

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine 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 13 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\$4,223,571 thousand and NT\$3,688,795 thousand as of September 30, 2021 and 2020, respectively, accounting for 18% and 20% of total consolidated assets, respectively. Total liabilities were NT\$1,277,275 thousand and NT\$1,080,516 thousand as of September 30, 2021 and 2020, respectively, both accounting for 14% of total consolidated liabilities. Comprehensive income was NT\$32,774 thousand, NT\$34,554 thousand, NT\$79,326 thousand and NT\$60,330 thousand for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, respectively, accounting for 7%, 10%, 2% and 12% of the consolidated comprehensive income, respectively. Furthermore, as disclosed in Note 14 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\$375,648 thousand and NT\$353,062 thousand as of September 30, 2021 and 2020, respectively, and share of profit for using the equity method was NT\$10,246 thousand, NT\$17,330 thousand,

NT\$30,395 thousand and NT\$33,405 thousand for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 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 September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and cash flows for the nine months ended September 30, 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\$1,677,359 thousand and NT\$1,620,652 thousand as of September 30, 2021 and 2020, respectively, and accounting for 7% and 9%, respectively of total consolidated assets. Net operating income was NT\$592,891 thousand, NT\$545,351 thousand, NT\$1,729,770 thousand and NT\$1,419,679 thousand, respectively, and accounting for 14%, 14%, 13% and 13%, respectively of the consolidated net operating income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020.

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  
November 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	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,760,636	12	\$ 3,321,237	17	\$ 3,122,121	17
Financial assets at amortized cost - current (Notes 9, 10 and 35)	1,237,007	5	1,293,135	7	1,366,515	8
Notes receivable (Note 11)	247,299	1	291,955	2	259,426	1
Accounts receivable (Notes 11 and 26)	3,374,910	14	3,334,765	17	2,988,016	17
Accounts receivable from related parties (Notes 11, 26 and 34)	257,315	1	288,565	1	246,077	1
Other receivables (Note 11)	112,722	1	150,688	1	133,094	1
Current tax assets	22,019	-	2,016	-	15,770	-
Inventories (Note 12)	2,987,325	12	2,177,074	11	1,886,288	11
Other current assets (Note 20)	498,744	2	385,718	2	397,122	2
Total current assets	11,497,977	48	11,245,153	58	10,414,429	58
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	24,793	-	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	5,183,726	22	1,109,267	6	754,994	4
Financial assets at amortized cost - non-current (Notes 9, 10 and 35)	126,546	1	125,173	1	126,623	1
Investments accounted for using the equity method (Note 14)	375,648	2	367,753	2	353,062	2
Property, plant and equipment (Notes 15 and 35)	4,845,347	20	4,515,380	23	4,230,345	23
Right-of-use assets (Notes 16 and 35)	1,081,494	4	1,141,517	6	1,251,527	7
Investment properties (Note 17)	17,760	-	17,760	-	17,760	-
Goodwill (Notes 18 and 30)	233,916	1	117,930	1	112,119	1
Other intangible assets (Note 19)	144,792	1	73,379	-	70,228	-
Deferred tax assets	319,121	1	328,662	2	326,033	2
Other non-current assets (Note 20)	125,024	-	304,468	1	346,228	2
Total non-current assets	12,478,167	52	8,101,289	42	7,588,919	42
<b>TOTAL</b>	<b>\$ 23,976,144</b>	<b>100</b>	<b>\$ 19,346,442</b>	<b>100</b>	<b>\$ 18,003,348</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 21 and 35)	\$ 2,103,493	9	\$ 1,346,630	7	\$ 1,525,182	9
Contract liabilities - current (Note 26)	33,900	-	30,581	-	20,900	-
Notes payable (Note 22)	2,327	-	14,330	-	9,939	-
Accounts payable (Notes 22 and 34)	2,185,556	9	2,287,370	12	1,871,840	11
Other payables (Note 34)	798,318	3	809,180	4	731,119	4
Current tax liabilities	176,308	1	251,408	1	194,687	1
Lease liabilities - current (Note 16)	75,821	-	79,930	1	63,762	-
Current portion of long-term borrowings (Notes 21 and 35)	113,123	1	55,974	-	51,907	-
Other current liabilities (Notes 23 and 34)	192,556	1	206,627	1	197,180	1
Total current liabilities	5,681,402	24	5,082,030	26	4,666,516	26
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 21 and 35)	2,049,627	9	1,669,191	9	1,606,413	9
Deferred tax liabilities	736,414	3	773,682	4	748,260	4
Lease liabilities-non-current (Note 16)	444,177	2	476,953	2	452,232	2
Net defined benefit liabilities - non-current	72,193	-	95,701	1	98,756	1
Other non-current liabilities (Notes 23 and 36)	50,689	-	52,601	-	54,347	-
Total non-current liabilities	3,353,100	14	3,068,128	16	2,960,008	16
Total liabilities	9,034,502	38	8,150,158	42	7,626,524	42
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>						
Share capital - ordinary shares	1,205,707	5	1,205,707	6	1,205,707	7
Capital surplus	2,101,673	9	2,101,673	11	2,105,503	11
Retained earnings						
Legal reserve	1,300,961	6	1,178,822	6	1,178,822	7
Special reserve	313,321	1	313,321	2	313,321	2
Unappropriated earnings	4,883,652	20	5,115,900	26	4,766,044	26
Total retained earnings	6,497,934	27	6,608,043	34	6,258,187	35
Other equity	4,203,240	17	351,178	2	(46,487)	-
Total equity attributable to owners of the Company	14,008,554	58	10,266,601	53	9,522,910	53
<b>NON-CONTROLLING INTERESTS</b>	<b>933,088</b>	<b>4</b>	<b>929,683</b>	<b>5</b>	<b>853,914</b>	<b>5</b>
Total equity	14,941,642	62	11,196,284	58	10,376,824	58
<b>TOTAL</b>	<b>\$ 23,976,144</b>	<b>100</b>	<b>\$ 19,346,442</b>	<b>100</b>	<b>\$ 18,003,348</b>	<b>100</b>

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

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

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

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 34)	\$ 4,207,604	100	\$ 4,010,476	100	\$ 13,099,675	100	\$ 11,090,562	100
OPERATING COSTS (Notes 12, 27 and 34)	<u>3,291,159</u>	<u>78</u>	<u>2,816,568</u>	<u>70</u>	<u>9,973,110</u>	<u>76</u>	<u>7,995,610</u>	<u>72</u>
GROSS PROFIT	<u>916,445</u>	<u>22</u>	<u>1,193,908</u>	<u>30</u>	<u>3,126,565</u>	<u>24</u>	<u>3,094,952</u>	<u>28</u>
OPERATING EXPENSES (Note 11 and 27)								
Selling and marketing expenses	424,084	10	388,945	10	1,278,063	9	1,129,743	10
General and administrative expenses	197,453	5	203,080	5	621,883	5	591,751	6
Research and development expenses	119,650	3	126,157	3	366,349	3	350,208	3
Expected credit loss (gain)	<u>8,456</u>	<u>-</u>	<u>(525)</u>	<u>-</u>	<u>9,528</u>	<u>-</u>	<u>16,669</u>	<u>-</u>
Total operating expenses	<u>749,643</u>	<u>18</u>	<u>717,657</u>	<u>18</u>	<u>2,275,823</u>	<u>17</u>	<u>2,088,371</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>166,802</u>	<u>4</u>	<u>476,251</u>	<u>12</u>	<u>850,742</u>	<u>7</u>	<u>1,006,581</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Note 14 and 27)								
Interest income	10,632	-	12,963	-	32,785	-	36,166	-
Other income	8,723	-	33,946	1	104,813	1	121,940	1
Other gains and losses	6,846	-	(31,149)	(1)	(12,133)	-	(48,365)	-
Finance costs	(14,079)	-	(13,883)	-	(39,672)	-	(45,644)	-
Share of profit of associates	<u>10,246</u>	<u>-</u>	<u>17,330</u>	<u>-</u>	<u>30,395</u>	<u>-</u>	<u>33,405</u>	<u>-</u>
Total non-operating income and expenses	<u>22,368</u>	<u>-</u>	<u>19,207</u>	<u>-</u>	<u>116,188</u>	<u>1</u>	<u>97,502</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	189,170	4	495,458	12	966,930	8	1,104,083	10
INCOME TAX EXPENSE (Notes 4 and 28)	<u>63,083</u>	<u>1</u>	<u>74,552</u>	<u>2</u>	<u>202,200</u>	<u>2</u>	<u>199,913</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>126,087</u>	<u>3</u>	<u>420,906</u>	<u>10</u>	<u>764,730</u>	<u>6</u>	<u>904,170</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	<u>400,175</u>	<u>10</u>	<u>(67,878)</u>	<u>(2)</u>	<u>4,024,148</u>	<u>31</u>	<u>(226,766)</u>	<u>(2)</u>
	<u>400,175</u>	<u>10</u>	<u>(67,878)</u>	<u>(2)</u>	<u>4,024,148</u>	<u>31</u>	<u>(226,766)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:								

(Continued)

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

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translating foreign operations	(31,366)	(1)	(23,741)	-	(225,202)	(2)	(194,880)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 28)	<u>7,137</u>	<u>-</u>	<u>1,994</u>	<u>-</u>	<u>43,021</u>	<u>-</u>	<u>35,206</u>	<u>1</u>
	<u>(24,229)</u>	<u>(1)</u>	<u>(21,747)</u>	<u>-</u>	<u>(182,181)</u>	<u>(2)</u>	<u>(159,674)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>375,946</u>	<u>9</u>	<u>(89,625)</u>	<u>(2)</u>	<u>3,841,967</u>	<u>29</u>	<u>(386,440)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 502,033</u>	<u>12</u>	<u>\$ 331,281</u>	<u>8</u>	<u>\$ 4,606,697</u>	<u>35</u>	<u>\$ 517,730</u>	<u>5</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 116,234	3	\$ 402,120	10	\$ 733,886	6	\$ 871,532	8
Non-controlling interests	<u>9,853</u>	<u>-</u>	<u>18,786</u>	<u>-</u>	<u>30,844</u>	<u>-</u>	<u>32,638</u>	<u>-</u>
	<u>\$ 126,087</u>	<u>3</u>	<u>\$ 420,906</u>	<u>10</u>	<u>\$ 764,730</u>	<u>6</u>	<u>\$ 904,170</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 487,860	12	\$ 326,264	8	\$ 4,585,948	35	\$ 503,940	5
Non-controlling interests	<u>14,173</u>	<u>-</u>	<u>5,017</u>	<u>-</u>	<u>20,749</u>	<u>-</u>	<u>13,790</u>	<u>-</u>
	<u>\$ 502,033</u>	<u>12</u>	<u>\$ 331,281</u>	<u>8</u>	<u>\$ 4,606,697</u>	<u>35</u>	<u>\$ 517,730</u>	<u>5</u>
EARNINGS PER SHARE (Note 29)								
Basic	<u>\$ 0.96</u>		<u>\$ 3.34</u>		<u>\$ 6.09</u>		<u>\$ 7.23</u>	
Diluted	<u>\$ 0.96</u>		<u>\$ 3.33</u>		<u>\$ 6.07</u>		<u>\$ 7.21</u>	

(Concluded)

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

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

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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (Reviewed, Not Audited) (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings	Other Equity		Total Other Equity	Total	Non-controlling Interests
Legal Reserve			Special Reserve	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income						
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
Appropriations of 2020 earnings (Note 25)											
Legal reserve	-	-	122,139	-	(122,139)	-	-	-	-	-	-
Cash dividends distributed by Company - \$7 per share	-	-	-	-	(843,995)	-	-	-	(843,995)	-	(843,995)
Net profit for nine months ended September 30, 2021	-	-	-	-	733,886	-	-	-	733,886	30,844	764,730
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(172,086)	4,024,148	3,852,062	3,852,062	(10,095)	3,841,967
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	733,886	(172,086)	4,024,148	3,852,062	4,585,948	20,749	4,606,697
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(17,344)	(17,344)
BALANCE, SEPTEMBER 30, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,300,961	\$ 313,321	\$ 4,883,652	\$ (659,903)	\$ 4,863,143	\$ 4,203,240	\$ 14,008,554	\$ 933,088	\$ 14,941,642
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
Appropriations of 2019 earnings (Note 25)											
Legal reserve	-	-	122,820	-	(122,820)	-	-	-	-	-	-
Cash dividends distributed by Company -\$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)	-	(723,425)
Net profit for the nine months ended September 30, 2020	-	-	-	-	871,532	-	-	-	871,532	32,638	904,170
Other comprehensive loss for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	(140,826)	(226,766)	(367,592)	(367,592)	(18,848)	(386,440)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	871,532	(140,826)	(226,766)	(367,592)	503,940	13,790	517,730
Changes in percentage of ownership interests in subsidiaries (Note 31)	-	1,655	-	-	-	-	-	-	1,655	(1,655)	-
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	25,972	25,972
BALANCE, SEPTEMBER 30, 2020	\$ 1,205,707	\$ 2,105,503	\$ 1,178,822	\$ 313,321	\$ 4,766,044	\$ (530,834)	\$ 484,347	\$ (46,487)	\$ 9,522,910	\$ 853,914	\$ 10,376,824

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

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

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 966,930	\$ 1,104,083
Adjustments for:		
Depreciation expenses	331,841	296,759
Amortization expenses	22,386	14,263
Expected credit loss recognized on trade receivables	9,528	16,669
Net loss on fair value changes of financial assets at fair value through profit or loss	207	-
Finance costs	39,672	45,644
Interest income	(32,785)	(36,166)
Dividend income	(66,143)	(46,962)
Share of loss (gain) of associates	(30,395)	(33,405)
Gain on disposal of property, plant and equipment	(66)	(111)
Write downs of inventories	73,690	13,245
Gain on lease modification	(19)	-
Changes in operating assets and liabilities		
Notes receivable	44,656	20,597
Accounts receivable	(141,851)	96,785
Accounts receivable from related parties	31,250	109,042
Other receivables	36,186	58,532
Inventories	(909,632)	296,816
Other current assets	(113,916)	(23,826)
Other non-current assets	(1,504)	1,670
Contract liabilities	3,319	2,026
Notes payable	(11,919)	(2,652)
Accounts payables	(47,334)	(39,320)
Other payables	(67,669)	(89,573)
Other current liabilities	(14,071)	29,418
Net defined benefit liabilities	(23,508)	(16,263)
Other non-current liabilities	(1,783)	(1,865)
Cash generated from operations	97,070	1,815,406
Interest received	34,469	33,701
Interest paid	(37,882)	(48,134)
Income tax paid	(310,871)	(244,452)
Net cash generated from (used in) operating activities	<u>(217,214)</u>	<u>1,556,521</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(29,880)	(5,330)
Refunded capital of financial assets at fair value through other comprehensive income	868	315
Purchase of financial assets at amortized cost	(789,897)	(1,014,074)
Proceeds from sale of financial assets at amortized cost	831,482	327,956
Purchase of financial assets at fair value through profit or loss	(25,000)	-
Net cash outflow for acquisition of business	(203,268)	-
Payments for property, plant and equipment	(492,689)	(701,986)
Proceeds from disposal of property, plant and equipment	8,441	5,932
Increase in refundable deposits	(5,652)	(2,660)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Decrease in refundable deposits	2,483	1,973
Payments for intangible assets	(3,952)	(2,821)
Proceeds from disposal of intangible assets	-	(256)
Dividends received	<u>88,643</u>	<u>49,962</u>
Net cash used in investing activities	<u>(618,421)</u>	<u>(1,340,989)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	6,340,675	4,288,128
Repayments of short-term borrowings	(5,564,750)	(4,123,194)
Proceeds from long-term borrowings	1,802,744	2,159,646
Repayments of long-term borrowings	(1,362,236)	(2,378,784)
Proceeds from guarantee deposits received	342	1,948
Refund of guarantee deposits received	(407)	(2,648)
Repayment of the principal portion of lease liabilities	(42,501)	(41,844)
Payment of cash dividends	(861,339)	(733,423)
Change in non-controlling interests	<u>-</u>	<u>35,970</u>
Net cash generated from (used in) financing activities	<u>312,528</u>	<u>(794,201)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>(37,494)</u>	<u>(41,814)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(560,601)	(620,483)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>3,321,237</u>	<u>3,742,604</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 2,760,636</u>	<u>\$ 3,122,121</u>

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

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

(Concluded)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 November 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).

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. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018 - 2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are 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” are 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” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group 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.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations

Governing the Preparation of Financial Reports by Securities Issuers and 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 13, 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**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Cash on hand	\$ 9,476	\$ 6,895	\$ 8,250
Checking accounts and demand deposits	2,553,970	3,129,202	2,937,827
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>197,190</u>	<u>185,140</u>	<u>176,044</u>
	<u>\$ 2,760,636</u>	<u>\$ 3,321,237</u>	<u>\$ 3,122,121</u>

The market rate intervals of time deposits were as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Time deposits	0.56% - 3.30%	0.56% - 8.85%	0.41% - 5.50%

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – SEPTEMBER 30, 2021**

	<b>Amount</b>
<u>Financial assets at fair value through profit or loss - non-current</u>	
Financial assets mandatorily classified as at fair value through profit or loss	
Limited partnership	<u>\$ 24,793</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Domestic investments			
Unlisted stock	\$ 5,183,726	\$ 1,109,267	\$ 754,994

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

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

**9. FINANCIAL ASSETS AT AMORTIZED COST**

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 595,247	\$ 752,910	\$ 738,927
Pledged time deposits (a)	4,085	4,061	16,637
Restricted demand deposits (b)	634,397	534,894	610,257
Refundable deposits	<u>3,278</u>	<u>1,270</u>	<u>694</u>
	<u>\$ 1,237,007</u>	<u>\$ 1,293,135</u>	<u>\$ 1,366,515</u>

Non-current

Time deposits with original maturities of more than 12 months (a)	\$ 94,605	\$ 96,174	\$ 96,460
Pledged time deposits (a)	4,444	5,726	5,615
Restricted demand deposits	2,439	-	-
Refundable deposits	<u>25,058</u>	<u>23,273</u>	<u>24,548</u>
	<u>\$ 126,546</u>	<u>\$ 125,173</u>	<u>\$ 126,623</u>

- a. The ranges of interest rates for time deposits were approximately 0.15% - 8.25%, 0.2% - 7.3% and 0.41% - 0.69% per annum as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.
- b. Restricted demand deposits as of September 30, 2021, September 30, 2020 and December 31, 2019 are funds that the Group put into the dedicated bank account in accordance with "the Management, Utilization, and Taxation of Repatriated Offshore Funds Act".
- c. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- d. Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	September 30, 2021	December 31, 2020	September 30, 2020
Amortized cost - current	\$ 1,237,007	\$ 1,293,135	\$ 1,366,515
Amortized cost - non-current	<u>126,546</u>	<u>125,173</u>	<u>126,623</u>
	<u>\$ 1,363,553</u>	<u>\$ 1,418,308</u>	<u>\$ 1,493,138</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 September 30, 2021, December 31, 2020 and September 30, 2020.

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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable - operating</u>			
At amortized cost			
Gross carrying amount	<u>\$ 247,299</u>	<u>\$ 291,955</u>	<u>\$ 259,426</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 3,687,594	\$ 3,671,006	\$ 3,292,786
Less: Allowance for impairment loss	<u>55,369</u>	<u>47,676</u>	<u>58,693</u>
	<u>\$ 3,632,225</u>	<u>\$ 3,623,330</u>	<u>\$ 3,234,093</u>
Other receivables			
Others	<u>\$ 112,722</u>	<u>\$ 150,688</u>	<u>\$ 133,094</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 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, and the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the Group does not further distinguish

according to the Group's different customer base, and determines the expected credit loss rate only by reference to past due days of accounts receivable.

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 September 30, 2021, December 31, 2020, and September 30, 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.

#### September 30, 2021

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01% ~ 0.35%	0.2% ~ 6.19%	3% ~ 31%	8% ~ 67%	37% ~ 100%	100%	
Gross carrying amount	\$ 2,954,029	\$ 620,940	\$ 62,598	\$ 12,697	\$ 5,425	\$ 31,905	\$ 3,687,594
Loss allowance (Lifetime ECLs)	(1,041)	(8,360)	(6,987)	(3,699)	(3,377)	(31,905)	(55,369)
Amortized cost	<u>\$ 2,952,988</u>	<u>\$ 612,580</u>	<u>\$ 55,611</u>	<u>\$ 8,998</u>	<u>\$ 2,048</u>	<u>\$ -</u>	<u>\$ 3,632,225</u>

#### December 31, 2020

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

#### September 30, 2020

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01% ~ 0.9%	0.2% ~ 13%	3% ~ 47%	8% ~ 67%	37% ~ 100%	100%	
Gross carrying amount	\$ 2,823,281	\$ 378,119	\$ 31,853	\$ 19,157	\$ 7,691	\$ 32,685	\$ 3,292,786
Loss allowance (Lifetime ECLs)	(1,950)	(4,509)	(4,971)	(8,659)	(5,983)	(32,621)	(58,693)
Amortized cost	<u>\$ 2,821,331</u>	<u>\$ 373,610</u>	<u>\$ 26,882</u>	<u>\$ 10,498</u>	<u>\$ 1,708</u>	<u>\$ 64</u>	<u>\$ 3,234,093</u>

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

	For the Nine Months Ended	
	2021	2020
Balance at January 1	\$ 47,676	\$ 48,595
Net remeasurement	9,528	16,669
Less: Amounts written off	(812)	(5,237)
Foreign exchange gains and losses	<u>(1,023)</u>	<u>(1,334)</u>
Balance at September 30	<u>\$ 55,369</u>	<u>\$ 58,693</u>



## 12. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Goods	\$ 123,256	\$ 89,042	\$ 83,169
Finished goods and semi-finished goods	1,024,151	808,692	775,442
Work-in-process	85,030	109,861	66,124
Raw materials and supplies	1,565,929	890,513	769,527
Inventory in transit	<u>188,959</u>	<u>278,966</u>	<u>192,026</u>
	<u>\$ 2,987,325</u>	<u>\$ 2,177,074</u>	<u>\$ 1,886,288</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 was \$3,290,821 thousand, \$2,816,660 thousand, \$9,973,176 thousand and \$7,995,721 thousand, respectively. Besides, the cost of goods sold included inventory write-downs of \$37,682 thousand, \$1,580 thousand, \$73,690 thousand and \$13,245 thousand respectively.

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Company Ltd.	Trading of chemical substances	100	100	100	h
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	100	h
	Nan Pao Electronic Material Company	Production and trading of electronic materials	100	100	100	h
	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	50.51	h
	PHYMED BIO-TEC CO., LTD.	R&D and trading of health food	100	100	100	h
	Biorich Biotechnology Co., Ltd.	R&D, production, and trading of new high protein business and health food	57.1	57.1	57.1	h
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	70	h
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	-	c, h
	Fuqing Nan Pao Investments Ltd.	General investment	100	100	100	
	Thai Nan Pao Investments Ltd.	General investment	100	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	100	h
	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	h
	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

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
	PT. Indo Nan Pao Resins Chemical Co., Ltd,	Production and trading of adhesives	49	49	49	b, h
	Progroups Technology Co., Ltd	Trading of Water-Based PU Resin	91.99	91.99	91.99	h
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	100	h
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	General investment	100	100	100	
	Aftek Materials Vietnam Co., Ltd.	Production and trading of construction materials	70	70	70	h
ITLS Holding Pte. Ltd.	ITLS (Malaysia) SDN BHD	Production and trading of construction materials	-	-	100	d, h
	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	h
	ITLS Vietnam Co., Ltd.	Production construction materials	100	100	100	h
	ITLS-SB SDN BHD	Production and trading of hardware and construction materials	-	-	100	e, h
Fuqing Nan Pao Investments 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	
Thai Nan Pao Investments Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	100	h
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	h
	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	f
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	f
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	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
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, h
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	50	h
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	100	
	Nanpao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading business of adhesives and chemical substances	100	-	-	g

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. Direct and indirect shareholdings totaled 67.5%.
- c. The Group has established Nan Pao Fine Materials Co., Ltd. in September 2020 with 55% shareholding ratio.
- d. ITLS (Malaysia) SDN BHD completed its liquidation procedures and canceled its registration in December 2020.
- e. ITLS-SB SDN BHD completed its liquidation procedures and canceled its registration in December 2020.
- f. In November 2020, the Group did not subscribe to the issuance of ordinary share for cash of Foshan Nan Pao Advanced Materials Co., Ltd., resulting in a decrease in the shareholding ratio from 68% to 60.47%.
- g. The Group invested in and established Nanpao Optoelectronic Materials (Kunshan) Co., Ltd. in China in May 2021. As of August 31, 2021, the Group have invested capital in the subsidiary.
- h. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by us.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2021	December 31, 2020	September 30, 2020
Investments in associates			
Associates that are not individually material	\$ 375,648	\$ 367,753	\$ 353,062

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
The Group's share of:				
Total net income and comprehensive income for the year	\$ <u>10,246</u>	\$ <u>17,330</u>	\$ <u>30,395</u>	\$ <u>33,405</u>

Investments accounted for using the equity method, the Group's share of profit and other comprehensive income are calculated based on financial statements which have not been reviewed.

## 15. 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 - 30 years
Transportation equipment	2 - 20 years
Miscellaneous equipment	2 - 20 years

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

No impairment assessment was performed for the nine months ended September 30, 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 35.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
<u>Carrying amounts</u>			
Land (Note)	\$ 754,791	\$ 783,189	\$ 791,690
Buildings	295,094	318,995	428,162
Machinery	79	178	214
Transportation equipment	30,837	37,790	29,989
Miscellaneous equipment	<u>693</u>	<u>1,365</u>	<u>1,472</u>
	<u>\$ 1,081,494</u>	<u>\$ 1,141,517</u>	<u>\$ 1,251,527</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Additions to right-of-use assets			\$ 39,129	\$ 68,658
Depreciation charge for right-of-use assets				
Land	\$ 5,289	\$ 5,192	\$ 15,920	\$ 15,398
Buildings	9,731	12,427	31,276	34,961
Machinery	28	35	99	106
Transportation equipment	3,351	3,629	10,833	10,807
Miscellaneous equipment	<u>273</u>	<u>146</u>	<u>816</u>	<u>645</u>
	\$ 18,672	\$ 21,429	\$ 58,944	\$ 61,917

Note: The collaterals of credit line for land use rights of subsidiaries in Vietnam from September 30 to December 31 in 2020 were set out in Note 35.

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	\$ 75,821	\$ 79,930	\$ 63,762
Non-current	\$ 444,177	\$ 476,953	\$ 452,232

Range of discount rate for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ 8,654	\$ 11,085	\$ 32,445	\$ 31,578
Expenses relating to low-value asset leases	\$ 360	\$ 259	\$ 811	\$ 778
Total cash outflow for leases			\$ 85,440	\$ 85,763

## 17. INVESTMENT PROPERTIES

	Land
Balance at September 30, 2021, December 31, 2020 and September 30, 2020	\$ 17,760

Investment properties measured at fair value were both \$78,764 thousand as of December 31, 2020 and 2019. 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 September 30, 2021 and 2020.

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

## 18. GOODWILL

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Cost</u>			
Balance at January 1	\$ 117,930	\$ 113,483	\$ 113,483
Business combinations that occurred during the period (Note 30)	135,020	-	-
Effect of foreign currency exchange differences, net	<u>(19,034)</u>	<u>4,447</u>	<u>(1,364)</u>
Balance at September 30 and December 31	<u>\$ 233,916</u>	<u>\$ 117,930</u>	<u>\$ 112,119</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 for the nine months ended September 30, 2021 and 2020.

## 19. OTHER INTANGIBLE ASSETS

	Client Relationships	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 73,313	\$ 53,447	\$ 37,153	\$ 163,913
Additions	-	6,239	159	6,398
Acquisitions through business combinations	45,590	-	54,274	99,864
Disposal	-	(101)	-	(101)
Reclassifications	9,047	-	(9,163)	(116)
Effect of foreign currency exchange differences, net	(10,244)	(85)	(4,421)	(14,750)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance at September 30, 2021	<u>\$ 117,706</u>	<u>\$ 59,500</u>	<u>\$ 78,002</u>	<u>\$ 255,208</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ 46,520	\$ 38,959	\$ 5,055	\$ 90,534
Amortization expenses	8,724	6,755	6,907	22,386
Disposal	-	(101)	-	(101)
Reclassifications	342	-	(458)	(116)
Effect of foreign currency exchange differences	(4,510)	(57)	2,280	(2,287)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance at September 30, 2021	<u>\$ 51,076</u>	<u>\$ 45,556</u>	<u>\$ 13,784</u>	<u>\$ 110,416</u>
Carrying amount at December 31, 2020, net	<u>\$ 26,793</u>	<u>\$ 14,488</u>	<u>\$ 32,098</u>	<u>\$ 73,379</u>
Carrying amount at September 30, 2021, net	<u>\$ 66,630</u>	<u>\$ 13,944</u>	<u>\$ 64,218</u>	<u>\$ 144,792</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 70,156	\$ 47,628	\$ 35,457	\$ 153,241
Additions	-	3,014	1,249	4,263
Reclassifications	-	(254)	-	(254)
Effect of foreign currency exchange differences, net	(970)	(45)	(244)	(1,259)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance at September 30, 2020	<u>\$ 69,186</u>	<u>\$ 50,343</u>	<u>\$ 36,462</u>	<u>\$ 155,991</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ 36,285	\$ 30,343	\$ 6,259	\$ 72,887
Amortization expenses	5,935	6,475	1,853	14,263
Disposals	-	(254)	-	(254)
Effect of foreign currency exchange differences	(349)	(39)	(745)	(1,133)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance at September 30, 2020	<u>\$ 41,871</u>	<u>\$ 36,525</u>	<u>\$ 7,367</u>	<u>\$ 85,763</u>
Carrying amount at September 30, 2020, net	<u>\$ 27,315</u>	<u>\$ 13,818</u>	<u>\$ 29,095</u>	<u>\$ 70,228</u>

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

## 20. OTHER ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Input tax	\$ 270,204	\$ 141,621	\$ 153,397
Prepayments	111,968	103,660	100,280
Prepaid expenses	81,640	89,693	104,368
Overpaid tax retained for offsetting the future tax payable	20,626	25,822	15,822
Others	<u>14,306</u>	<u>24,922</u>	<u>23,255</u>
	<u>\$ 498,744</u>	<u>\$ 385,718</u>	<u>\$ 397,122</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 118,250	\$ 277,899	\$ 340,582
Prepayments for investment	-	21,299	-
Others	<u>6,774</u>	<u>5,270</u>	<u>5,646</u>
	<u>\$ 125,024</u>	<u>\$ 304,468</u>	<u>\$ 346,228</u>

## 21. BORROWINGS

### a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Secured bank loans	\$ 102,943	\$ 118,148	\$ 202,995
Unsecured bank loans	<u>2,000,550</u>	<u>1,228,482</u>	<u>1,322,187</u>
	<u>\$ 2,103,493</u>	<u>\$ 1,346,630</u>	<u>\$ 1,525,182</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Secured bank loans	1.27% - 3.82%	1.27% - 3.25%	1.25% - 4.05%
Unsecured bank loans	0.63% - 4.45%	0.75% - 3.75%	0.75% - 3.75%



b. Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Secured bank loans (1)	\$ 370,030	\$ 330,503	\$ 390,426
Unsecured bank loans (2)	<u>1,792,720</u>	<u>1,394,662</u>	<u>1,267,894</u>
	2,162,750	1,725,165	1,658,320
Decrease: current portion of long-term borrowings	<u>113,123</u>	<u>55,974</u>	<u>51,907</u>
	<u>\$ 2,049,627</u>	<u>\$ 1,669,191</u>	<u>\$ 1,606,413</u>

- 1) As of September 30, 2021, December 31, 2020 and September 30, 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 35), was 0.96% - 2.17%, 1.063% - 1.945% and 1.195% - 1.941% 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 September 30, 2021, December 31, 2020 and September 30, 2020, the range of weighted average effective interest rates of unsecured bank loans was 0.38% - 4.45%, 0.38% - 1.16% and 0.38% - 0.951% per annum, respectively. Long-term borrowings mentioned above will expire March 2025, and payments of interest and principal are made on schedule.

## 22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes payable</u>			
Operating	<u>\$ 2,327</u>	<u>\$ 14,330</u>	<u>\$ 9,939</u>
<u>Accounts payable</u>			
Operating	<u>\$ 2,185,556</u>	<u>\$ 2,287,370</u>	<u>\$ 1,871,840</u>

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

## 23. OTHER LIABILITIES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 128,641	\$ 156,501	\$ 143,908
Others	<u>63,915</u>	<u>50,126</u>	<u>53,272</u>
	<u>\$ 192,556</u>	<u>\$ 206,267</u>	<u>\$ 197,180</u>

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Other liabilities			
Guarantee deposit	\$ 3,779	\$ 3,908	\$ 3,018
Others	<u>46,910</u>	<u>48,693</u>	<u>51,329</u>
	<u>\$ 50,689</u>	<u>\$ 52,601</u>	<u>\$ 54,347</u> (Concluded)

## 24. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the pension expenses of defined benefit plans were \$1,780 thousand, \$2,008 thousand, \$5,368 thousand and \$6,104 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

## 25. EQUITY

### a. Share capital

#### Ordinary shares

	September 30, 2021	December 31, 2020	September 30, 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

	September 30, 2021	December 31, 2020	September 30, 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)

	September 30, 2021	December 31, 2020	September 30, 2020
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	\$ 17,249	\$ 17,249	\$ 21,079
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>\$ 2,105,503</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 27-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.

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

The appropriations of earnings for 2020 that were proposed by the board of directors on July 20, 2021 and for 2019 that had been resolved in the shareholders' meetings on June 16, 2020, respectively, were as follows:

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

The Group suspends its originally scheduled shareholders' meeting in response to the FSC's announcement: "For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings". The shareholders' meeting will be held on July 20, 2021. However, the voting result by way of electronic transmission regarding the appropriation of earnings for 2020 reached the legal resolution threshold and the Group adjusted related amount accordingly.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (487,817)	\$ (390,008)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>(172,086)</u>	<u>(140,826)</u>
Balance at September 30	<u>\$ (659,903)</u>	<u>\$ (530,834)</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 838,995	\$ 711,113
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>4,024,148</u>	<u>(226,766)</u>
Balance at September 30	<u>\$ 4,863,143</u>	<u>\$ 484,347</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 929,683	\$ 815,807
Share in profit for the period	30,844	32,638
Other comprehensive income or loss during the period		
Exchange differences on translating the financial statements of foreign operations	(10,095)	(18,848)
Changes in percentage of ownership interests in subsidiaries (Note 31)	-	(1,655)
Dividend payout from subsidiaries	(17,344)	(9,998)

(Continued)

	<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Issuance of ordinary shares for cash from subsidiaries	\$ -	\$ 24,720
Establishment of subsidiaries	<u>-</u>	<u>11,250</u>
Balance at September 30	<u>\$ 933,088</u>	<u>\$ 853,914</u> (Concluded)

## 26. REVENUE

### a. Disaggregation of revenue

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Adhesives	\$ 2,895,472	\$ 2,827,991	\$ 9,209,705	\$ 7,916,468
Construction materials	691,623	598,553	2,044,355	1,557,371
Coatings	416,143	426,710	1,306,972	1,102,717
Others	<u>204,366</u>	<u>157,222</u>	<u>538,643</u>	<u>514,006</u>
	<u>\$ 4,207,604</u>	<u>\$ 4,010,476</u>	<u>\$13,099,675</u>	<u>\$ 11,090,562</u>

### b. Contract balances

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>	<b>January 1, 2020</b>
Accounts receivable (including from related parties)	<u>\$ 3,687,594</u>	<u>\$ 3,671,006</u>	<u>\$ 3,292,786</u>	<u>\$ 3,578,332</u>
Contract liabilities - current Sale of goods	<u>\$ 33,900</u>	<u>\$ 30,581</u>	<u>\$ 20,900</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.

## 27. NET PROFIT

### a. Interest income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Bank deposits	<u>\$ 10,632</u>	<u>\$ 12,963</u>	<u>\$ 32,785</u>	<u>\$ 36,166</u>

b. Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Dividends income	\$ 579	\$ 315	\$ 66,143	\$ 46,962
Grant income (Note)	2,106	33,218	15,966	62,565
Rental income	478	413	1,236	1,369
Other	<u>5,560</u>	<u>-</u>	<u>21,468</u>	<u>11,044</u>
	<u>\$ 8,723</u>	<u>\$ 33,946</u>	<u>\$ 104,813</u>	<u>\$ 121,940</u>

Note: The Group received \$42,276 thousand for wage and working capital subsidy in June 2020 and September 2020 in accordance with “Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens”.

c. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net foreign exchange gains (losses)	\$ 7,544	\$ (28,038)	\$ (9,223)	\$ (34,482)
Loss arising from financial assets mandatorily classified as at FVTPL	(207)	-	(207)	-
Others	<u>(491)</u>	<u>(3,111)</u>	<u>(2,703)</u>	<u>(13,883)</u>
	<u>\$ 6,846</u>	<u>\$ (31,149)</u>	<u>\$ (12,133)</u>	<u>\$ (48,365)</u>

d. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on bank loans	\$ 11,014	\$ 10,470	\$ 30,059	\$ 35,895
Interest on lease liabilities	3,065	3,413	9,613	11,410
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,661)</u>
	<u>\$ 14,079</u>	<u>\$ 13,883</u>	<u>\$ 39,672</u>	<u>\$ 45,644</u>

Information about capitalized interest is as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Capitalized interest amount	\$ -	\$ -	\$ -	\$ 1,661
Capitalization rate	-	-	-	1.6%

e. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function				
Operating costs	\$ 84,717	\$ 77,911	\$ 249,631	\$ 212,600
Operating expenses	<u>26,877</u>	<u>27,498</u>	<u>82,210</u>	<u>84,159</u>
	<u>\$ 111,594</u>	<u>\$ 105,409</u>	<u>\$ 331,841</u>	<u>\$ 296,759</u>
An analysis of amortization by function				
Operating costs	\$ 283	\$ 112	\$ 760	\$ 333
Operating expenses	<u>8,015</u>	<u>4,717</u>	<u>21,626</u>	<u>13,930</u>
	<u>\$ 8,298</u>	<u>\$ 4,829</u>	<u>\$ 22,386</u>	<u>\$ 14,263</u>

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Short-term employee benefits				
Salaries	\$ 490,611	\$ 468,782	\$ 1,456,406	\$ 1,347,670
Labor and health insurance	33,318	30,828	96,513	88,003
Others	<u>32,553</u>	<u>39,872</u>	<u>112,857</u>	<u>110,744</u>
	<u>556,482</u>	<u>539,482</u>	<u>1,665,776</u>	<u>1,546,417</u>
Post-employment benefits				
Defined contribution plans	15,748	15,024	70,617	48,323
Defined benefit plans (Note 23)	<u>1,780</u>	<u>2,008</u>	<u>5,368</u>	<u>6,104</u>
	<u>17,528</u>	<u>17,032</u>	<u>75,985</u>	<u>54,427</u>
	<u>\$ 574,010</u>	<u>\$ 556,514</u>	<u>\$ 1,741,761</u>	<u>\$ 1,600,844</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 215,335	\$ 176,576	\$ 634,524	\$ 519,858
Operating expenses	<u>358,675</u>	<u>379,938</u>	<u>1,107,237</u>	<u>1,080,986</u>
	<u>\$ 574,010</u>	<u>\$ 556,514</u>	<u>\$ 1,741,761</u>	<u>\$ 1,600,844</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 September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Employees' compensation	3.26%	2.86%
Remuneration of directors	1.58%	1.38%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Employees' compensation	\$ 7,000	\$ 12,600	\$ 28,000	\$ 28,350
Remuneration of directors	3,400	5,960	13,600	13,610

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:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>Cash</b>	<b>Cash</b>
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.

h. Gain or loss on foreign currency exchange

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Foreign exchange gains	\$ 35,743	\$ 18,417	\$ 117,982	\$ 144,207
Foreign exchange losses	<u>(28,199)</u>	<u>(46,455)</u>	<u>(127,205)</u>	<u>(178,689)</u>
	<u>\$ 7,544</u>	<u>\$ (28,038)</u>	<u>\$ (9,223)</u>	<u>\$ (34,482)</u>



## 28. INCOME TAXES

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current tax				
In respect of the current year	\$ 102,802	\$ 144,131	\$ 248,745	\$ 260,118
Adjustments for prior year	<u>(1,204)</u>	<u>(16,344)</u>	<u>(32,950)</u>	<u>(15,627)</u>
	101,598	127,787	215,795	244,491
Deferred tax				
In respect of the current year	<u>(38,515)</u>	<u>(53,235)</u>	<u>(13,595)</u>	<u>(44,578)</u>
	<u>\$ 63,083</u>	<u>\$ 74,552</u>	<u>\$ 202,200</u>	<u>\$ 199,913</u>

b. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>				
In respect of the current year				
Translation of foreign operations	<u>\$ 7,137</u>	<u>\$ 1,994</u>	<u>\$ 43,021</u>	<u>\$ 35,206</u>

c. Income tax assessments

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

## 29. EARNINGS PER SHARE

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

Net profit for the year

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Profit for the year attributable to owners of the Company	<u>\$ 116,234</u>	<u>\$ 402,120</u>	<u>\$ 733,886</u>	<u>\$ 871,532</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571	120,571	120,571
Effect of potentially dilutive ordinary share:				
Employees' compensation or bonuses issued to employees	51	100	282	348
Weighted average number of ordinary shares used in the computation of diluted earnings per share	120,622	120,671	120,853	120,919

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.

### 30. BUSINESS COMBINATIONS

#### a. Acquisition of business

	<b>Principal Operating Activities</b>	<b>Date of Acquisition</b>
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

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

Note: According to the contingent consideration agreement, if the gross profit between March 2021 and March 2022 of Axis Manufacture Pty Ltd and Gripset Industries Pty Ltd meets the promised level, the Group should pay additional payment to the seller. The fair value of the obligation at the acquisition date is estimated to be \$41,248 thousand.

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

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

d. Goodwill recognized on acquisition

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

The goodwill recognized in the acquisition of Axis 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.

### 31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS - SEPTEMBER 30, 2020

	<b>Prince Pharmaceutical Co., Ltd.</b>
Consideration paid	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(1,655)
	<hr/>
Differences recognized from equity transactions	<u>\$ (1,655)</u>
 <u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ (1,655)</u>

Prince Pharmaceutical Co., Ltd. exercised employee share options in May 2020, and the Group didn't subscribe to its capital share, resulting in a decrease in the shareholding ratio from 52.3% to 50.51%.

### 32. 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.

### 33. 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

September 30, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 24,793	\$ 24,793
 <u>Financial assets at fair value through other comprehensive income</u>				
Unlisted shares	\$ -	\$ -	\$ 5,183,726	\$ 5,183,726

December 31, 2020

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

September 30, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted shares	\$ _____ -	\$ _____ -	\$ <u>754,994</u>	\$ <u>754,994</u>

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

Financial Assets at FVTPL

	<b>For the Nine Months Ended September 30 2021</b>
Balance at January 1	\$ -
Recognized in profit or loss (included in other gains and losses)	(207)
Purchases	<u>25,000</u>
Balance at September 30	<u>\$ 24,793</u>

Financial Assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>
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)	4,024,148	(226,766)
Purchases	51,179	5,330
Refunded capital	<u>(868)</u>	<u>(315)</u>
Balance at September 30	<u>\$ 5,183,726</u>	<u>\$ 754,994</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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,116,435	\$ 8,805,518	\$ 8,241,872
Financial assets at FVTPL	24,793	-	-
Financial assets at FVTOCI	5,183,726	1,109,267	754,994
<u>Financial liabilities</u>			
Amortized cost (2)	7,256,223	6,186,583	5,799,418

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

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, short-term bills 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 enter into foreign currency sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 37.

### 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.

	<b>USD Impact</b>		
	<b>For the Nine Months Ended</b>		
	<b>September 30</b>		
	<b>2021</b>	<b>2020</b>	
Profit or loss	<u>\$ 8,829</u>	<u>\$ 8,729</u>	(i)

  

	<b>VND Impact</b>		
	<b>For the Nine Months Ended</b>		
	<b>September 30</b>		
	<b>2021</b>	<b>2020</b>	
Profit or loss	<u>\$ 5,054</u>	<u>\$ 6,898</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 decrease 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 decreased during the current year mainly due to decrease in accounts receivable.

#### 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:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Fair value interest rate risk			
Financial assets	\$ 923,907	\$ 1,068,554	\$ 1,036,701
Financial liabilities	519,998	556,883	515,994
Cash flow interest rate risk			
Financial assets	2,987,099	3,396,918	3,453,138
Financial liabilities	4,266,243	3,071,795	3,183,502

### 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 nine months ended September 30, 2021 and 2020 would have decreased/increased by NT\$7,999 thousand and NT\$5,969 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>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Group A	\$ 257,315	7	\$ 288,565	8	\$ 246,077	8

3) Liquidity risk

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

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

a) Liquidity and interest rate risk 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.



September 30, 2021

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 2,986,201	\$ 3,779	\$ -
Lease liabilities	87,416	171,726	357,604
Fixed interest rate liabilities	50,780	-	-
Variable interest rate liabilities	<u>2,186,439</u>	<u>1,830,202</u>	<u>266,551</u>
	<u>\$ 5,310,836</u>	<u>\$ 2,005,707</u>	<u>\$ 624,155</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>11-20 Years</b>	<b>Over 21 Years</b>
Lease liabilities	<u>\$ 87,416</u>	<u>\$ 171,726</u>	<u>\$ 159,551</u>	<u>\$ 145,736</u>	<u>\$ 52,317</u>

December 31, 2020

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
<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:

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

September 30, 2020

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 2,612,898	\$ 3,018	\$ -
Lease liabilities	66,597	169,629	388,752
Fixed interest rate liabilities	85,461	-	-
Variable interest rate liabilities	<u>1,502,295</u>	<u>1,312,296</u>	<u>354,279</u>
	<u>\$ 4,267,251</u>	<u>\$ 1,484,943</u>	<u>\$ 743,031</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>11-20 Years</b>	<b>Over 21 Years</b>
Lease liabilities	<u>\$ 66,597</u>	<u>\$ 169,629</u>	<u>\$ 155,007</u>	<u>\$ 177,757</u>	<u>\$ 55,988</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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Unsecured bank overdraft facilities reviewed annually and payable at call:			
Amount used	\$ 3,857,404	\$ 2,670,447	\$ 2,718,237
Amount unused	<u>5,413,588</u>	<u>6,509,431</u>	<u>6,362,203</u>
	<u>\$ 9,270,992</u>	<u>\$ 9,179,878</u>	<u>\$ 9,080,440</u>
Secured bank overdraft facilities:			
Amount used	\$ 514,475	\$ 502,226	\$ 595,525
Amount unused	<u>248,378</u>	<u>359,065</u>	<u>225,874</u>
	<u>\$ 762,853</u>	<u>\$ 861,291</u>	<u>\$ 821,399</u>

### 34. 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

<b>Name of Related Party</b>	<b>Related Party Category</b>
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

<b>Related Party Category</b>	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Investors with significant influence	<u>\$ 210,601</u>	<u>\$ 232,586</u>	<u>\$ 758,883</u>	<u>\$ 767,179</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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Associate	\$ 953	\$ 4,379	\$ 3,597	\$ 10,462

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	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable from related parties	Investors with significant influence	\$ 257,315	\$ 288,565	\$ 246,077

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	September 30, 2021	December 31, 2020	September 30, 2020
Accounts payable	Associate	\$ 50	\$ 698	\$ 1,380
Other payables	Investors with significant influence	\$ 127	\$ 129	\$ 126

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

Line Item	Related Party Category / Name	September 30, 2021	December 31, 2020	September 30, 2020
Other current liabilities	Investors with significant influence Pou Chen Corporation and its subsidiaries	\$ 60,168	\$ 82,098	\$ 82,077

g. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 11,219	\$ 16,464	\$ 39,848	\$ 43,711
Post-employment benefits	<u>521</u>	<u>489</u>	<u>1,453</u>	<u>1,476</u>
	<u>\$ 11,740</u>	<u>\$ 16,953</u>	<u>\$ 41,301</u>	<u>\$ 45,187</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.

### 35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment, net	\$ 609,260	\$ 639,008	\$ 597,529
Pledged deposit (recognized as financial assets at amortized cost - current)	8,529	9,787	22,252
Right-of-use assets	<u>-</u>	<u>16,305</u>	<u>16,725</u>
	<u>\$ 617,789</u>	<u>\$ 665,100</u>	<u>\$ 636,506</u>

### 36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to disclosures in other notes, significant commitments and contingencies of the Group as of September 30, 2021, December 31 and September 30, 2020 were as follows:

a. As of September 30, 2021, December 31 and September 30, 2020, the unused letters of credit of the Group for purchasing raw materials and equipment were \$103,145 thousand, \$92,191 thousand and \$97,827 thousand, respectively.

b. Unrecognized commitments were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Acquisition of property, plant and equipment	\$ 463,316	\$ 660,431	\$ 726,407
Acquisition of raw material	<u>68,070</u>	<u>84,011</u>	<u>92,253</u>
	<u>\$ 531,386</u>	<u>\$ 744,442</u>	<u>\$ 818,660</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.

### 37. 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)

September 30, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 51,849	27.85 (USD:NTD)	\$ 1,443,981
USD	8,440	6.4854 (USD:CNY)	235,062
USD	9,224	14,066 (USD:IDR)	256,893
USD	2,239	7.787 (USD:HKD)	62,357
VND	633,998,018	0.000044 (VND:USD)	769,731

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 26,997	27.85 (USD:NTD)	\$ 751,828
USD	2,425	6.4851 (USD:CNY)	67,536
USD	2,283	7.788 (USD:HKD)	63,578
USD	5,292	14,066 (USD:IDR)	147,386
USD	3,053	4.1886 (USD:AUD)	85,021
VND	216,805,249	0.000044 (VND:USD)	264,371
			(Concluded)

December 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<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

September 30, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 36,418	29.10 (USD:NTD)	\$ 1,059,758
USD	8,108	6.8101 (USD:CNY)	235,955
USD	7,047	14,697 (USD:IDR)	205,058
USD	6,053	7.752 (USD:HKD)	176,164
VND	701,305,948	0.000043 (VND:USD)	879,475

Financial liabilities

Monetary items			
USD	14,837	29.16 (USD:NTD)	432,654
USD	1,863	6.8101 (USD:CNY)	54,201
USD	5,567	7.752 (USD:HKD)	162,011
USD	4,390	14,697 (USD:IDR)	127,749
USD	956	1.3853 (USD:AUD)	27,434
VND	150,572,170	0.000043 (VND:USD)	189,648

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 September 30, 2021		For the Three Months Ended September 30, 2020	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	27.857 (USD:NTD)	\$ 8,426	29.455 (USD:NTD)	\$ 1,884
NTD	1 (NTD:NTD)	2,671	1 (NTD:NTD)	(18,317)
CNY	4.303 (CNY:NTD)	630	4.24 (CNY:NTD)	(18,760)
SGD	20.61 (SGD:NTD)	15	21.436 (SGD:NTD)	(1,087)
AUD	20.47 (AUD:NTD)	(1,986)	21.052 (AUD:NTD)	2,439

(Continued)

Functional Currency	For the Three Months Ended September 30, 2021		For the Three Months Ended September 30, 2020	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
IDR	0.00196 (IDR:NTD)	\$ (1,626)	0.00200 (IDR:NTD)	\$ 3,876
VND	0.001218 (VND:NTD)	(336)	0.001271 (VND:NTD)	739
Others		(220)		1,188
		<u>\$ 7,544</u>		<u>\$ (28,038)</u> (Concluded)

Functional Currency	For the Nine Months Ended September 30, 2021		For the Nine Months Ended September 30, 2020	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	28.067 (USD:NTD)	\$ 15,286	29.819 (USD:NTD)	\$ 171
NTD	1 (NTD:NTD)	(13,310)	1 (NTD:NTD)	(29,911)
CNY	4.337 (CNY:NTD)	(4,565)	4.254 (CNY:NTD)	(11,194)
SGD	20.97 (SGD:NTD)	35	21.452 (SGD:NTD)	73
AUD	21.31 (AUD:NTD)	(6,923)	20.194 (AUD:NTD)	(3,136)
IDR	0.00198 (IDR:NTD)	(415)	0.00206 (IDR:NTD)	7,167
VND	0.0012 (VND:NTD)	(260)	0.001282 (VND:NTD)	147
Others		929		2,201
		<u>\$ (9,223)</u>		<u>\$ (34,482)</u>

### 38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired 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 investments (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)

### **39. 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
<b><u>For the nine months ended September 30, 2021</u></b>							
Revenue							
Revenue from external customers	\$ 2,689,054	\$ 4,542,407	\$ 2,968,900	\$ 1,729,537	\$ 1,169,777	\$ -	\$13,099,675
Inter segment revenues	<u>1,878,194</u>	<u>939,209</u>	<u>363,152</u>	<u>4,006</u>	<u>40,475</u>	<u>(3,225,036)</u>	<u>-</u>
Total revenue	<u>\$ 4,567,248</u>	<u>\$ 5,481,616</u>	<u>\$ 3,332,052</u>	<u>\$ 1,733,543</u>	<u>\$ 1,210,252</u>	<u>\$ (3,225,036)</u>	<u>\$13,099,675</u>
Segment income	<u>\$ 207,711</u>	<u>\$ 165,420</u>	<u>\$ 178,357</u>	<u>\$ 81,931</u>	<u>\$ 84,327</u>	<u>\$ 132,996</u>	\$ 850,742
Interest revenue							32,785
Other income							104,813
Other gains and losses							(12,133)
Finance costs							(39,672)
Share of profit of associates accounted for using the equity method							30,395
Profit before tax							<u>\$ 966,930</u>
<b><u>For the nine months ended September 30, 2020</u></b>							
Revenue							
Revenue from external customers	\$ 2,234,660	\$ 3,902,896	\$ 2,642,047	\$ 1,420,689	\$ 890,270	\$ -	\$ 11,090,562
Inter segment revenues	<u>1,480,790</u>	<u>785,825</u>	<u>370,294</u>	<u>6,237</u>	<u>22,845</u>	<u>(2,665,991)</u>	<u>-</u>
Total revenue	<u>\$ 3,715,450</u>	<u>\$ 4,688,721</u>	<u>\$ 3,012,341</u>	<u>\$ 1,426,926</u>	<u>\$ 913,115</u>	<u>\$ (2,665,991)</u>	<u>\$ 11,090,562</u>
Segment income	<u>\$ 323,870</u>	<u>\$ 211,956</u>	<u>\$ 331,860</u>	<u>\$ 36,438</u>	<u>\$ 68,340</u>	<u>\$ 34,117</u>	\$ 1,006,581
Interest revenue							36,166
Other income							121,940
Other gains and losses							(48,365)
Finance costs							(45,644)
Share of profit of associates accounted for using the equity method							33,405
Profit before tax							<u>\$ 1,104,083</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.

**TABLE 1**

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

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 2,801,711	\$ 10,000	\$ -	\$ -	\$ -	-	\$ 7,004,277	Y	N	N
		Nan Pao Philippines Export, Inc	2	2,801,711	14,267	13,925	-	-	0.1	7,004,277	Y	N	N
		ITLS International Development Co., Ltd.	2	2,801,711	20,000	20,000	2,327	-	0.14	7,004,277	Y	N	N
		Nan Pao Resins Chemical Philippines Inc.	2	2,801,711	28,535	27,850	13,925	-	0.2	7,004,277	Y	N	N
		Nan Pao Resins International Ltd.	2	2,801,711	71,338	-	-	-	-	7,004,277	Y	N	N
		Nan Pao Group Holdings Ltd.	2	2,801,711	57,070	-	-	-	0.4	7,004,277	Y	N	N
		RLA Polymers (M) Sdn. Bhd.	2	2,801,711	85,605	83,550	71,633	-	0.6	7,004,277	Y	N	N
		Nan Pao Resins (HK) Limited	2	2,801,711	128,408	-	-	-	-	7,004,277	Y	N	N
		RLA Polymers Pty Ltd.	2	2,801,711	142,675	139,250	118,413	-	0.99	7,004,277	Y	N	N
		RLA Polymers (M) Sdn. Bhd	2	2,801,711	114,140	-	-	-	0.8	7,004,277	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,801,711	131,520	129,150	16,059	-	0.92	7,004,277	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,801,711	20,000	20,000	20,000	-	0.14	7,004,277	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,801,711	217,250	215,250	-	-	1.54	7,004,277	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,801,711	130,350	86,100	-	-	0.61	7,004,277	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,801,711	20,000	20,000	-	-	0.14	7,004,277	Y	N	N
Nan Pao Fine Materials Co., Ltd.	2	2,801,711	30,000	30,000	-	-	0.21	7,004,277	Y	N	N		
1	NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	2	-	108,388	-	-	-	-	-	N	N	N

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

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

Note 2: The limit on endorsement/guarantee given on behalf of each party is 20% of the Company's net value at the end of the period, while the aggregate endorsement/guarantee limit is 50% of the Company's net value.

Note 3: A company that directly and indirectly with an investment company may not certify a single enterprise.

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

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 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	June 30, 2021				Note
				Number of Shares	Number of Shares	Number of Shares	Number of Shares	
Nan Pao Resins Chemical Co., Ltd.	CDIB - Innolux Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	<u>\$ 24,793</u>	9	<u>\$ 24,793</u>	
	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	6,515,606	5,117,886	2	5,117,886	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,738	1	1,738	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	1,754,417	8,531	13	8,531	
	Revivegen Environmental Technology Co., Ltd. - privately-issued equity	"	"	422,126	14,121	2	14,121	
	FlexUP Technologies Corp. - privately-issued equity	"	"	1,200,000	1,284	7	1,284	
	Contact Organics Pty Ltd- privately-issued equity	"	"	2,312	11,429	15	11,429	
				<u>\$ 5,154,989</u>			<u>\$ 5,154,989</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 5 and 6 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ (786,042)	20	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 392,166	32	
	PT Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sale	(263,455)	7	Payment within 90 days	Similar to general transactions	Similar to general transactions	105,592	8	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sale	(166,914)	4	Payment within 90 days	Similar to general transactions	Similar to general transactions	96,030	8	
Nan Pao Resins ( Vietnam ) Enterprise Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sale	(121,172)	7	Payment within 90 days	Similar to general transactions	Similar to general transactions	15,719	4	
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins ( HK ) Limited	Same ultimate Parent Company	Processing Revenue	(262,435)	100	Payment within 90 days	No comparable produce sales for comparison	No third-party transaction for comparison	-	-	
Nan Pao Resins International Ltd.	Pou Chen Corporation and its subsidiaries	Investors with significant influence	Sale	(217,947)	100	Payment within 90 days	Similar to general transactions	Similar to general transactions	16,523	100	
PT Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and its subsidiaries	Investors with significant influence	Sale	(283,111)	36	Payment within 60 days	Similar to general transactions	Similar to general transactions	146,099	44	

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**

**SEPTEMBER 30, 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	\$ 392,166	2.20	\$ -	-	\$ 116,414	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	105,592	3.30	-	-	34,028	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and its subsidiaries	Investors with significant influence	146,099	2.88	-	-	36,286	434

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

TABLE 5

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

**INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 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	\$ 176,984	\$ (2,265)	\$ 157	
	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	8,643	(601)	(601)	
	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	51,361	3,235	3,235	
	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	282,680	6,453	6,453	
	Prince Pharmaceutical Co., Ltd.	No. 168, Keyun S. Rd., Kendi Vil., Huwei Township, Yunlin County	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	324,683	324,683	16,767,305	50.51	331,940	(18,318)	(9,252)	
	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	3,129	416	416	
	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	8,830	1,566	894	
	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	6,400	2,782	1,948	
	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	67,788	(4,964)	(2,533)	
	Nan Pao Fine Materials Co., Ltd.	No.217, Xinxing St., 4 Neighborhood, Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	13,963	509	280	
	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	375,648	101,318	30,395	
	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	210,411	22,116	22,116	
	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	164,515	5,177	5,177	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri ( W ) , Mumbai 400053, India	Trading of adhesives	16,499	16,499	3,000,000	100	26,885	1,191	1,191	
	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	920,146	71,981	75,350	
	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	403,856	17,591	17,591	
	Nan Pao Overseas Holdings Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	2,363,585	2,525,110	78,056,502	100	3,828,148	137,357	140,592	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	769,604	134,095	99,712	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	215,505	3,189	(1,739)	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	182,090	93,615	31,255	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	212,902	56,526	27,698	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	12,055	(893)	(893)	
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	132,771	(1,448)		
	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	27,979	(4,717)		
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	126,996	126,996	10,000	100	210,486	22,135		
				(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, 2020			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	\$ 155,370 (USD 5,578,821)	\$ 155,370 (USD 5,578,821)	\$ 21,197,000	100	\$ 120,892	\$ 5,187		
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	2,174,654 (USD 78,056,502)	2,042,152 (USD 73,300,502)	78,056,502	100	3,886,462	137,903		
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Jl. Pajajaran Raya No. 44, Kel. Gandasari, Kec. Jatiuwung, Tangerang-15137 Indonesia	Production and trading of construction materials	70,506 (USD 2,531,620)	70,506 (USD 2,531,620)	2,437,109	100	17,511	(830)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	121,255 (USD 4,353,487)	121,255 (USD 4,353,487)	-	100	70,933	(439)		
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	35,091 (USD 1,260,000)	35,091 (USD 1,260,000)	7,172	67.68	417,237	39,735		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	52,570 (USD 1,887,627)	52,570 (USD 1,887,627)	350,000	26.25	277,037	134,095	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	586,356 (USD 21,054,073)	586,356 (USD 21,054,073)	10,000	100	320,268	(1,895)		
	All Saints Enterprises Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	148,526 (USD 5,333,075)	148,526 (USD 5,333,075)	4,547,451	45.47	179,700	3,189	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	NP Australia Pty. Ltd.	Collins Square Tower Five Level 22, 727 Collins Street, Docklands VIC 3008	General investment	606,402 (AUD 30,214,354)	506,052 (AUD 25,214,354)	30,214,354	100	788,505	49,330		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	106,855 (USD 3,836,817)	106,855 (USD 3,836,817)	3,287,546	67.82	419,092	93,615	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	128,389 (USD 4,610,000)	128,389 (USD 4,610,000)	4,610	100	168,146	4,047		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	16,288 (USD 584,844)	16,288 (USD 584,844)	486,000	100	85,252	8,222		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogejo Village, Antipolo City, Philippines	Trading of adhesives	5,849 (USD 210,000)	5,849 (USD 210,000)	9,000	100	68,730	9,400		
	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	715 (HKD 200,000)	715 (HKD 200,000)	1,000	100	4,261	(5,129)		
	Nan Pao Resins (HK) Limited	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	484,590 (USD 17,400,000)	428,890 (USD 15,400,000)	17,400,000	100	466,495	1,904		
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	222,800 (USD 8,000,000)	222,800 (USD 8,000,000)	10,000	100	1,046,743	134,094		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	154,292 (USD 5,540,100)	154,292 (USD 5,540,100)	20,240	100	183,659	(10,833)		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	83,550 (USD 3,000,000)	83,550 (USD 3,000,000)	3,000	100	129,967	8,945		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	278,500 (USD 10,000,000)	278,500 (USD 10,000,000)	10,000	100	391,299	(3,206)		
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	549,161 (AUD 21,334,344)	454,911 (AUD 16,334,344)	16,552,080	100	668,078	52,217		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island	General investment	135,004 (USD 4,847,546)	135,004 (USD 4,847,546)	3,000,000	100	616,403	93,614		
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Kcn Nhon Trach II, Xa Hiep Phuoc, Huyen Nhon Trach, Tinh Dong Nai, Vietnam	Production and trading of coatings	127,832 (USD 4,590,000)	127,832 (USD 4,590,000)	-	50	161,540	8,102		
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	84,688	56,526	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	10 Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Town, Binh Duong Province, S.R Vietnam	Production and trading of adhesives	94,919 (USD 3,408,217)	94,919 (USD 3,408,217)	-	100	613,743	93,613		
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	No.5, Lebuhraya Petai, Pandamaran, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	Production and trading of construction materials and chemical substances	119,854 (AUD 5,971,801)	119,854 (AUD 5,971,801)	18,415,500	100	171,199	1,765		

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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2021 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 278,500 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 300,500 (USD 10,789,932)	\$ -	\$ -	\$ 300,500 (USD 10,789,932)	\$ 3,213	100	\$ 3,213 (2)B.	\$ 391,176	\$ -
Fuqing Nan Pao Resins Co., Limited	Production and trading of adhesives	126,996 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	138,972 (USD 4,990,000)	-	-	138,972 (USD 4,990,000)	22,240	100	22,240 (2)B.	209,765	164,643
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	75,195 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	70,791 (USD 2,541,860)	-	-	70,791 (USD 2,541,860)	(8,364)	100	(8,364) (2)B.	134,567	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	83,550 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	85,351 (USD 3,064,683)	-	-	85,351 (USD 3,064,683)	8,945	100	8,945 (2)B.	129,952	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	46,980 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Fo Shan) Co., Ltd.	-	-	-	-	44,833	60.47	27,110 (2)B.	420,006	-
Nan Pao Resins (Fo Shan) Co., Ltd.	Production and trading of adhesives	222,800 (USD 8,000,000)	(2) Giant Profit Development Ltd.	216,885 (USD 7,787,627)	-	-	216,885 (USD 7,787,627)	134,100	100	134,100 (2)B.	1,045,821	331,702
Foshan Nan Pao Cheng Hung Advanced Materials Technology Co., Ltd.	Trading of footwear materials	21,525 (RMB 5,000,000)	(3) Nan Pao Resins (Fo Shan) Co., Ltd.	-	-	-	-	(500)	51	(255) (2)B.	15,264	-
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.	11,140 (USD 400,000)	-	-	11,140 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	821,575 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	799,295 (USD 28,700,000)	22,280 (USD 800,000)	-	821,575 (USD 29,500,000)	(38,514)	100	(38,514) (2)B.	775,381	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Agency of online business and general merchandise	139,250 (USD 5,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	2,230	100	2,230 (2)B.	99,941	-
Nantong Nanpao Resins Materials Co., Ltd.	Production and trading of adhesives	153,175 (USD 5,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(2,534)	100	(2,534) (2)B.	138,138	-
Nan Pao Resins (Yunan) Co., Ltd.	Production and trading of adhesives	222,800 (USD 8,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	332	100	332 (2)B.	234,295	-
Nan Pao New Materials (Huaiian) Co., Ltd.	Production and trading of carbon fiber	278,500 (USD 10,000,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(35,574)	100	(35,574) (2)B.	256,167	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemicals	22,280 (USD 800,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(411)	100	(411) (2)B.	21,817	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 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)
\$ 1,645,214 (USD 59,074,102)	\$ 2,682,916 (USD 96,334,490)	\$ 8,405,132

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:

$$\$14,008,554 \times 60\% = \$8,405,132$$

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$27.85 at the end of the period.  
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.305 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ (164,745)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 67,474	5	\$ 5,434
	Nan Pao Resins (China) Co., Ltd.	Subsidiary	Sales	(17,859)	-	Payment within 90 days	Similar to general transactions	Similar to general transactions	1,258	-	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Greatwill Material (HK) Ltd.	Same ultimate Parent Company	Sales	(53,882)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	13,452	3	-
	Nan Pao Resins (Fo Shan) Co., Ltd.	Same ultimate Parent Company	Sales	(46,102)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	20,338	4	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing Revenue	(262,435)	(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	(98,101)	(6)	Payment within 90 days	Similar to general transactions	Similar to general transactions	45,254	9	-
	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(38,211)	(2)	Payment within 90 days	Similar to general transactions	Similar to general transactions	6,798	1	-
Fuqing Nan Pao Resins Co., Limited	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(89,595)	(24)	Payment within 90 days	Similar to general transactions	Similar to general transactions	42,760	31	-

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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 392,166	Calculated based on general transaction prices, payment within 90 days	2
				Sales revenue	786,042		6
		Nan Pao Resins (Fo Shan) Co., Ltd.	1	Accounts receivable - related parties	67,474	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	164,745		1
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	105,592	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	263,455		2
		Nan Pao Resins (HK) Limited	1	Accounts receivable - related parties	63,280	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	159,175		1
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	96,030	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	166,914		1
		ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	19,428	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	50,146		-
		Nan Pao Resins (China) Co., Ltd.	1	Sales revenue	17,859	Calculated based on general transaction prices, payment within 90 days	-
		Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable - related parties	15,689		-
Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Sales revenue	30,731	Calculated based on general transaction prices, payment within 90 days	-		
		Accounts receivable - related parties	38,201		-		
Nan Pao Fine Materials Co., Ltd.	1	Sales revenue	46,935	Calculated based on general transaction prices, payment within 90 days	-		
		Purchase	18,714		-		
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	1	Purchase	14,303	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-
							-
		PT Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	31,702	Calculated based on general transaction prices, payment within 90 days	-
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	15,719		-
				Sales revenue	121,172	Calculated based on general transaction prices, payment collected 90 days from date of invoice	1
				-			
2	Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (HK) Limited	3	Accounts payable - related parties	24,748	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-
				Purchase	52,266		-
		Progroups Technology Co., Ltd.	3	Accounts payable - related parties	18,188	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	-
				Purchase	33,642		-
3	Nan Pao Resins (Fo Shan) Co., Ltd.	Greatwill Materials (HK) Ltd.	3	Accounts receivable - related parties	13,452	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	53,882		-
		Nan Pao Resins India Pvt. Ltd.	3	Accounts receivable - related parties	20,338	Calculated based on general transaction prices, payment within 90 days	-
		Sales revenue	46,102	-			
4	Nan Pao Resins (HK) Limited	Nan Pao Resins (China) Co., Ltd.	3	Accounts receivable - related parties	11,160	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	16,130		-
		Nan Pao Resins (Dongguan) Co., Ltd.	3	Accounts receivable - related parties	45,254	Calculated based on general transaction prices, payment within 90 days	1
		Sales revenue	98,101	-			
5	Nan Pao Resins (China) Co., Ltd.	Fuqing Nan Pao Resins Co., Limited	3	Purchase	18,218	Calculated based on general transaction prices, payment collected 90 days from date of invoice	-
							-
		Nan Pao Resins (China) Co., Ltd.	3	Sales revenue	38,211	Calculated based on general transaction prices, payment within 90 days	-
				Other accounts payables - related parties	89,023		-
		Nan Pao Resins Chemical Philippines, Inc.	3	Processing fee	262,435	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	2
		PT Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	32,011		-
				Sales revenue	57,648	Calculated based on general transaction prices, payment within 90 days	-
				Accounts receivable - related parties	29,236		-
Nan Pao Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	35,129	Calculated based on general transaction prices, payment within 90 days	-		
		Sales revenue	70,740		1		
6	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	15,976	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	24,652		-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts payable - related parties	42,760	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	1
		Purchase	89,595	-			
7	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	24,096	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	62,770		-
		ITLS International Development Co., Ltd.	3	Accounts receivable - related parties	32,250	Calculated based on general transaction prices, payment within 90 days	-
				Sales revenue	41,740		-
		Accounts receivable - related parties	24,972	Calculated based on general transaction prices, payment within 90 days	-		
		Sales revenue	33,367		-		
		PT. ITLS Indonesia	3	Sales revenue	14,453	Calculated based on general transaction prices, payment within 90 days	-

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

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

**TABLE 9****NAN PAO RESINS CHEMICAL CO., LTD. CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Pou Chien Enterprise Co., Ltd.	10,920,248	9.05%
Ding-Feng Investment Co., Ltd	10,828,947	8.98%
Yue Dean Technology Corporation	10,285,000	8.53%
Chuan-De Investment Co., Ltd.	10,060,298	8.34%
Guang Rong Investment Ltd.	8,868,132	7.35%
Growth Machine Development Co., Ltd.	7,850,523	6.51%
Pao-Wang Investment Co., Ltd.	7,532,068	6.24%

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

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

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

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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
Acquisition from business combinations	-	-	-	1,303	-	-	-	1,303
Additions	-	3,878	11,237	332,367	17,991	89,100	204,582	659,155
Disposals	-	-	-	(29,578)	(10,116)	(8,104)	-	(47,798)
Effect of foreign currency exchange differences	(1,486)	(20)	(35,822)	(52,256)	(3,187)	(5,508)	(8,283)	(106,562)
Balance at September 30, 2021	<u>\$ 1,184,532</u>	<u>\$ 20,748</u>	<u>\$ 2,425,625</u>	<u>\$ 2,994,383</u>	<u>\$ 245,296</u>	<u>\$ 1,001,618</u>	<u>\$ 526,810</u>	<u>\$ 8,399,012</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	-	1,173	51,899	144,510	15,574	59,741	-	272,897
Disposals	-	-	-	(22,463)	(8,916)	(8,044)	-	(39,423)
Effect of foreign currency exchange differences	-	(3)	(15,414)	(36,104)	(2,295)	(3,527)	-	(57,343)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 7,621</u>	<u>\$ 834,715</u>	<u>\$ 1,914,465</u>	<u>\$ 169,030</u>	<u>\$ 627,834</u>	<u>\$ -</u>	<u>\$ 3,553,665</u>
Balance at December 31, 2020	<u>\$ 1,186,018</u>	<u>\$ 10,439</u>	<u>\$ 1,651,980</u>	<u>\$ 914,025</u>	<u>\$ 75,941</u>	<u>\$ 346,466</u>	<u>\$ 330,511</u>	<u>\$ 4,515,380</u>
Balance at September 30, 2021	<u>\$ 1,184,532</u>	<u>\$ 13,127</u>	<u>\$ 1,590,910</u>	<u>\$ 1,079,918</u>	<u>\$ 76,266</u>	<u>\$ 373,784</u>	<u>\$ 526,810</u>	<u>\$ 4,845,347</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	-	2,370	480,270	152,145	17,143	127,823	(265,156)	514,595
Disposals	-	(433)	(1,716)	(48,241)	(14,638)	(26,243)	-	(91,271)
Reclassification	-	-	(121,336)	-	4,565	-	-	(116,771)
Effect of foreign currency exchange differences	(1,000)	(103)	(33,345)	(25,305)	(4,066)	(3,289)	799	(66,309)
Balance at June 30, 2020	<u>\$ 1,185,651</u>	<u>\$ 13,458</u>	<u>\$ 2,276,723</u>	<u>\$ 2,662,235</u>	<u>\$ 239,730</u>	<u>\$ 870,759</u>	<u>\$ 260,761</u>	<u>\$ 7,509,317</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	-	724	46,326	124,160	15,352	48,280	-	234,842
Disposals	-	(433)	(1,449)	(43,619)	(13,836)	(26,113)	-	(85,450)
Reclassification	-	-	(3,539)	-	2,502	-	-	(1,037)
Effect of foreign currency exchange differences	-	(34)	(12,327)	(23,754)	(2,705)	(2,744)	-	(41,564)
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 6,104</u>	<u>\$ 761,121</u>	<u>\$ 1,775,228</u>	<u>\$ 160,271</u>	<u>\$ 576,248</u>	<u>\$ -</u>	<u>\$ 3,278,972</u>
Balance at September 30, 2020	<u>\$ 1,185,651</u>	<u>\$ 7,354</u>	<u>\$ 1,515,602</u>	<u>\$ 887,007</u>	<u>\$ 79,459</u>	<u>\$ 294,511</u>	<u>\$ 260,761</u>	<u>\$ 4,230,345</u>