Shan) Co., Ltd.	Fuqing Nan Pao Resins Co., Limited	3	Accounts receivable - related parties	60,092	-
		Foshan Nan Pao Advanced Materials Co., Ltd.	3	Sales revenue	50,270	1
		Nan Pao Resins (China) Co., Ltd.	3	Accounts payable - related parties	19,785	-
3	Nan Pao Resins (HK) Limited	Nan Pao Resins (Dongguan) Co., Ltd.	3	Purchase	19,668	-
		Nan Pao Resins Chemical Philippines, Inc.	3	Purchase	12,079	-
		Nan Pao Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	32,954	-
		Nan Pao Resins (China) Co., Ltd.	3	Sales revenue	29,327	1
		Nan Pao Resins Chemical Philippines, Inc.	3	Accounts payable - related parties	16,917	-
4	Nan Pao Resins (China) Co., Ltd.	Fuqing Nan Pao Resins Co., Limited	3	Purchase	15,089	-
		Nan Pao Resins (China) Co., Ltd.	3	Accounts receivable - related parties	17,295	-
		Nan Pao Resins (Dongguan) Co., Ltd.	3	Sales revenue	15,426	-
		Nan Pao Resins (Dongguan) Co., Ltd.	3	Other accounts receivable - related parties	87,072	22
5	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Processing fee	86,922	2
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	15,750	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	12,669	-
5	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	41,178	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	30,556	1
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	25,579	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Purchase	22,802	1
5	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	43,375	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	35,539	1
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	14,254	-
5	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Sales revenue	14,170	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	19,258	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	12,323	-

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

- (1) Parent Company to Subsidiaries.
- (2) Subsidiaries to Parent Company.
- (3) Between Subsidiaries

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

TABLE 9**NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES****II INFORMATION OF MAJOR SHAREHOLDERS**

March 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Pou Chien Enterprise Co., Ltd.	10,920,248	9.05%
Ding-Feng Investment Co., Ltd	10,673,947	8.85%
Yue Dean Technology Corporation	10,285,000	8.53%
Chuan-De Investment Co., Ltd.	10,060,298	8.34%
Guang Rong Investment Ltd.	8,868,132	7.35%
Growth Machine Development Co., Ltd.	7,826,523	6.49%
Pao-Wang Investment Co., Ltd.	7,476,068	6.20%

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

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

NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)**

	Land	Land Improvements	Buildings	Machinery and equipment	Transportation Equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,186,018	\$ 16,890	\$ 2,450,210	\$ 2,742,547	\$ 240,608	\$ 926,130	\$ 330,511	\$ 7,892,914
Additions	-	-	4,779	272,478	4,391	31,807	28,946	342,401
Disposals	-	-	-	(23,911)	(1,285)	(858)	-	(26,054)
Effect of foreign currency exchange differences	(475)	(20)	(6,950)	(9,616)	(710)	(1,392)	(688)	(19,851)
Balance at March 31, 2021	<u>\$ 1,185,543</u>	<u>\$ 16,870</u>	<u>\$ 2,448,039</u>	<u>\$ 2,981,498</u>	<u>\$ 243,004</u>	<u>\$ 955,687</u>	<u>\$ 358,769</u>	<u>\$ 8,189,410</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 6,451	\$ 798,230	\$ 1,828,522	\$ 164,667	\$ 579,664	\$ -	\$ 3,377,534
Depreciation	-	376	17,256	46,173	5,185	19,150	-	88,140
Disposals	-	-	-	(16,769)	(870)	(847)	-	(18,486)
Effect of foreign currency exchange differences	-	(3)	(3,493)	(5,621)	(646)	(808)	-	(10,571)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 6,824</u>	<u>\$ 811,993</u>	<u>\$ 1,852,305</u>	<u>\$ 168,336</u>	<u>\$ 597,159</u>	<u>\$ -</u>	<u>\$ 3,436,617</u>
Balance at December 31, 2020 and January 1, 2021	<u>\$ 1,186,018</u>	<u>\$ 10,439</u>	<u>\$ 1,651,980</u>	<u>\$ 914,025</u>	<u>\$ 75,941</u>	<u>\$ 346,466</u>	<u>\$ 330,511</u>	<u>\$ 4,515,380</u>
Balance at March 31, 2021	<u>\$ 1,185,543</u>	<u>\$ 10,046</u>	<u>\$ 1,636,046</u>	<u>\$ 1,129,193</u>	<u>\$ 74,668</u>	<u>\$ 358,528</u>	<u>\$ 358,769</u>	<u>\$ 4,752,793</u>
<u>Cost</u>								
Balance at January 1, 2020	\$ 1,186,651	\$ 11,624	\$ 1,952,850	\$ 2,583,636	\$ 236,726	\$ 772,468	\$ 525,118	\$ 7,269,073
Additions	-	-	1,059	15,916	3,180	11,481	70,622	102,258
Disposals	-	(452)	(1,065)	(35,402)	(10,244)	(20,476)	-	(67,639)
Reclassification	-	-	(121,336)	5,378	4,756	1,811	(40,410)	(149,801)
Effect of foreign currency exchange differences	(967)	(123)	(5,200)	(41,307)	(3,699)	(4,374)	(2,797)	(58,467)
Balance at March 31, 2020	<u>\$ 1,185,684</u>	<u>\$ 11,049</u>	<u>\$ 1,826,308</u>	<u>\$ 2,528,221</u>	<u>\$ 230,719</u>	<u>\$ 760,910</u>	<u>\$ 552,533</u>	<u>\$ 7,095,424</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 5,847	\$ 732,110	\$ 1,718,441	\$ 158,958	\$ 556,825	\$ -	3,172,181
Depreciation	-	194	14,739	40,600	4,939	15,140	-	75,612
Disposals	-	(452)	(794)	(33,532)	(10,188)	(20,474)	-	(65,440)
Reclassification	-	-	(3,539)	(8,001)	-	(509)	-	(12,049)
Effect of foreign currency exchange differences	-	(19)	(6,177)	(32,576)	(3,254)	(2,789)	-	(44,815)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 5,570</u>	<u>\$ 736,339</u>	<u>\$ 1,684,932</u>	<u>\$ 150,455</u>	<u>\$ 548,193</u>	<u>\$ -</u>	<u>\$ 3,125,489</u>
Balance at March 31, 2020	<u>\$ 1,185,684</u>	<u>\$ 5,479</u>	<u>\$ 1,089,969</u>	<u>\$ 843,289</u>	<u>\$ 80,264</u>	<u>\$ 212,717</u>	<u>\$ 552,533</u>	<u>\$ 3,969,935</u>