

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Nan Pao Resins Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 14 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\$4,669,616 thousand and NT\$4,006,828 thousand as of March 31, 2022 and 2021, respectively, accounting for 18% and 20% of total consolidated assets, respectively. Total liabilities were NT\$1,409,419 thousand and NT\$1,188,154 thousand as of March 31, 2022 and 2021, respectively, accounting for 16% and 15% of total consolidated liabilities, respectively. Comprehensive income was NT\$64,356 thousand and NT\$32,391 thousand as of March 31, 2022 and 2021, respectively, accounting for 34% and 3% of the consolidated comprehensive income, respectively. Furthermore, as disclosed in Note 15 to the consolidated financial statements, the financial statements of some non-significant investments for using the equity method were not reviewed. Investments accounted for using the equity method were NT\$383,076 thousand as of March 31, 2021, and share of profit for using the equity method was NT\$15,323 thousand as of March 31, 2021.

Qualified Conclusion

Based on our and others reviews (see Other Matter), except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2022 and 2021 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.

Emphasis of Matter

As disclosed in Note 31 to the consolidated financial statements, the Group and its subsidiaries acquired the businesses of Axis Manufacture Pty Ltd. and Gripset Industries Pty Ltd. in March 2021. As a result of the fact that the report of acquired price allocation had not completed in the end of March 2021, the difference between the investment cost and the fair value of acquired business was temporarily reorganized as goodwill. After the Group completed the acquired price allocation report, we reviewed and retrospective restated the consolidated financial statements for the three months ended March 31, 2021 in according to the regulations. Our review result is not modified in respect of this matter.

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\$1,898,523 thousand and NT\$1,588,313 thousand as of March 31, 2022 and 2021, respectively, accounting for 7% and 8% of total consolidated assets, respectively. Net sales revenue was NT\$584,736 thousand and NT\$520,469 thousand, respectively, and both accounting for 12% of the consolidated net sales revenue.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 11, 2022

Notice to Readers

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

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

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed after Restatement)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,341,482	13	\$ 3,231,306	13	\$ 3,167,809	16
Financial assets at amortized cost - current (Notes 9, 10 and 36)	933,071	4	1,064,825	4	1,144,822	6
Notes receivable (Note 11)	273,454	1	308,657	1	278,730	1
Accounts receivable (Notes 11 and 27)	3,935,639	16	3,746,166	15	3,326,673	16
Accounts receivable from related parties (Notes 11, 27 and 35)	362,590	1	322,182	1	269,753	1
Other receivables (Note 11)	124,535	1	108,967	-	137,147	1
Current tax assets	12,525	-	1,910	-	7,865	-
Inventories (Note 12)	3,238,022	13	2,949,236	11	2,505,192	12
Non-current assets held for sale (Note 13)	-	-	378,477	2	-	-
Other current assets (Note 21)	603,219	2	539,602	2	407,361	2
Total current assets	<u>12,824,537</u>	<u>51</u>	<u>12,651,328</u>	<u>49</u>	<u>11,245,352</u>	<u>55</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	74,914	-	36,135	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	5,473,713	22	6,284,859	24	1,994,432	10
Financial assets at amortized cost - non-current (Notes 9, 10 and 36)	134,297	-	127,243	1	124,823	1
Investments accounted for using the equity method (Note 15)	-	-	-	-	383,076	2
Property, plant and equipment (Notes 16 and 36)	5,016,045	20	4,931,769	19	4,754,096	23
Right-of-use assets (Notes 17)	1,016,480	4	1,040,157	4	1,125,925	5
Investment properties (Note 18)	17,760	-	17,760	-	17,760	-
Goodwill (Notes 19)	253,012	1	238,377	1	251,820	1
Other intangible assets (Note 20)	139,709	-	138,482	1	167,423	1
Deferred tax assets	269,236	1	346,509	1	325,282	2
Other non-current assets (Note 21)	144,041	1	115,016	-	88,957	-
Total non-current assets	<u>12,539,207</u>	<u>49</u>	<u>13,276,307</u>	<u>51</u>	<u>9,233,594</u>	<u>45</u>
TOTAL	<u>\$ 25,363,744</u>	<u>100</u>	<u>\$ 25,927,635</u>	<u>100</u>	<u>\$ 20,478,946</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 22 and 36)	\$ 2,118,092	9	\$ 2,157,674	8	\$ 1,692,933	8
Contract liabilities - current (Note 27)	44,056	-	44,959	-	29,665	-
Notes payable (Note 23)	5,357	-	1,036	-	9,032	-
Accounts payable (Notes 23 and 35)	2,494,547	10	2,590,168	10	2,135,073	11
Other payables (Note 35)	828,620	3	912,530	3	739,740	4
Current tax liabilities	183,644	1	178,428	1	240,069	1
Lease liabilities - current (Note 17)	84,589	-	78,256	-	78,306	-
Current portion of long-term borrowings (Notes 22 and 36)	85,336	-	193,146	1	130,624	1
Other current liabilities (Notes 24 and 35)	184,247	1	205,724	1	184,769	1
Total current liabilities	<u>6,028,488</u>	<u>24</u>	<u>6,361,921</u>	<u>24</u>	<u>5,240,211</u>	<u>26</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 22 and 36)	1,473,663	6	1,935,075	8	1,476,301	7
Deferred tax liabilities	789,341	3	786,425	3	839,580	4
Lease liabilities-non-current (Note 17)	488,459	2	471,967	2	469,647	2
Net defined benefit liabilities - non-current	47,627	-	51,816	-	85,625	1
Other non-current liabilities (Notes 24 and 37)	61,731	-	50,392	-	51,745	-
Total non-current liabilities	<u>2,860,821</u>	<u>11</u>	<u>3,295,675</u>	<u>13</u>	<u>2,922,898</u>	<u>14</u>
Total liabilities	<u>8,889,309</u>	<u>35</u>	<u>9,657,596</u>	<u>37</u>	<u>8,163,109</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)						
Share capital - ordinary shares	<u>1,205,707</u>	<u>5</u>	<u>1,205,707</u>	<u>5</u>	<u>1,205,707</u>	<u>6</u>
Capital surplus	<u>2,103,003</u>	<u>8</u>	<u>2,101,673</u>	<u>8</u>	<u>2,101,673</u>	<u>10</u>
Retained earnings						
Legal reserve	1,300,961	5	1,300,961	5	1,178,822	6
Special reserve	313,321	1	313,321	1	313,321	2
Unappropriated earnings	<u>5,767,073</u>	<u>23</u>	<u>5,021,383</u>	<u>20</u>	<u>5,415,689</u>	<u>26</u>
Total retained earnings	<u>7,381,355</u>	<u>29</u>	<u>6,635,665</u>	<u>26</u>	<u>6,907,832</u>	<u>34</u>
Other equity	<u>4,732,571</u>	<u>19</u>	<u>5,334,802</u>	<u>20</u>	<u>1,161,688</u>	<u>5</u>
Total equity attributable to owners of the Company	<u>15,422,636</u>	<u>61</u>	<u>15,277,847</u>	<u>59</u>	<u>11,376,900</u>	<u>55</u>
NON-CONTROLLING INTERESTS	<u>1,051,799</u>	<u>4</u>	<u>992,192</u>	<u>4</u>	<u>938,937</u>	<u>5</u>
Total equity	<u>16,474,435</u>	<u>65</u>	<u>16,270,039</u>	<u>63</u>	<u>12,315,837</u>	<u>60</u>
TOTAL	<u>\$ 25,363,744</u>	<u>100</u>	<u>\$ 25,927,635</u>	<u>100</u>	<u>\$ 20,478,946</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 11, 2022)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 27 and 35)	\$ 4,947,744	100	\$ 4,292,818	100
OPERATING COSTS (Notes 12, 28 and 35)	<u>3,849,824</u>	<u>78</u>	<u>3,160,256</u>	<u>74</u>
GROSS PROFIT	<u>1,097,920</u>	<u>22</u>	<u>1,132,562</u>	<u>26</u>
OPERATING EXPENSES (Note 11 and 28)				
Selling and marketing expenses	452,726	9	420,780	9
General and administrative expenses	212,549	4	213,366	5
Research and development expenses	115,055	3	121,062	3
Expected credit loss (gain)	<u>(4,202)</u>	<u>-</u>	<u>126</u>	<u>-</u>
Total operating expenses	<u>776,128</u>	<u>16</u>	<u>755,334</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>321,792</u>	<u>6</u>	<u>377,228</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 15 and 28)				
Interest income	10,773	-	12,577	-
Other income	484,377	10	16,790	-
Other gains and losses	40,619	1	(2,623)	-
Finance costs	(14,798)	-	(12,255)	-
Share of profit of associates	<u>-</u>	<u>-</u>	<u>15,323</u>	<u>-</u>
Total non-operating income and expenses	<u>520,971</u>	<u>11</u>	<u>29,812</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	842,763	17	407,040	9
INCOME TAX EXPENSE (Notes 4 and 29)	<u>67,224</u>	<u>1</u>	<u>91,595</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>775,539</u>	<u>16</u>	<u>315,445</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(817,301)</u>	<u>(17)</u>	<u>842,332</u>	<u>20</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	287,151	6	(44,596)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(53,767)</u>	<u>(1)</u>	<u>7,956</u>	<u>-</u>
	<u>233,384</u>	<u>5</u>	<u>(36,640)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(583,917)</u>	<u>(12)</u>	<u>805,692</u>	<u>19</u>

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 191,622	4	\$ 1,121,137	26
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 745,690	15	\$ 299,789	7
Non-controlling interests	29,849	1	15,656	-
	\$ 775,539	16	\$ 315,445	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 143,459	3	\$ 1,110,299	26
Non-controlling interests	48,163	1	10,838	-
	\$ 191,622	4	\$ 1,121,137	26
EARNINGS PER SHARE (Note 30)				
Basic	\$ 6.18		\$ 2.49	
Diluted	\$ 6.16		\$ 2.48	

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

(With Deloitte & Touche review report dated May 11, 2022)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Retained Earnings				Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve							
BALANCE, JANUARY 1, 2022	\$ 1,205,707	\$ 2,101,673	\$ 1,300,961	\$ 313,321	\$ 5,021,383	\$ (644,475)	\$ 5,979,277	\$ 5,334,802	\$ 15,277,847	\$ 992,192	\$ 16,270,039
Net profit for three months ended March 31, 2022	-	-	-	-	745,690	-	-	-	745,690	29,849	775,539
Other comprehensive loss for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	215,070	(817,301)	(602,231)	(602,231)	18,314	(583,917)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	745,690	215,070	(817,301)	(602,231)	143,459	48,163	191,622
Changes in percentage of ownership interests in subsidiaries (Note 32)	-	1,330	-	-	-	-	-	-	1,330	(1,330)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	12,774	12,774
BALANCE, MARCH 31, 2022	\$ 1,205,707	\$ 2,103,003	\$ 1,300,961	\$ 313,321	\$ 5,767,073	\$ (429,405)	\$ 5,161,976	\$ 4,732,571	\$ 15,422,636	\$ 1,051,799	\$ 16,474,435
BALANCE, JANUARY 1, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,178,822	\$ 313,321	\$ 5,115,900	\$ (487,817)	\$ 838,995	\$ 351,178	\$ 10,266,601	\$ 929,683	\$ 11,196,284
Net profit for the three months ended March 31, 2021	-	-	-	-	299,789	-	-	-	299,789	15,656	315,445
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	(31,822)	842,332	810,510	810,510	(4,818)	805,692
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	299,789	(31,822)	842,332	810,510	1,110,299	10,838	1,121,137
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,584)	(1,584)
BALANCE, March 31, 2021	\$ 1,205,707	\$ 2,101,673	\$ 1,178,822	\$ 313,321	\$ 5,415,689	\$ (519,639)	\$ 1,681,327	\$ 1,161,688	\$ 11,376,900	\$ 938,937	\$ 12,315,837

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

(With Deloitte & Touche report dated May 11, 2022)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 842,763	\$ 407,040
Adjustments for:		
Depreciation expenses	114,216	109,006
Amortization expenses	7,417	5,083
Expected credit loss recognized on trade receivables	(4,202)	126
Loss on financial assets at fair value through profit or loss	1,221	-
Finance costs	14,798	12,255
Interest income	(10,773)	(12,577)
Dividend income	(475,639)	-
Share of gain of associates	-	(15,323)
Loss on disposal of property, plant and equipment	30,115	167
Gain on disposal of right-of-use assets	(1,374)	-
Gain on disposal of subsidiaries	(26,523)	-
Write downs of inventories	-	16,577
Gain on lease modification	(14)	-
Changes in operating assets and liabilities		
Notes receivable	35,203	13,225
Accounts receivable	(58,084)	(8,702)
Accounts receivable from related parties	(40,408)	18,812
Other receivables	(13,150)	14,481
Inventories	(203,219)	(314,714)
Other current assets	(63,617)	(21,643)
Other non-current assets	(106)	(1,283)
Contract liabilities	(903)	(916)
Notes payable	4,295	(5,269)
Accounts payables	(163,617)	(144,162)
Other payables	(75,378)	(108,992)
Other current liabilities	(21,477)	(24,294)
Net defined benefit liabilities	(4,189)	(10,076)
Other non-current liabilities	12,118	(945)
Cash generated from (used in) operations	(100,527)	(72,124)
Interest received	8,782	11,706
Interest paid	(14,102)	(11,801)
Income tax paid	(46,201)	(58,705)
Net cash generated used in operating activities	<u>(152,048)</u>	<u>(130,924)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(6,155)	(21,534)
Proceeds from sale of financial assets at amortized cost	144,766	145,454
Acquisition of financial assets at fair value through profit or loss	(40,000)	-
Net cash outflow for acquisition of business	-	(203,268)
Proceeds from disposal of non-current assets held for sale	405,000	-
Payments for property, plant and equipment	(184,720)	(150,658)
Proceeds from disposal of property, plant and equipment	2,199	7,401
Decrease in refundable deposits	1,477	110
Proceeds from disposal of right-of-use assets	55,332	-

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2022	2021
Payments for intangible assets	-	(160)
Dividends received	<u>475,639</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>853,538</u>	<u>(222,655)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,331,376	1,751,342
Repayments of short-term borrowings	(2,441,688)	(1,500,725)
Proceeds from long-term borrowings	557,039	125,864
Repayments of long-term borrowings	(1,091,113)	(240,258)
Proceeds from guarantee deposits received	-	102
Refund of guarantee deposits received	(908)	-
Repayment of the principal portion of lease liabilities	(13,614)	(15,440)
Payment of cash dividends	(1,134)	-
Change in non-controlling interests	<u>13,908</u>	<u>(1,584)</u>
Net cash generated from (used in) financing activities	<u>(646,134)</u>	<u>119,301</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>54,820</u>	<u>80,850</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	110,176	(153,428)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,231,306</u>	<u>3,321,237</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,341,482</u>	<u>\$ 3,167,809</u>

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

(With Deloitte & Touche review report dated May 11, 2022)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors and issued on May 11, 2022.

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
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, contingent consideration for business combinations 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 14, 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, 2021.

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, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 6,764	\$ 6,742	\$ 7,177
Checking accounts and demand deposits	3,151,452	3,038,582	2,876,289
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>183,266</u>	<u>185,982</u>	<u>284,343</u>
	<u>\$ 3,341,482</u>	<u>\$ 3,231,306</u>	<u>\$ 3,167,809</u>

The market rate intervals of time deposits were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Time deposits	0.56% - 6%	1.6% - 8.25%	0.56% - 3.3%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at FVTPL -non-current			
Non-derivative financial assets			
Limited partnership	<u>\$ 74,914</u>	<u>\$ 36,135</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
Domestic investments			
Unlisted stock	<u>\$ 5,473,713</u>	<u>\$ 6,284,859</u>	<u>\$ 1,994,432</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 487,496	\$ 530,245	\$ 671,916
Pledged time deposits (a)	33,873	20,775	4,379
Restricted demand deposits (b)	407,242	509,655	467,826
Refundable deposits	<u>4,460</u>	<u>4,150</u>	<u>701</u>
	<u>\$ 933,071</u>	<u>\$ 1,064,825</u>	<u>\$ 1,144,822</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 103,670	\$ 95,599	\$ 95,553
Pledged time deposits (a)	4,863	4,489	5,641
Restricted demand deposits	2,560	2,468	-
Refundable deposits	<u>23,204</u>	<u>24,687</u>	<u>23,629</u>
	<u>\$ 134,297</u>	<u>\$ 127,243</u>	<u>\$ 124,823</u>

- a. The ranges of interest rates for time deposits were approximately 0.15%- 5.85%, 0.15%- 8.25% and 0.2%-8.25% per annum as of March 31, 2022, December 31 and March 31, 2021, respectively.
- b. Restricted demand deposits as of March 31, 2022, December 31 and March 31, 2021 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 36 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	March 31, 2022	December 31, 2021	March 31, 2021
Amortized cost - current	\$ 933,071	\$ 1,064,825	\$ 1,144,822
Amortized cost - non-current	<u>134,297</u>	<u>127,243</u>	<u>124,823</u>
	<u>\$ 1,067,368</u>	<u>\$ 1,192,068</u>	<u>\$ 1,269,645</u>

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Group considers the historical default loss rates of each credit rating, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Group did not make any provision for expected credit losses with respect to financial assets at amortized cost as of March 31, 2022, December 31, 2021 and March 31, 2021.

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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable - operating</u>			
At amortized cost			
Gross carrying amount	\$ <u>273,454</u>	\$ <u>308,657</u>	\$ <u>278,730</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 4,342,492	\$ 4,117,118	\$ 3,643,675
Less: Allowance for impairment loss	<u>44,263</u>	<u>48,770</u>	<u>47,249</u>
	<u>\$ 4,298,229</u>	<u>\$ 4,068,348</u>	<u>\$ 3,596,426</u>
Other receivables			
Gross carrying amount	\$ <u>124,535</u>	\$ <u>108,967</u>	\$ <u>137,147</u>

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

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

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

Notes receivable

As of March 31, 2022, December 31, 2021 and March 31, 2021, the notes receivable analyzed by the Group based on past due status were not overdue, and the Group did not measure any loss allowance for notes receivable.

Accounts receivable (including related parties)

The following table details the loss allowance of accounts receivable.

March 31, 2022

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit loss rate	0.01%~0.1%	0.2%~5.0%	3%~31%	8%~67%	37%~100%	100%	
Gross carrying amount	\$ 3,654,786	\$ 605,806	\$ 37,741	\$ 10,837	\$ 6,106	\$ 27,216	\$ 4,342,492
Loss allowance (Lifetime ECLs)	(1,532)	(5,222)	(2,356)	(2,871)	(5,066)	(27,216)	(44,263)
Amortized cost	<u>\$ 3,653,254</u>	<u>\$ 600,584</u>	<u>\$ 35,385</u>	<u>\$ 7,966</u>	<u>\$ 1,040</u>	<u>\$ -</u>	<u>\$ 4,298,229</u>

December 31, 2021

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit loss rate	0.01%~0.35%	0.2%~6.2%	3%~31%	8%~67%	37%~100%	100%	
Gross carrying amount	\$ 3,435,939	\$ 585,866	\$ 47,216	\$ 13,717	\$ 5,302	\$ 29,078	\$ 4,117,118
Loss allowance (Lifetime ECLs)	(1,494)	(5,471)	(4,695)	(4,203)	(3,829)	(29,078)	(48,770)
Amortized cost	<u>\$ 3,434,445</u>	<u>\$ 580,395</u>	<u>\$ 42,521</u>	<u>\$ 9,514</u>	<u>\$ 1,473</u>	<u>\$ -</u>	<u>\$ 4,068,348</u>

March 31, 2021

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

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 48,770	\$ 47,676
Net remeasurement	(4,202)	126
Less: Amounts written off	(1,508)	(405)
Foreign exchange gains and losses	<u>1,203</u>	<u>(148)</u>
Balance at March 31	<u>\$ 44,263</u>	<u>\$ 47,249</u>

12. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Goods	\$ 131,072	\$ 104,741	\$ 108,194
Finished goods and semi-finished goods	1,194,899	1,057,813	918,064
Work-in-process	121,919	152,851	78,813
Raw materials and supplies	1,538,297	1,226,211	1,202,588
Inventory in transit	<u>251,835</u>	<u>407,620</u>	<u>197,533</u>
	<u>\$ 3,238,022</u>	<u>\$ 2,949,236</u>	<u>\$ 2,505,192</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2022 and 2021 was \$3,840,979 thousand and \$3,160,089 thousand, respectively. The cost of goods sold included inventory write-downs of \$16,577 thousand for the three months ended March 31, 2021.

13. NON-CURRENT ASSETS HELD FOR SALE-December 31, 2021

	Amount
Investments accounted for using the equity method held for sale	<u>\$ 378,477</u>

In November 2021, the board of directors resolved to dispose of the 30% of the associate shareholdings, Total Acrylic Polymer Industry (TAPI) Corporation, to the non-related party, SEIKO PMC CORPORATION. Accordingly, the carrying amount \$378,477 thousand of investments accounted for using the equity method was reclassified as non-current assets held for sale and was presented separately in the consolidated balance sheets as of December 31, 2021.

The above transactions were completed the disposal process in January 2022, and the gain on disposal of associates of \$26,523 thousand was recognized (recognized as other gains and losses).

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
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 Co., Ltd.	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	55	h
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	100	
	Thai Nan Pao Investment Ltd.	General investment	100	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	100	h
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	h
	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
	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	
Earnest Wealth Co., Ltd.	General investment	51.11	51.11	-	d, h	
FlexUP Technologies Corp.	Production and trading of polyimide materials	96.87	96.87	7.11	e, h	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100	-	f, 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.	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	h
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100	100	h
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100	100	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100	100	
Thai Nan Pao Investment 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	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark	
			March 31, 2022	December 31, 2021	March 31, 2021		
Earnest Wealth Co., Ltd.	Apex polytech Co., Ltd.	Production and trading of adhesives	100	100	-	d, h	
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	88.03	
	Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	100		
Nan Pao Resins (Foshan) Co., Ltd.	Foshan Nan Pao Cheng Hung Advanced Materials 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	0.89		
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 (Dongguan) Co., Ltd.	Processing of adhesives	100	100	100		
Nan Pao Resins Development Ltd.	Dongguan Jia Chin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100	100		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100	100		
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100	100		
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	100		
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	100		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	100		
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	100		
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	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) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	100	100	100		
	Nantong Nanpao Resins Materials Co., Ltd.	Production and trading of adhesives	100	100	100		
	Nan Pao Resins (Yunan) Co., Ltd.	Production and trading of adhesives	100	100	100		
	Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	95.24	100	100	g	
	Nan Pao Optoelectronic Materials (Kunshan)Co., Ltd.	Production and trading of adhesives and chemical substances	100	100	-	c	

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. Direct and indirect shareholdings totaled 67.5%.
- c. The Group invested in and established Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd. in China in May 2021. In August 2021, the group invested capital in the subsidiary.
- d. The Group acquired 51.11% shareholdings of Earnest Wealth Co., Ltd. in December 2021, and simultaneously obtained the control of its subsidiary Apex polytech Co., Ltd.
- e. The Group acquired 89.76% shareholdings of FlexUP Technologies Corp. in November 2021, resulting in an increase in the shareholding ratio from 7.11% to 96.87%.
- f. The Group established Nan Pao Resins Chemical (Bangladesh) Co., Ltd. in December 2021, and shareholdings were totaled 100%.
- g. In January 2022, Nan Pao New Materials (Huaian) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 100% to 95.24% (refer to Note 32).
- h. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by the accountants.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in associates			
Associates that are not individually material	\$ -	\$ -	\$ 383,076

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

	For the Three Months Ended March 31	
	2022	2021
The Group's share of:		
Total net income and comprehensive income for the year	\$ -	\$ 15,323

The Group reclassified investments accounted for using the equity method to non-current assets held for sale at the end of December 2021. Refer to Note 13.

16. PROPERTY, PLANT AND EQUIPMENT

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

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

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

No impairment assessment was performed for the three months ended March 31, 2022 and 2021 as there were no indication of impairment.

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

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land	\$ 668,104	\$ 709,038	\$ 775,921
Buildings	308,095	298,960	312,305
Machinery	142	178	143
Transportation equipment	36,962	28,709	35,580
Miscellaneous equipment	<u>3,177</u>	<u>3,272</u>	<u>1,976</u>
	<u>\$ 1,016,480</u>	<u>\$ 1,040,157</u>	<u>\$ 1,125,925</u>
		For the Three Months Ended March 31	
		2022	2021
Additions to right-of-use assets		<u>\$ 12,911</u>	<u>\$ 10,346</u>
Depreciation charge for right-of-use assets			
Land		\$ 4,647	\$ 5,340
Buildings		10,519	11,498
Machinery		35	35
Transportation equipment		3,445	3,728
Miscellaneous equipment		<u>82</u>	<u>265</u>
		<u>\$ 18,728</u>	<u>\$ 20,866</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 84,589</u>	<u>\$ 78,256</u>	<u>\$ 78,306</u>
Non-current	<u>\$ 488,459</u>	<u>\$ 471,967</u>	<u>\$ 469,647</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.56%	1.56%	1.56%
Buildings	0.77% ~ 5.37%	0.77% ~ 5.37%	0.81% ~ 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 leasing activities and terms (the Group is lessee)

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

d. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	\$ <u>11,993</u>	\$ <u>10,866</u>
Expenses relating to low-value asset leases	\$ <u>530</u>	\$ <u>373</u>
Total cash outflow for leases	\$ <u>29,181</u>	\$ <u>26,679</u>

18. INVESTMENT PROPERTIES

	Land
Balance at March 31, 2022, December 31, 2021 and March 31, 2021	\$ <u>17,760</u>

Investment properties measured at fair value were both \$78,764 thousand as of December 31, 2021 and 2020. The Group's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Group's investment properties. Furthermore, management of the Company had assessed and determined that there were no significant changes in the fair value as of March 31, 2022 and 2021, as compared to that as of December 31, 2021 and 2020.

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

19. GOODWILL

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Cost</u>			
Balance at January 1	\$ 238,377	\$ 117,930	\$ 117,930
Business combinations that occurred during the period (Note 31)	-	139,382	135,020
Effect of foreign currency exchange differences, net	<u>14,635</u>	<u>(18,935)</u>	<u>(1,130)</u>
Balance at March 31 and December 31	<u>\$ 253,012</u>	<u>\$ 238,377</u>	<u>\$ 251,820</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 Group's future financial projections as an estimate to reflect specific risks of relevant cash generating units.

No impairment loss was recognized as of March 31, 2022 and 2021.

20. OTHER INTANGIBLE ASSETS

	Client Relationships	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 117,759	\$ 61,168	\$ 78,209	\$ 257,136
Effect of foreign currency exchange differences, net	7,857	222	3,932	12,011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2022	<u>\$ 125,616</u>	<u>\$ 61,390</u>	<u>\$ 82,141</u>	<u>\$ 269,147</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 52,408	\$ 47,778	\$ 18,468	\$ 118,654
Amortization expenses	1,322	1,664	4,431	7,417
Effect of foreign currency exchange differences, net	3,573	132	(338)	3,367
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2022	<u>\$ 57,303</u>	<u>\$ 49,574</u>	<u>\$ 22,561</u>	<u>\$ 129,438</u>

(Continued)

	Client Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2022, net	\$ <u>65,351</u>	\$ <u>13,390</u>	\$ <u>59,741</u>	\$ <u>138,482</u>
Carrying amount at March 31, 2022, net	\$ <u>68,313</u>	\$ <u>11,816</u>	\$ <u>59,580</u>	\$ <u>139,709</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 73,313	\$ 53,447	\$ 37,153	\$ 163,913
Additions	-	-	160	160
Acquisition from business combination (Note 31)	45,590	-	54,274	99,864
Reclassifications	9,305	-	(9,425)	(120)
Effect of foreign currency exchange differences, net	(892)	(13)	(25)	(930)
Balance at March 31, 2021	\$ <u>127,316</u>	\$ <u>53,434</u>	\$ <u>82,137</u>	\$ <u>262,887</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ 46,520	\$ 38,959	\$ 5,055	\$ 90,534
Amortization expenses	2,147	2,135	801	5,083
Reclassifications	351	-	(471)	(120)
Effect of foreign currency exchange differences, net	(534)	(10)	511	(33)
Balance at March 31, 2021	\$ <u>48,484</u>	\$ <u>41,084</u>	\$ <u>5,896</u>	\$ <u>95,464</u>
Carrying amount at March 31, 2021, net	\$ <u>78,832</u>	\$ <u>12,350</u>	\$ <u>76,241</u>	\$ <u>167,423</u>

(Concluded)

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

21. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Input tax	\$ 347,284	\$ 299,665	\$ 187,324
Prepayments	99,607	121,663	98,303
Prepaid expenses	98,776	70,902	78,498
Overpaid tax retained for offsetting the future tax payable	38,791	34,287	25,557
Others	<u>18,761</u>	<u>13,085</u>	<u>17,679</u>
	<u>\$ 603,219</u>	<u>\$ 539,602</u>	<u>\$ 407,361</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 137,230	\$ 108,311	\$ 82,428
Others	<u>6,811</u>	<u>6,705</u>	<u>6,529</u>
	<u>\$ 144,041</u>	<u>\$ 115,016</u>	<u>\$ 88,957</u>

22. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank loans (Note 36)	\$ 97,637	\$ 97,843	\$ 126,536
Unsecured bank loans	<u>2,020,455</u>	<u>2,059,831</u>	<u>1,566,397</u>
	<u>\$ 2,118,092</u>	<u>\$ 2,157,674</u>	<u>\$ 1,692,933</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank loans	1.27% ~ 3.82%	1.27% ~ 4.9%	1.27% ~ 3.25%
Unsecured bank loans	0.555% ~ 4.45%	0.72% ~ 4.9%	0.72% ~ 3.75%

b. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank loans (1)	\$ 354,064	\$ 362,062	\$ 315,056
Unsecured bank loans (2)	<u>1,204,935</u>	<u>1,766,159</u>	<u>1,291,869</u>
	1,558,999	2,128,221	1,606,925
Decrease: current portion of long-term borrowings	<u>85,336</u>	<u>193,146</u>	<u>130,624</u>
	<u>\$ 1,473,663</u>	<u>\$ 1,935,075</u>	<u>\$ 1,476,301</u>

- 1) As of March 31, 2022, December 31, 2021 and March 31, 2021, the ranges of weighted average effective interest rates of the bank loans secured by the Group's freehold land, buildings and deposit certificates (see Note 36), were 1.255%- 1.35%, 1.255%- 1.35% and 1.063%-2.103% per annum, respectively. Long-term borrowings mentioned above will expire before June 2035, and payments of interest and principal are made on schedule.
- 2) As of March 31, 2022, December 31, 2021 and March 31, 2021, the ranges of weighted average effective interest rates of unsecured bank loans were 0.64%- 4.55%, 0.38%- 4.45% and 0.38%-0.91% per annum, respectively. Long-term borrowings mentioned above will expire before March 2025, and payments of interest and principal are made on schedule.

23. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes payable</u>			
Operating	\$ <u>5,357</u>	\$ <u>1,036</u>	\$ <u>9,032</u>
<u>Accounts payable</u>			
Operating	\$ <u>2,494,547</u>	\$ <u>2,590,168</u>	\$ <u>2,135,073</u>

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

24. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 118,675	\$ 138,571	\$ 133,004
Others	<u>65,572</u>	<u>67,153</u>	<u>51,765</u>
	<u>\$ 184,247</u>	<u>\$ 205,724</u>	<u>\$ 184,769</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposit	\$ 3,419	\$ 4,198	\$ 3,997
Others	<u>58,312</u>	<u>46,194</u>	<u>47,748</u>
	<u>\$ 61,731</u>	<u>\$ 50,392</u>	<u>\$ 51,745</u>

25. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2022 and 2021, the pension expenses of defined benefit plans were \$1,308 thousand and \$1,804 thousand, respectively, and these were calculated based on the pension cost

rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

26. EQUITY

a. Share capital

Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,570</u>	<u>120,570</u>	<u>120,570</u>
Shares issued	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>

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

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
<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
Employee share options	44,083	44,083	44,083
Expired employee share options	135	135	135
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>18,579</u>	<u>17,249</u>	<u>17,249</u>
	<u>\$ 2,103,003</u>	<u>\$ 2,101,673</u>	<u>\$ 2,101,673</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as

legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 28-g.

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

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

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

The appropriations of earnings for 2021 and 2020 which proposed by the board of directors in March 2022 and resolved in the shareholders' meetings in July 2021, respectively, were as follows:

	Earnings appropriation proposal		Dividends per share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 87,162	\$ 122,139		
Cash dividends	723,425	843,995	\$ 6	\$ 7

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held in June 2022.

d. Special reserve

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

e. Other equity items

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ (644,475)	\$ (487,817)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>215,070</u>	<u>(31,822)</u>
Balance at March 31	<u>\$ (429,405)</u>	<u>\$ (519,639)</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 5,979,277	\$ 838,995
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>(817,301)</u>	<u>842,332</u>
Balance at March 31	<u>\$ 5,161,976</u>	<u>\$ 1,681,327</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 992,192	\$ 929,683
Share in profit for the period	29,849	15,656
Other comprehensive income or loss during the period		
Exchange differences on translating the financial statements of foreign operations	18,314	(4,818)
Difference in book value and price of equity acquisition from subsidiaries (Note 32)	(1,330)	-
Issuance of ordinary shares for cash from subsidiaries	13,908	-
Dividend payout from subsidiaries	<u>(1,134)</u>	<u>(1,584)</u>
Balance at March 31	<u>\$ 1,051,799</u>	<u>\$ 938,937</u>

27. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended March 31	
	2022	2021
Adhesives	\$ 3,600,862	\$ 3,073,083
Construction materials	725,027	631,108
Coatings	372,577	417,315
Others	<u>249,278</u>	<u>171,312</u>
	<u>\$ 4,947,744</u>	<u>\$ 4,292,818</u>

b. Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Accounts receivable (including related parties)	<u>\$ 4,342,492</u>	<u>\$ 4,117,118</u>	<u>\$ 3,643,675</u>	<u>\$ 3,671,006</u>
Contract liabilities - current				
Sale of goods	<u>\$ 44,056</u>	<u>\$ 44,959</u>	<u>\$ 29,665</u>	<u>\$ 30,581</u>

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

28. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2022	2021
Bank deposits	<u>\$ 10,773</u>	<u>\$ 12,577</u>

b. Other income

	For the Three Months Ended March 31	
	2022	2021
Dividend income	\$ 475,639	\$ -
Grant income	3,397	6,758
Rental income	376	371
Others	<u>4,965</u>	<u>9,661</u>
	<u>\$ 484,377</u>	<u>\$ 16,790</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2022	2021
Net foreign exchange gains (losses)	\$ 35,933	\$ (1,414)
Gain on disposal of associates interests	26,523	-
Gain on disposal of right-of-use assets (Note)	1,374	-
Loss on disposal of property, plant and equipment (Note)	(21,270)	-
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	(1,221)	-
Others	<u>(720)</u>	<u>(1,209)</u>
	<u>\$ 40,619</u>	<u>\$ 2,623</u>

Note: The gains or losses on disposal of assets of Nan Pao Resins (Yunan) Co., Ltd. is due to industrial restructuring by the government of China.

d. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest on bank loans	\$ 11,754	\$ 8,976
Interest on lease liabilities	<u>3,044</u>	<u>3,279</u>
	<u>\$ 14,798</u>	<u>\$ 12,255</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
An analysis of depreciation by function	\$ 86,808	\$ 81,096
Operating costs	<u>27,408</u>	<u>27,910</u>
Operating expenses	<u>\$ 114,216</u>	<u>\$ 109,006</u>
An analysis of amortization by function		
Operating costs	\$ 292	\$ 222
Operating expenses	<u>7,125</u>	<u>4,861</u>
	<u>\$ 7,417</u>	<u>\$ 5,083</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits		
Salaries	\$ 502,808	\$ 461,681
Labor and health insurance	35,278	32,095
Others	<u>39,605</u>	<u>40,132</u>
	<u>577,691</u>	<u>533,908</u>
Post-employment benefits		
Defined contribution plans	26,246	26,713
Defined benefit plans (Note 25)	<u>1,308</u>	<u>1,804</u>
	<u>27,554</u>	<u>28,517</u>
	<u>\$ 605,245</u>	<u>\$ 562,425</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 225,567	\$ 200,611
Operating expenses	<u>379,678</u>	<u>361,814</u>
	<u>\$ 605,245</u>	<u>\$ 562,425</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of 2% to 6% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2022 and 2021, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	2.1%	3%
Remuneration of directors	0.65%	1.4%

Amount

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	\$ 16,670	\$ 10,500
Remuneration of directors	5,100	5,100

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

The appropriations of employees' compensation and remuneration of directors for 2021 and 2020 that were resolved by the board of directors in March 2022 and 2021, respectively, and the amounts of employees' compensation and remuneration of directors recognized in the consolidated financial statements, are as shown below:

	For the Year Ended December 31			
	2021		2020	
	Employees' compensation	Remuneration of directors	Employees' compensation	Remuneration of directors
The Board of Directors resolves the allocation amount	\$ 36,960	\$ 16,000	\$ 42,000	\$ 20,000
Amounts recognized in the annual financial statements	36,960	17,600	42,000	20,000
Differences	<u>\$ -</u>	<u>\$ (1,600)</u>	<u>\$ -</u>	<u>\$ -</u>

The differences for the year ended December 31, 2021 were adjusted to profit and loss for the year ended December 31, 2022.

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. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2022	2021
Foreign exchange gains	\$ 73,510	\$ 46,705
Foreign exchange losses	<u>(37,577)</u>	<u>(48,119)</u>
	<u>\$ 35,933</u>	<u>\$ (1,414)</u>

29. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current year	\$ 80,669	\$ 68,929
Adjustment for prior years	<u>(39,867)</u>	<u>(27,412)</u>
	40,802	41,517
Deferred tax		
In respect of the current year	<u>26,422</u>	<u>50,078</u>
	<u>\$ 67,224</u>	<u>\$ 91,595</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ (53,767)</u>	<u>\$ 7,956</u>

c. Income tax assessments

The income tax returns of the Company and domestic subsidiaries through 2020 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

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

Net profit for the year

	For the Three Months Ended March 31	
	2022	2021
Profit for the year attributable to owners of the Company	<u>\$ 745,690</u>	<u>\$ 299,789</u>

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

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571
Effect of potentially dilutive ordinary share:		
Employees' compensation or bonuses issued to employees	<u>392</u>	<u>306</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,963</u>	<u>120,877</u>

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

31. BUSINESS COMBINATIONS - March 31, 2021

a. Acquisition of business

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

The Group acquired the portfolio of business and asset from its unrelated party, Axis and Gripset (both 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.

The Group obtained the acquisition price allocation report in May 2021, adjusted the original

accounting and provisional amounts from the acquisition date and restated the comparative information.

The adjustments to the related items of the balance sheet increased (decreased) are as follows:

	March 31, 2021		
	Before restatement	Adjustment	After restatement
Goodwill	\$ 279,621	\$ (27,801)	\$ 251,820
Inventory	\$ 2,507,717	\$ (2,525)	\$ 2,505,192
Property, plant and equipment	\$ 4,752,793	\$ 1,303	\$ 4,754,096
Other intangible assets	\$ 67,560	\$ 99,863	\$ 167,423
Deferred tax assets	\$ 323,794	\$ 1,488	\$ 325,282
Other payables	\$ 698,492	\$ 41,248	\$ 739,740
Other current liabilities	\$ 182,333	\$ 2,436	\$ 184,769
Deferred tax liabilities	\$ 810,936	\$ 28,644	\$ 839,580

b. Consideration transferred

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

Note: According to the contingent consideration agreement, if the gross profit from the related products of acquired portfolio of business and asset meets the promised level from March 2021 to March 2022, the Group should pay additional payment to the seller. As of March 31, 2022, the amount has not been already confirmed mutually. The fair value of the obligation at the acquisition date was estimated to be \$41,248 thousand.

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

	Amount
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

	Amount
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 and Gripset 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.

The total amount of acquired goodwill is not tax-deductible.

32. EQUITY TRANSACTIONS WITH NON – CONTROLLING INTERESTS IN MARCH 31, 2022

	Nan Pao New Materials (Huaian) Co., Ltd.
Cash consideration paid	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	1,330
	<hr/>
Differences recognized from equity transactions	<u>\$ 1,330</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 1,330</u>

In January 2022, the Group did not subscribe the issuance of ordinary shares in the amount of RMB 3,184 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 100% to 95.24%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

33. CAPITAL MANAGEMENT

The Group 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.

34. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 74,914</u>	\$ <u> 74,914</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>5,473,713</u>	\$ <u>5,473,713</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 36,135</u>	\$ <u> 36,135</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>6,284,859</u>	\$ <u>6,284,859</u>

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,994,432</u>	\$ <u>1,994,432</u>

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

Financial assets at FVTPL

	For the Three Months Ended March 31 2022
Balance at January 1	\$ 36,135
Recognized in profit or loss	(1,221)
Purchase	<u>40,000</u>
Balance at March 31	<u>\$ 74,914</u>

Financial assets at FVTOCI

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 6,284,859	\$ 1,109,267
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(817,301)	842,332
Purchase	<u>6,155</u>	<u>42,833</u>
Balance at March 31	<u>\$ 5,473,713</u>	<u>\$ 1,994,432</u>

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

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

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 9,105,068	\$ 8,909,346	\$ 8,449,757
Financial asset at FVTPL - Mandatorily classified as at FVTPL	74,914	36,135	-
Financial assets at FVTOCI	5,473,713	6,284,859	1,994,432

Financial liabilities

Amortized cost (2)	7,009,034	7,793,827	6,187,700
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- 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 guarantee deposits received (non-current liabilities).

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

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 pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact		
	For the Three Months Ended		
	March 31		
	2022	2021	
Profit or loss	\$ 6,324	\$ 5,346	(i)

	VND Impact		
	For the Three Months Ended		
	March 31		
	2022	2021	
Profit or loss	\$ 5,199	\$ 8,375	(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 period. The Group's sensitivity to foreign currency was not changed significantly during the current period.
- ii. This was mainly attributable to the exposure on outstanding cash and cash equivalents, accounts receivable and accounts payables in VND that were not hedged at the end of the period. The reason of change is the amount of cash in VND decreased.

b) Interest rate risk

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	\$ 840,832	\$ 865,927	\$ 1,086,162
Financial liabilities	573,048	550,223	547,953
Cash flow interest rate risk			
Financial assets	3,333,947	3,371,404	3,224,147
Financial liabilities	3,677,091	4,285,895	3,299,858

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 pre-tax profit for the three months ended March 31, 2022 and 2021 would have decreased/increased by NT\$2,298 thousand and NT\$2,062 thousand, respectively; which was mainly a result of variable-rate borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in 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 be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

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

	<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Group A	<u>\$ 362,590</u>	8	<u>\$ 322,182</u>	8	<u>\$ 269,753</u>	8

3) Liquidity risk

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

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

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

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include 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 upon repayment dates.

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

March 31, 2022

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,447,199	\$ 3,419	\$ -
Lease liabilities	97,093	189,729	405,553
Fixed interest rate liabilities	80,416	1,532	-
Variable interest rate liabilities	<u>2,137,406</u>	<u>1,269,471</u>	<u>246,454</u>
	<u>\$ 5,762,114</u>	<u>\$ 1,464,151</u>	<u>\$ 652,007</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 97,093</u>	<u>\$ 189,729</u>	<u>\$ 167,844</u>	<u>\$ 138,018</u>	<u>\$ 99,691</u>

December 31, 2021

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,642,305	\$ 4,198	\$ -
Lease liabilities	90,029	179,462	398,513
Fixed interest rate liabilities	73,261	-	-
Variable interest rate liabilities	<u>2,289,915</u>	<u>1,727,310</u>	<u>246,658</u>
	<u>\$ 6,095,510</u>	<u>\$ 1,910,970</u>	<u>\$ 645,171</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 90,029</u>	<u>\$ 179,462</u>	<u>\$ 159,137</u>	<u>\$ 138,767</u>	<u>\$ 100,609</u>

March 31, 2021

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,016,849	\$ 3,997	\$ -
Lease liabilities	63,256	177,823	385,890
Fixed interest rate liabilities	102,628	-	-
Variable interest rate liabilities	<u>1,731,835</u>	<u>1,277,542</u>	<u>246,273</u>
	<u>\$ 4,914,568</u>	<u>\$ 1,459,362</u>	<u>\$ 632,163</u>

Additional information about the maturity analysis for lease liabilities:

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

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

b) Financing facilities

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank overdraft facilities reviewed annually and payable at call:			
Amount used	\$ 3,375,949	\$ 3,935,385	\$ 2,917,513
Amount unused	<u>6,568,867</u>	<u>5,560,540</u>	<u>6,303,042</u>
	<u>\$ 9,944,816</u>	<u>\$ 9,495,925</u>	<u>\$ 9,220,555</u>
Secured bank overdraft facilities:			
Amount used	\$ 477,554	\$ 479,854	\$ 494,895
Amount unused	<u>266,741</u>	<u>257,302</u>	<u>284,263</u>
	<u>\$ 744,295</u>	<u>\$ 737,156</u>	<u>\$ 779,158</u>

35. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Name of Related Party	Related Party Category
Total Acrylic Polymer Industry (Tapi) Corporation	Associate before January 2022 (Note 13)
Pou Chen Corporation and Subsidiaries	Investors with significant influence
Opulence Optronics Co., Ltd.	The Group is an executive of the Company
Shenglin Investment Co., Ltd.	Other related party

b. Sales of goods

Related Party Category	For the Three Months Ended March 31	
	2022	2021
Investors with significant influence	<u>\$ 347,574</u>	<u>\$ 263,648</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2022	2021
Associate	\$ <u> -</u>	\$ <u> 565</u>

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

d. Receivables from related parties

Line Item	Related Party Category / Name	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable from related parties	Investors with significant influence	\$ <u> 362,590</u>	\$ <u> 322,182</u>	\$ <u> 269,753</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable	Associate	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 263</u>
Other payables	Investors with significant influence	\$ 133	\$ 129	\$ 128
	Other related party	<u> 160</u>	<u> -</u>	<u> -</u>
		\$ <u> 293</u>	\$ <u> 129</u>	\$ <u> 128</u>

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

Line Item	Related Party Category / Name	March 31, 2022	December 31, 2021	March 31, 2021
Other current liabilities	Investors with significant influence			
	Pou Chen Corporation and Subsidiaries	\$ <u> 50,855</u>	\$ <u> 62,274</u>	\$ <u> 70,250</u>

g. Lease arrangements - the Group is lessee - for the three months ended March 31, 2022

Line Item	Related Party Category / Name	Amount
Lease expense	Other related party	\$ <u> 381</u>

The Group leased the buildings from related parties, and the rental is based on similar asset's market

rates and fixed lease payments are paid monthly.

h. Compensation of key management personnel

	For the Three Months End March 31	
	2022	2021
Short-term employee benefits	\$ 14,190	\$ 14,201
Post-employment benefits	<u>398</u>	<u>431</u>
	<u>\$ 14,588</u>	<u>\$ 14,632</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.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment, net	\$ 684,422	\$ 675,459	\$ 614,995
Pledged deposit (recognized as financial assets at amortized cost)	<u>38,736</u>	<u>25,264</u>	<u>10,020</u>
	<u>\$ 723,158</u>	<u>\$ 700,723</u>	<u>\$ 625,015</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

- a. As of March 31, 2022, December 31, 2021 and March 31, 2021, the unused letters of credit of the Group for purchasing raw materials and equipment were \$174,477 thousand, \$127,133 thousand and \$109,497 thousand, respectively.
- b. Unrecognized commitments were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	\$ 372,467	\$ 357,452	\$ 595,054
Acquisition of raw material	<u>30,382</u>	<u>84,066</u>	<u>70,976</u>
	<u>\$ 402,849</u>	<u>\$ 441,518</u>	<u>\$ 666,030</u>

- c. Material lawsuits

The Company had won the bid for land, plant, and machinery equipment owned by He Kui Chemical

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

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

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.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 48,046	28.62 (USD:NTD)	\$ 1,375,331
USD	7,630	6.3482 (USD:RMB)	218,409
USD	11,077	14,457 (USD:IDR)	317,090
USD	5,001	7.8294 (USD:HKD)	143,149
VND	687,863,704	0.000044 (VND:USD)	858,822

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	33,909	28.62 (USD:NTD)	970,375
USD	2,544	6.3475 (USD: RMB)	72,820
USD	4,449	7.8296 (USD:HKD)	127,354
USD	6,775	14,457 (USD:IDR)	193,923
USD	1,993	4.2052 (USD:MYR)	57,079
VND	268,571,140	0.000044 (VND:USD)	338,899
			(Concluded)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 52,973	27.68 (USD:NTD)	\$ 1,466,305
USD	8,092	6.37 (USD: RMB)	223,987
USD	9,618	13,980 (USD:IDR)	266,227
USD	4,461	7.7994 (USD:HKD)	123,489
VND	612,646,288	0.000044 (VND:USD)	740,630

Financial liabilities

Monetary items			
USD	25,538	27.68 (USD:NTD)	706,889
USD	2,663	6.37 (USD: RMB)	73,717
USD	3,907	7.7994 (USD:HKD)	108,153
USD	7,156	13,980 (USD:IDR)	198,075
USD	3,254	4.1723 (USD:MYR)	90,066
VND	231,353,023	0.000044 (VND:USD)	282,263

March 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,601	28.54 (USD:NTD)	\$ 1,187,084
USD	5,994	6.5713 (USD: RMB)	171,029
USD	6,922	14,412 (USD:IDR)	197,518
USD	5,311	7.78 (USD:HKD)	151,560
VND	824,884,643	0.000043 (VND:USD)	1,016,770

Financial liabilities

Monetary items			
USD	26,731	28.36 (USD:NTD)	758,027
USD	2,532	6.5491 (USD: RMB)	72,010
USD	5,143	7.78 (USD:HKD)	146,756
USD	3,613	14,412 (USD:IDR)	103,088
USD	3,248	4.16 (USD:MYR)	92,750
VND	144,273,908	0.000044 (VND:USD)	179,312

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

Functional Currency	For the Three Months Ended March 31, 2022		For the Three Months Ended March 31, 2021	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	27.994 (USD:NTD)	\$ (104)	28.366 (USD:NTD)	\$ 3,771
NTD	1 (NTD:NTD)	33,174	1 (NTD:NTD)	(2,071)
RMB	4.406 (RMB:NTD)	(1,334)	4.376 (RMB:NTD)	(2,423)
SGD	20.72 (SGD:NTD)	-	21.3 (SGD:NTD)	22
AUD	20.27 (AUD:NTD)	1,930	21.92 (AUD:NTD)	(2,510)

(Continued)

Functional Currency	For the Three Months Ended March 31, 2022		For the Three Months Ended March 31, 2021	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
IDR	0.00196 (IDR:NTD)	\$ 2,562	0.00201 (IDR:NTD)	\$ 859
VND	0.001230 (VND:NTD)	597	0.001231 (VND:NTD)	71
Others		(892)		867
		<u>\$ 35,933</u>		<u>\$ (1,414)</u> (Concluded)

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, 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 in the mainland China area (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or

losses (Table 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, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the 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)

40. SEGMENT INFORMATION

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

Segment revenue and results

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

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-off	Total
<u>For the Three Months Ended</u>							
<u>March 31, 2022</u>							
Revenue							
Revenue from external customers	\$ 990,756	\$ 1,516,916	\$ 1,355,508	\$ 583,429	\$ 501,135	\$ -	\$ 4,947,744
Inter segment revenues	<u>843,276</u>	<u>239,251</u>	<u>154,911</u>	<u>1,307</u>	<u>16,043</u>	<u>(1,254,788)</u>	<u>-</u>
Total revenue	<u>\$ 1,834,032</u>	<u>\$ 1,756,167</u>	<u>\$ 1,510,419</u>	<u>\$ 584,736</u>	<u>\$ 517,178</u>	<u>\$ (1,254,788)</u>	<u>\$ 4,947,744</u>
Segment income	<u>\$ 139,571</u>	<u>\$ 32,082</u>	<u>\$ 99,703</u>	<u>\$ 1,524</u>	<u>\$ 47,107</u>	<u>\$ 1,805</u>	\$ 321,792
Interest revenue							10,773
Other income							484,377
Other gains and losses							40,619
Finance costs							(14,798)
Profit before tax							<u>\$ 842,763</u>

(Continued)

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-off	Total
<u>For the Three Months Ended</u>							
<u>March 31, 2021</u>							
Revenue							
Revenue from external customers	\$ 855,540	\$ 1,477,610	\$ 1,059,797	\$ 520,469	\$ 379,402	\$ -	\$ 4,292,818
Inter segment revenues	<u>577,972</u>	<u>290,528</u>	<u>124,718</u>	<u>2,741</u>	<u>16,654</u>	<u>(1,012,613)</u>	<u>-</u>
Total revenue	<u>\$ 1,433,512</u>	<u>\$ 1,768,138</u>	<u>\$ 1,184,515</u>	<u>\$ 523,210</u>	<u>\$ 396,056</u>	<u>\$ (1,012,613)</u>	<u>\$ 4,292,818</u>
Segment income	<u>\$ 110,635</u>	<u>\$ 46,912</u>	<u>\$ 106,212</u>	<u>\$ 24,289</u>	<u>\$ 31,456</u>	<u>\$ 57,724</u>	\$ 377,228
Interest revenue							12,577
Other income							16,790
Other gains and losses							(2,623)
Finance costs							(12,255)
Share of profit of associates accounted for using the equity method							15,323
Profit before tax							<u>\$ 407,040</u>
							(Concluded)

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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.	Nan Pao Philippines Export, Inc	2	\$ 3,084,527	\$ 14,313	\$ 14,313	\$ -	\$ -	0.09	\$ 7,711,318	Y	N	N
		Nan Pao Resins Chemical Philippines Inc.	2	3,084,527	28,625	28,625	-	-	0.19	7,711,318	Y	N	N
		Nan Pao Group Holdings Ltd.	2	3,084,527	57,250	57,250	-	-	0.37	7,711,318	Y	N	N
		RLA Polymers (M) Sdn. Bhd.	2	3,084,527	85,875	85,875	34,594	-	0.56	7,711,318	Y	N	N
		RLA Polymers Pty Ltd.	2	3,084,527	229,000	229,000	192,780	-	1.48	7,711,318	Y	N	N
		RLA Polymers (M) Sdn. Bhd	2	3,084,527	114,500	114,500	44,127	-	0.74	7,711,318	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	3,084,527	135,180	135,180	15,798	-	0.88	7,711,318	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	3,084,527	20,000	20,000	20,000	-	0.13	7,711,318	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	3,084,527	225,300	225,300	1,801	-	1.46	7,711,318	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	3,084,527	90,120	90,120	13,933	-	0.58	7,711,318	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	3,084,527	30,000	30,000	10,000	-	0.19	7,711,318	Y	N	N
		RLA Polymers Pty Ltd.	2	3,084,527	214,200	214,200	-	-	1.39	7,711,318	Y	N	N

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

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

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

Note 3: The subsidiaries directly and indirectly invested by the Company shall not endorse/guarantee to individual corporation.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Nan Pao Resins Chemical Co., Ltd.	CDIB -Innolux Limited Partnership	None	Financial assets at fair value through profit or loss -non-current	-	\$ 74,914	9	\$ 74,914	
	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	6,515,606	\$ 5,409,371	2	\$ 5,409,371	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	2,076	1	2,076	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	1,754,417	2,352	13	2,352	
	Revivegen Environmental Technology Co., Ltd. - privately-issued equity	"	"	422,126	16,556	2	16,556	
	Contact Organics Pty Ltd- privately-issued equity	"	"	2,552	13,403	16	13,403	
					<u>\$ 5,443,758</u>		<u>\$ 5,443,758</u>	
Nan Pao Chemical Company Ltd.	Ace Chemical Corp. -privately-issued equity	None	Financial assets at fair value through other comprehensive income - non-current	995,165	\$ 29,955	10	\$ 29,955	

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

Note 2: Please refer to Tables 5 and 6 for information on investments in subsidiaries and associates.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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	\$ 394,929	26	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	\$ 552,702	34	
	PT Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sale	115,429	8	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	119,060	7	
PT Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and its subsidiaries	Investors with significant influence	Sale	123,354	33	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	177,871	41	

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

MARCH 31, 2022

(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	\$ 552,702	3.51	\$ -	-	\$ 81,263	\$ -
	PT Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	119,060	3.79	-	-	47,230	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	177,871	3	-	-	47,767	443

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

TABLE 5

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE THREE MONTHS ENDED MARCH 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			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.10, Ln.99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 177,758	\$ (558)	\$ (558)	
	Nan Pao Application Material Co., Ltd.	No.10, Ln.99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	60,000	60,000	200,000	100	8,627	(8)	(8)	
	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	53,800	1,191	1,191	
	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	288,473	1,184	1,184	
	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	346,579	18,538	9,364	
	Phymed Bio-tec Co., Ltd.	No.10, Ln.99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	R&D and trading of health food	34,000	34,000	2,400,000	100	20,594	(209)	(209)	
	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	9,284	1,091	623	
	Nan Pao Advanced Materials Co.,Ltd.	No. 521, Zhongshan Rd., Xigang Dist, Tainan City	Trading of adhesives and chemicals	3,500	3,500	350,000	70	5,727	1,401	981	
	Progroups Technology Co., Ltd.	No.10, Ln.99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of Waterborne PU Resin	70,814	70,814	459,950	91.99	67,595	(2,210)	(2,033)	
	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	15,451	2,908	1,599	
	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	-	-	-	-	-	
	FlexUP Technologies Corp.	5F., No. 5, Ln. 569, Bo'ai St., Zhubei City, Hsinchu County	Production and trading of polyimide materials	21,094	21,094	16,352,173	96.87	4,488	495	480	
	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	228,367	3,649	3,649	
	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	173,442	968	968	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri (W) , Mumbai 400053, India	Trading of adhesives	16,499	16,499	3,000,000	100	27,283	(175)	(175)	
	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	985,364	25,232	25,232	
	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	424,127	10,430	10,430	
	Nan Pao Overseas Holdings Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	2,363,585	2,363,585	78,056,502	100	4,051,897	13,338	13,338	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	865,173	43,805	32,306	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	223,834	(7,049)	(3,844)	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	208,210	60,541	19,482	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	240,248	36,082	17,680	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	25,750,000	100	13,166	324	324	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No, 42 5 th floors, Lake drive Road, Sector 7, Ultara, Dhaka	Trading of adhesives	4,193	4,193	300,000	100	3,730	(443)	(443)	
	Earnest Wealth Co., Ltd.	Level 2, Lotenau Centre Building, Vaea Street, Apia, Samoa	General investment	42,958	42,958	920,000	51.1	43,604	(148)	(76)	
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	Blk 1049, Eunos Avenue 6, #01-132, Singapore 409628	General investment	545,462	545,462	24,064,549	100	135,425	(241)		
	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	20,761	(9,983)		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	\$ 130,530 (USD 4,560,000)	\$ 130,530 (USD 4,560,000)	10,000	100	\$ 228,204	\$ 3,649		
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	412 Kor Soi, 1cBangpoo Industrial Tumbon Preaksa Ampur Muang Samutprakarn 10280, Thailand	Production and trading of adhesives	159,694 (USD 5,578,821)	159,694 (USD 5,578,821)	21,197,000	100	128,532	968		
Earnest Wealth Co., Ltd.	Apex Polytech Co., Ltd.	Lot T29-15A Street 7, Protrade International Industrial Park, An Tay Commune, Ben Cat Town, Binh Duong, Vietnam.	Production and trading of adhesives	61,544 (USD 2,150,000)	61,544 (USD 2,150,000)	-	100	61,194	(148)		
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	2,234,367 (USD 78,056,502)	2,234,367 (USD 78,056,502)	78,056,502	100	4,116,146	13,347		
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Jl. Pajajaran Raya No. 44, Kel. Gandasari, Kec. Jatiuwung, Tangerang-15137 Indonesia	Production and trading of construction materials	72,468 (USD 2,531,620)	72,468 (USD 2,531,620)	2,437,109	100	17,733	568		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	124,619 (USD 4,353,487)	124,619 (USD 4,353,487)	-	100	72,005	(744)		
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	36,068 (USD 1,260,000)	36,068 (USD 1,260,000)	7,172	67.68	458,035	17,884		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	54,033 (USD 1,887,627)	54,033 (USD 1,887,627)	350,000	26.25	310,590	43,805	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	602,673 (USD 21,054,073)	602,673 (USD 21,054,073)	10,000	100	323,472	(14,924)		
	All Saints Enterprises Ltd.	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	General investment	152,659 (USD 5,333,075)	152,659 (USD 5,333,075)	4,547,451	45.47	186,644	(7,049)	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	647,191 (AUD 30,214,354)	647,191 (AUD 30,214,354)	30,214,354	100	843,964	151		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	109,829 (USD 3,836,817)	109,829 (USD 3,836,817)	3,287,546	67.82	489,542	60,541	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares	
	Treasure Wealth (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	131,961 (USD 4,610,000)	131,961 (USD 4,610,000)	4,610	100	174,684	2,133		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	16,741 (USD 584,844)	16,741 (USD 584,844)	486,000	100	97,804	6,674		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,011 (USD 210,000)	6,011 (USD 210,000)	9,000	100	72,505	742		
	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	731 (HKD 200,000)	731 (HKD 200,000)	1,000	100	19,557	(1,116)		
	Nan Pao Resins (HK) Limited	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	498,075 (USD 17,400,000)	498,075 (USD 17,400,000)	17,400,000	100	450,935	285		
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	229,000 (USD 8,000,000)	229,000 (USD 8,000,000)	10,000	100	1,174,352	43,805		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	158,585 (USD 5,540,100)	158,585 (USD 5,540,100)	20,240	100	172,368	(18,308)		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	85,875 (USD 3,000,000)	85,875 (USD 3,000,000)	3,000	100	144,285	3,389		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	286,250 (USD 10,000,000)	286,250 (USD 10,000,000)	10,000	100	406,532	(7,049)		
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	456,982 (AUD 21,334,344)	456,982 (AUD 21,334,344)	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	138,761 (USD 4,847,546)	138,761 (USD 4,847,546)	3,000,000	100	720,338	60,544		
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	131,389 (USD 4,590,000)	131,389 (USD 4,590,000)	-	50	168,078	4,267		
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	97,276	36,082	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	10 Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Town, Binh Duong Province, S.R Vietnam	Production and trading of adhesives	97,560 (USD 3,408,217)	97,560 (USD 3,408,217)	-	100	717,698	60,549		
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	127,916 (AUD 5,971,801)	127,916 (AUD 5,971,801)	18,415,500	100	171,199	1,765		

(Concluded)

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE THREE MONTHS ENDED MARCH 31, 2022 (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, 2022 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 286,250 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 308,862 (USD 10,789,932)	\$ -	\$ -	\$ 308,862 (USD 10,789,932)	\$ (7,049)	100	\$ (7,049) (2)B.	\$ 406,406	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	130,530 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	142,839 (USD 4,990,000)	-	-	142,839 (USD 4,990,000)	3,682	100	3,682 (2)B.	227,533	164,643
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	77,288 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	72,761 (USD 2,541,860)	-	-	72,761 (USD 2,541,860)	(17,477)	100	(17,477) (2)B.	123,592	-
Dongguan Jia Chin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	85,875 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	87,727 (USD 3,064,683)	-	-	87,727 (USD 3,064,683)	3,389	100	3,389 (2)B.	144,269	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	48,288 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	20,297	60.47	12,273 (2)B.	461,098	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	229,000 (USD 8,000,000)	(2) Giant Profit Development Ltd.	222,921 (USD 7,787,627)	-	-	222,921 (USD 7,787,627)	43,805	100	43,805 (2)B.	1,173,404	331,702
Foshan Nan Pao Cheng Hung Advanced Materials Technology Co., Ltd.	Trading of footwear materials	22,530 (RMB 5,000,000)	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	300	51	153 (2)B.	16,537	-
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.	11,450 (USD 400,000)	-	-	11,450 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	844,438 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	844,438 (USD 29,500,000)	-	-	844,438 (USD 29,500,000)	(34,428)	100	(34,428) (2)B.	790,577	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Agency of online business and general merchandise	143,125 (USD 5,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(273)	100	(273) (2)B.	104,937	-
Nantong Nanpao Resins Materials Co., Ltd.	Production and trading of adhesives	157,438 (USD 5,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(175)	100	(175) (2)B.	162,882	-
Nan Pao Resins (Yunan) Co., Ltd.	Production and trading of adhesives	229,000 (USD 8,000,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(19,662)	100	(19,662) (2)B.	225,555	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	300,563 (USD 10,500,000)	(2) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(12,293)	95.24	(11,979) (2)B.	253,310	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	22,900 (USD 800,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(969)	100	(969) (2)B.	20,753	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2022 (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)
\$ 1,690,996 (USD 59,074,102)	\$ 2,757,575 (USD 96,334,490)	\$ 9,253,582

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

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

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

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

Note 3: The Company's investment limit in mainland China is calculated as follows:
 $\$15,422,636 \times 60\% = \$9,253,582$

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$28.625 at the end of the period.
Relevant amounts are calculated based on the exchange rate of RMB 1 = NT\$4.506 at the end of the period.

Note 5: Gangyi Electronic (Dongguan) Co., Ltd. has already 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. AND SUBSIDIARIES

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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(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 (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (52,292)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 53,622	3	\$ 5,809
Foshan Nan Pao Advanced Materials Co., Ltd.	Greatwill Material (HK) Ltd.	Same ultimate Parent Company	Sales	(14,384)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	15,107	3	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(20,067)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	23,195	4	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing revenue	(60,604)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	-	-	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(28,804)	(5)	Payment within 90 days	Similar to general transactions	Similar to general transactions	33,294	6	-
Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(22,796)	(21)	Payment within 90 days	Similar to general transactions	Similar to general transactions	26,344	25	-

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE THREE MONTHS ENDED MARCH 31, 2022 (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	\$ 552,702	2
		Nan Pao Resins (Foshan) Co., Ltd.	1	Sales revenue	394,929	8
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	53,622	-
		Nan Pao Resins (HK) Limited	1	Sales revenue	52,292	1
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	119,060	-
		ITLS International Development Co., Ltd.	1	Sales revenue	115,429	2
		Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	51,887	-
		PT Indo Nan Pao Resins Chemical Co., Ltd.	1	Sales revenue	50,535	-
		Nan Pao Resins International Ltd.	1	Accounts receivable - related parties	115,729	-
		Nan Pao Resins (Vietnam) Enterprise Ltd.	1	Accounts receivable - related parties	35,154	-
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Greatwill Materials (HK) Ltd.	1	Sales revenue	33,477	-
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	107,932	-
		Nan Pao Resins (HK) Limited	3	Accounts receivable - related parties	15,722	-
		Nan Pao Resins International Ltd.	3	Sales revenue	15,376	-
		Nan Pao Resins (HK) Limited	3	Accounts receivable - related parties	62,151	1
		Greatwill Materials (HK) Ltd.	3	Sales revenue	58,876	-
		Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts payable - related parties	15,393	-
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	15,107	-
		Nan Pao Resins (Foshan) Co., Ltd.	3	Sales revenue	14,384	-
		Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts receivable - related parties	23,195	-
2	Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	3	Sales revenue	20,067	-
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	33,294	-
3	Nan Pao Resins (Foshan) Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	3	Sales revenue	28,804	1
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	62,058	-
4	Nan Pao Resins (HK) Limited	Nan Pao Resins (Dongguan) Co., Ltd.	3	Other accounts payable - related parties	60,604	1
		PT Indo Nan Pao Resins Chemical Co., Ltd.	3	Processing fee	17,274	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	17,663	-
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	18,223	-
5	Nan Pao Resins (China) Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	3	Accounts payable - related parties	26,344	-
		Fuqing Nan Pao Resins Co., Ltd.	3	Purchase	22,796	-
6	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	18,331	-
		Nan Pao Resins International Ltd.	3	Sales revenue	19,286	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	39,315	-
		ITLS International Development Co., Ltd.	3	Sales revenue	17,336	-
		Nan Pao Resins International Ltd.	3	Accounts payable - related parties	31,333	-
6	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Cost of goods sold	14,009	-
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	41,139	-
		Nan Pao Resins International Ltd.	3	Sales revenue	50,720	1

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

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

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

TABLE 9**NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****II INFORMATION OF MAJOR SHAREHOLDERS****March 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ding-Feng Investment Co., Ltd	11,016,947	9.13%
Pou Chien Enterprise Co., Ltd.	10,920,248	9.05%
Yue Dean Technology Corporation	10,285,000	8.53%
Chuan-De Investment Co., Ltd.	10,065,298	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.	7,667,068	6.35%

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

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with 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. AND SUBSIDIARIES

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
(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, 2022	\$ 1,184,606	\$ 22,507	\$ 2,438,160	\$ 2,989,104	\$ 247,785	\$ 1,024,245	\$ 616,723	\$ 8,523,130
Additions	-	-	521	30,217	1,076	20,498	95,146	147,458
Disposals	-	-	-	(19,470)	(1,491)	(1,474)	(21,270)	(43,705)
Effect of foreign currency exchange differences	355	-	45,659	63,575	4,182	7,610	7,407	128,788
Balance at March 31, 2022	<u>\$ 1,184,961</u>	<u>\$ 22,507</u>	<u>\$ 2,484,340</u>	<u>\$ 3,063,426</u>	<u>\$ 251,552</u>	<u>\$ 1,050,879</u>	<u>\$ 698,006</u>	<u>\$ 8,755,671</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 8,148	\$ 853,757	\$ 1,910,496	\$ 173,425	\$ 645,535	\$ -	\$ 3,591,361
Depreciation	-	545	17,282	50,191	5,161	22,309	-	95,488
Disposals	-	-	-	(8,456)	(1,491)	(1,444)	-	(11,391)
Effect of foreign currency exchange differences	-	1	18,463	38,201	2,734	4,769	-	64,168
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 8,694</u>	<u>\$ 889,502</u>	<u>\$ 1,990,432</u>	<u>\$ 179,829</u>	<u>\$ 671,169</u>	<u>\$ -</u>	<u>\$ 3,739,626</u>
Balance at December 31, 2021 and January 1, 2022	<u>\$ 1,184,606</u>	<u>\$ 14,359</u>	<u>\$ 1,584,403</u>	<u>\$ 1,078,608</u>	<u>\$ 74,360</u>	<u>\$ 378,710</u>	<u>\$ 616,723</u>	<u>\$ 4,931,769</u>
Balance at March 31, 2022	<u>\$ 1,184,961</u>	<u>\$ 13,813</u>	<u>\$ 1,594,838</u>	<u>\$ 1,072,994</u>	<u>\$ 71,723</u>	<u>\$ 379,710</u>	<u>\$ 698,006</u>	<u>\$ 5,016,045</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,186,018	\$ 16,890	\$ 2,450,210	\$ 2,742,547	\$ 240,608	\$ 926,130	\$ 330,511	\$ 7,892,914
Additions	-	-	4,779	272,478	4,391	31,807	28,946	342,401
Acquisitions from business combination	-	-	-	1,303	-	-	-	1,303
Disposals	-	-	-	(23,911)	(1,285)	(858)	-	(26,054)
Effect of foreign currency exchange differences	(475)	(20)	(6,950)	(9,616)	(710)	(1,392)	(688)	(19,851)
Balance at March 31, 2021	<u>\$ 1,185,543</u>	<u>\$ 16,870</u>	<u>\$ 2,448,039</u>	<u>\$ 2,982,801</u>	<u>\$ 243,004</u>	<u>\$ 955,687</u>	<u>\$ 358,769</u>	<u>\$ 8,190,713</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 6,451	\$ 798,230	\$ 1,828,522	\$ 164,667	\$ 579,664	\$ -	3,377,534
Depreciation	-	376	17,256	46,173	5,185	19,150	-	88,140
Disposals	-	-	-	(16,769)	(870)	(847)	-	(18,486)
Effect of foreign currency exchange differences	-	(3)	(3,493)	(5,621)	(646)	(808)	-	(10,571)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 6,824</u>	<u>\$ 811,993</u>	<u>\$ 1,852,305</u>	<u>\$ 168,336</u>	<u>\$ 597,159</u>	<u>\$ -</u>	<u>\$ 3,436,617</u>
Balance at March 31, 2021	<u>\$ 1,185,543</u>	<u>\$ 10,046</u>	<u>\$ 1,636,046</u>	<u>\$ 1,130,496</u>	<u>\$ 74,668</u>	<u>\$ 358,528</u>	<u>\$ 358,769</u>	<u>\$ 4,754,096</u>